



**THE DOCUMENTS OF
MBH BANK NYRT'S
EXTRAORDINARY GENERAL MEETING
28 JULY 2023**

Date and time of the General Meeting:

28 July 2023, 9:00 a.m.

Venue of the General Meeting:

MBH Bank Nyrt. Head Office, conference room 24 on the ground floor (Budapest, District 5, Váci utca 38.).

Method for holding the General Meeting:

Microsoft Teams meeting (video conference) and presence in person

Important notice

"Hungarian language is the official and registered language of MKB 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. Approval of the interim balance sheet prepared of the Company (MBH Bank Nyrt. was MKB Bank Nyrt. before the name change effective from 1 May 2023; therefore hereinafter referred to as "MKB Bank Nyrt." as well) for the balance sheet date of 30 April 2023, and the auditor's report on the interim balance sheet of the Company as of 30 April 2023 prepared in accordance with the International Financial Reporting Standards ('IFRS')**
- 2. Approval of the individual Business Report and separate Financial Statements of Takarékbank Zrt. for the period 1 January 2023 - 30 April 2023 on termination of activity, decision on the appropriation of after-tax profit, and the auditor's report on the (individual) financial statements of Takarékbank Zrt. as of 30 April 2023 prepared in accordance with International Financial Reporting Standards ("IFRS")**
- 3. Approval of the (closing) balance sheet and inventory of the assets of MKB Bank Nyrt. as Acquiring Company prepared as of 30 April 2023**
- 4. Approval of the (closing) balance sheet and inventory of the assets of Takarékbank Zrt. as Acquired Company prepared as of 30 April 2023**
- 5. Approval of the (opening) balance sheet and inventory of the assets of MKB Bank Nyrt. as Successor Company prepared as of 30 April 2023**
- 6. Approval of the audit report of Mazars Kft. prepared for the above balance sheets and asset inventories**
- 7. Indemnification for the members of the Board of Directors and the Supervisory Board of Takarékbank Zrt. (as legal predecessor)**

MBH Bank Nyrt's Board of Directors and Supervisory Board reviewed and discussed the proposals in advance and suggested that they should be submitted to the General Meeting in the general meeting proposals.

1. Agenda Item

APPROVAL OF THE INTERIM BALANCE SHEET PREPARED OF THE COMPANY (MBH BANK NYRT. WAS MKB BANK NYRT. BEFORE THE NAME CHANGE EFFECTIVE FROM 1 MAY 2023; THEREFORE HEREINAFTER REFERRED TO AS "MKB BANK NYRT." AS WELL) FOR THE BALANCE SHEET DATE OF 30 APRIL 2023;

AND THE AUDITOR'S REPORT ON THE INTERIM BALANCE SHEET OF THE COMPANY AS OF 30 APRIL 2023 PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

MBH Bank Nyrt. (MKB Bank Nyrt. Before the name change on 1 May 2023) Statement of Financial Position as at 30 April 2023

(Data in HUF million)

	30 April 2023	31 December 2022
Cash and cash equivalents	775 177	1 081 158
Financial assets measured at fair value through profit or loss	444 268	476 909
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	192 329	182 875
<i>Securities held for trading</i>	2 689	8 434
<i>Securities mandatorily at fair value through profit or loss</i>	19 982	18 017
<i>Derivative financial assets</i>	229 268	267 583
Hedging derivative assets	110 700	142 874
Financial assets measured at fair value through other comprehensive income	552 272	428 520
<i>Securities</i>	552 272	428 520
Financial assets measured at amortised cost	4 767 354	4 823 478
<i>Loans and advances to banks</i>	249 829	448 627
<i>Loans and advances to customers</i>	2 589 088	2 565 343
<i>Repurchase assets</i>	1 752	9 080
<i>Securities</i>	1 886 339	1 772 915
<i>Other financial assets</i>	40 346	27 513
Fair value change of hedged items in portfolio hedge of interest rate risk	(29 031)	(51 678)
Investments in subsidiaries and associates	443 237	424 367
Property, plant and equipment	31 508	37 725
Intangible assets	44 677	44 206
Income tax assets	16 082	17 668
<i>Current income tax assets</i>	49	49
<i>Deferred income tax assets</i>	16 033	17 619
Other assets	108 924	43 551
Total assets	7 265 168	7 468 778
Liabilities		
Financial liabilities measured at fair value through profit or loss	172 298	196 728
<i>Derivative financial liabilities</i>	170 601	188 493
<i>Financial liabilities from short positions</i>	1 697	8 235
Financial liabilities measured at amortised cost	6 192 568	6 417 607
<i>Amounts due to banks</i>	1 663 332	1 965 931
<i>Amounts due to customers</i>	4 251 186	4 207 025
<i>Repurchase liabilities</i>	84 854	73 429
<i>Issued debt securities</i>	14 337	12 906
<i>Subordinated debt</i>	111 814	88 887
<i>Other financial liabilities</i>	67 045	69 429
Hedging derivative liabilities	3 812	158
Provisions	14 055	13 977
Income tax liabilities	4 295	5 496
<i>Current income tax liabilities</i>	4 295	5 496
Other liabilities	83 395	41 800
Total liabilities	6 470 423	6 675 766
Equity		
Share capital	321 699	321 699
Share premium	313 947	313 947
Retained earnings	123 699	84 155
Other reserve	32 552	32 552
Profit for the year	24 086	64 637
Accumulated other comprehensive income	(21 238)	(23 978)
Total equity	794 745	793 012
Total liabilities and equity	7 265 168	7 468 778

MBH Bank Nyrt. (MKB Bank Nyrt. Before the name change on 1 May 2023)
Statement of Changes in Equity for the period ended 30 April 2023

(Data in HUF million)

	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	-	-	24 086	-	-	24 086
Other comprehensive income for the year	-	-	-	-	2 740	2 740
Total comprehensive income	-	-	24 086	-	2 740	26 826
Dividend	-	-	(25 093)	-	-	(25 093)
30 April 2023	321 699	313 947	147 785	32 552	(21 238)	794 745

MBH Bank Nyrt. (MKB Bank Nyrt. Before the name change on 1 May 2023) Statement of changes in equity based on Hungarian Accounting Law 30 April 2023

(Data in HUF million)

	Share capital	Capital reserve	Retained earnings	Tied-up reserve	Revaluation reserve	Total
At 1 January 2022	100 000	21 729	123 681	17 040	(23 569)	238 881
Profit before tax	-	-	64 637	-	-	64 637
Accumulated other comprehensive income	-	-	-	-	3 693	3 693
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 before tax	-	-	24 086	-	-	24 086
Accumulated other comprehensive income	-	-	-	-	2 740	2 740
Dividend	-	-	(25 093)	-	-	(25 093)
30 April 2023	321 699	313 947	147 785	32 552	(21 238)	794 745

Reconciliation of share capital registered at registry court and share capital under IFRS as adopted by the EU

	30 April 2023	31 December 2022
Share capital registered at the registry court	321 699	321 699
Share capital under IFRS as adopted by the EU	321 699	321 699

Schedule of the profit reserves available for dividend (million HUF)

	30 April 2023	31 December 2022
Total equity	794 745	793 012
Share capital (-)	321 699	321 699
Share premium (-)	313 947	313 947
Tied-up reserve (-)	32 552	32 552
Accumulated other comprehensive income (-)	(21 238)	(23 978)
Profit reserve available for dividend	147 785	148 792

MBH Bank Nyrt. (MKB Bank Nyrt. Before the name change on 1 May 2023)
Statement of Profit or Loss and Other Comprehensive Income for the period
ended 30 April 2023

(Data in HUF million)

	30 April 2023	31 December 2022
Interest and similar to interest income	307 499	497 677
<i>Interest income using effective interest rate method</i>	<i>197 107</i>	<i>336 591</i>
<i>Other interest income</i>	<i>110 392</i>	<i>161 086</i>
Interest and similar to interest expense	(199 311)	(282 000)
<i>Interest expense using effective interest rate method</i>	<i>(122 345)</i>	<i>(153 317)</i>
<i>Other interest expenses</i>	<i>(76 966)</i>	<i>(128 683)</i>
Net interest income	108 188	215 677
Income from fees and commissions	28 908	77 431
Expense from fees and commissions	(7 104)	(18 955)
Net income from commissions and fees	21 804	58 476
Results from financial instruments	(7 132)	33 752
<i>Results from financial instruments measured at fair value through profit or loss, net</i>	<i>(48 353)</i>	<i>97 845</i>
<i>Results from financial instruments measured at fair value through other comprehensive income, net</i>	<i>379</i>	<i>(36 106)</i>
<i>Results from financial instruments measured at amortized cost, net</i>	<i>330</i>	<i>1 412</i>
<i>Results from hedge accounting, net</i>	<i>173</i>	<i>9 479</i>
<i>Exchange differences result, net</i>	<i>40 339</i>	<i>(38 878)</i>
(Impairment) / Reversal on financial and non-financial instruments	(1 218)	(56 974)
<i>Expected credit (loss) on financial instruments held for credit risk management</i>	<i>(1 263)</i>	<i>(34 707)</i>
<i>Provision (loss) / gain</i>	<i>(57)</i>	<i>(1 891)</i>
<i>Modification (loss) / gain on financial instruments</i>	<i>(49)</i>	<i>(10 607)</i>
<i>(Impairment) / Reversal on investments in subsidiaries and associates</i>	<i>(10)</i>	<i>(9 527)</i>
<i>(Impairment) / Reversal on other financial and non financial instruments</i>	<i>161</i>	<i>(242)</i>
Dividend income	-	4 023
Operating expense	(97 077)	(190 307)
Other income	11 555	6 311
Other expense	(7 185)	(6 828)
Profit before taxation	28 935	64 130
Income tax income / (expense)	(4 849)	507
PROFIT FOR THE YEAR	24 086	64 637
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
<i>Revaluation on financial assets measured at fair value through other comprehensive income</i>	<i>2 493</i>	<i>4 025</i>
<i>Income tax relating to items that will be reclassified</i>	<i>247</i>	<i>(332)</i>
Other comprehensive income for the year net of tax	2 740	3 693
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26 826	68 330

The auditor's report on the Company's interim balance sheet dated 30 April 2023, prepared in accordance with the International Financial Reporting Standards ("IFRS").

INDEPENDENT AUDITOR'S REPORT

To the shareholders of MBH Bank Nyrt. (formerly: MKB Bank Nyrt.)

Opinion

We have carried out the audit of the enclosed interim balance sheet as at 30 April 2023 of MBH Bank Nyrt. (the "Company") in which the matching grand total of the total assets and the total capital and liabilities is HUF 7,265,168 million and the comprehensive income during the entire period is a profit of HUF 26,826 million.

In our view the interim balance sheet has, in all relevant aspects been prepared in accordance with the provisions laid down in Section 21 and Section 114/A of Act C of 2000 on Accounting (hereinafter: "Accounting Act") in force in Hungary.

The basis of the opinion

Our audit was carried out in accordance with the Hungarian National Audit Standards and the laws and other legal regulations on auditing in force in Hungary. Our responsibility under these standards is described in more detail under the heading "The auditor's responsibility for the audit of the interim balance sheet".

We are independent of the Company, in accordance with the applicable legal regulations in force in Hungary according to the Chamber of Hungarian Auditors' regulation "Code of conduct (ethics) of the auditor profession and its regulation on disciplinary proceedings" as well as, regarding matters not regulated in these, the "International Code of Ethics for Professional Accountants (including International Independence Standards)" (the IESBA Code) and we also comply with other rules of ethics specified in the same standards.

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

Other matters – The basis of the preparation of the opinion

The interim balance sheet was prepared exclusively in relation to the Company's transformation.

The interim balance sheet does not contain all of the financial statements contained in the International Financial Reporting Standards ("IFRS") adopted by the European Union and those prescribed in the supplementary requirements pertaining to annual reports prepared in accordance with the IFRS adopted by the EU, and no notes have been prepared regarding it. Consequently, the review of the interim balance sheet does not substitute the reading of the Company's audited financial statements as at 31 December 2022 or the knowledge of the accounting policy applied in the preparation of the interim balance sheet, described in its notes. The interim balance sheet does not, in itself, provide a reliable and true picture of the asset and financial position of MBH Bank Nyrt. as at 30 April 2023. Only financial statements containing all of the prescribed statements, with notes on the material accounting policies and explanations, may provide a reliable and true picture on the Company's asset and income position and cash-flow in accordance with the IFRS adopted by the European Union ("EU") and only such statements can be prepared in all relevant aspects in accordance with the supplementary requirements of the Accounting Act pertaining to annual reports prepared in accordance with the IFRS adopted by the European Union.

Other matters – Limitation of use

This report has been prepared exclusively for the shareholders of MBH Bank Nyrt. for the purpose specified in the "Other matters – The basis of the preparation of the opinion" section and shall not be used for any other purpose or by any other person.

Responsibilities of management and persons in charge of governance for the interim balance sheet

The management is responsible for the preparation of the interim balance sheet in accordance with Sections 21 and 114/A of the Accounting Act and for an internal control function which it considers necessary for the preparation of an interim balance sheet that is free from material misstatements whether due to fraud or error.

In preparing the interim balance sheet, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and for using the going concern basis of accounting in preparing the accounting information, and the management is responsible for applying accounting practices based on the principle of going concern, unless the management intends to terminate the Company or its business activity or when there is no other realistic possibility.

Those in charge of governance are responsible for supervising the Company's financial reporting process.

The auditor's responsibility for the audit of the interim balance sheet

Our objectives during the audit are to obtain reasonable assurance about whether the interim balance sheet as a whole is 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 degree of assurance but it does not guarantee that an audit conducted in accordance with the Hungarian National Audit Standards always uncovers any specific existing material misstatement. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence users' economic decisions made on the basis of the given interim balance sheet.

Due professional judgement and scepticism are exercised during the whole of the audit carried out in accordance with the Hungarian National Audit Standards. Moreover:

- We identify and assess the risks of material misstatements of the interim balance sheet, whether resulting from fraud or error, prepare and execute auditing procedures that are suitable for the management of such risks and we gather adequate and sufficient audit evidence for use as a basis of 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 collusions, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We examine the internal control mechanism(s) of relevance to the audit in order to be able to design auditing procedures that are adequate in the given circumstances but not in order to express our opinion on the efficiency and effectiveness of the Company's internal control function.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw conclusions 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 in relation to events or conditions that may give rise to significant doubt regarding the Company's ability to continue as a going concern. In case we conclude that a material uncertainty exists, we are required to draw attention to it in the auditor's report or qualify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Subsequent events or circumstances may, however, render the Company to be unable to continue its business operations.

- We evaluate the overall presentation, structure and content of the interim balance sheet and whether it presents the underlying transactions and events in accordance with the requirements of the Accounting Act.

To the persons in charge of governance we communicate, inter alia, the planned scope and schedule of the audit and its key findings and conclusions, including any material shortcoming, if any, we have identified in the organisation's internal control function applied by the Company.

Budapest, 6 July 2023

Árpád Balázs
Business partner
Auditor, member of the Chamber
Chamber registration number: 006931
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Registration number: 001464

Draft General Meeting Resolution:

In possession, and in view, of the reports of the Supervisory Board and the Auditor the General Meeting approves the Board of Directors' proposal on MKB Bank Nyrt's interim balance sheet of 30 April 2023, prepared in accordance with the International Financial Reporting Standards adopted by the EU.

The General Meeting establishes MKB Bank Nyrt's interim balance sheet of 30 April 2023, prepared in accordance with the International Financial Reporting Standards as follows:

BALANCE SHEET TOTAL: HUF 7,265,168 million
YEAR'S PROFIT (AFTER TAXES): HUF 24,086 million

2. Agenda Item

**APPROVAL OF THE INDIVIDUAL BUSINESS REPORT AND SEPARATE FINANCIAL STATEMENTS OF TAKARÉKBANK ZRT. FOR THE PERIOD 1 JANUARY 2023 - 30 APRIL 2023 ON TERMINATION OF ACTIVITY, DECISION ON THE APPROPRIATION OF AFTER-TAX PROFIT;
AND THE AUDITOR'S REPORT ON THE (INDIVIDUAL) FINANCIAL STATEMENTS OF TAKARÉKBANK ZRT. AS OF 30 APRIL 2023 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")**

Takarékbank Zrt.

Separate Business Report 2023

1. THE HISTORY OF TAKARÉKBANK LTD.

Takarékbank Ltd. is an universal commercial bank.

Takarékbank was formed through the fusion of three savings cooperatives, with Pannon Takaréék Bank Ltd. and B3 Takaréék Szövetkezet merging into Mohácsi Takaréék Bank Ltd. on 30 April 2019, which then changed its name to Takarékbank Ltd. On the same date, the central bank of Takaréék Group, MTB Magyar Takarékszövetkezeti Bank Ltd. ("MTB"), transferred its corporate and retail account, deposit, loan and guarantee portfolio to the new Takarékbank.

On 31 October 2019, with further 11 savings cooperatives and 2 banks legally merging, the nearly 5-year process ended, in the course of which almost 120 former savings cooperatives merged to create a single, universal commercial bank with nationwide coverage. All of the clients, employees, the whole branch network, deposit, loan and contract portfolio of every credit institution were taken over by Takarékbank Ltd.

The unified Takarékbank has one of the largest corporate and retail loan and deposit portfolios of the Hungarian banking market. According to the retail business policy, the bank offers complex, innovative financial solutions to families, younger and older residents and economic actors for the most typical life situations without geographical limitations. The Bank further strengthens its positions among micro-, small and mid-sized enterprises, with a key focus on agriculture. As a bank of the communities, it fosters the development of local initiatives and enterprises, their networking and cooperation, and the market entry of start-up businesses. With the largest branch network by far in the country, it continues providing personal consultation, contributes to creating equal opportunities and convergence of the rural regions.

On 15 December, 2020, Magyar Bankholding Ltd. commenced its operations as owner after the significant owners of Budapest Bank Ltd., MKB Bank Plc. and MTB Ltd., with the permission of the Central Bank of Hungary, transferred their shares in the bank to the common holding company. This led to the creation of the second largest banking group in Hungary, in which the Hungarian State has a share of 30.35% through Corvinus Nemzetközi Befektetési Ltd., the current direct owners of MKB have a share 31.96%, while the current direct owners of MTB have a share of 37.69%. The management of MBH was appointed, and the development of the five-year strategy of the new group was initiated and, on 18 March 2021, adopted by the Board of Directors and the Supervisory Board.

On 15 December 2021, the supreme bodies of MKB Bank, Budapest Bank and Magyar Takarékkészlet Bankholding Zrt., which owns MTB, approved the first step of the merger timetable of Budapest Bank, MKB Bank and the MTB. According to the merger schedule, based on the relevant decisions of the supreme bodies and subject to the necessary regulatory permits, the two member banks of Magyar Bankholding Zrt., Budapest Bank Zrt. and MKB Bank Nyrt., as well as Magyar Takarékkészlet Bankholding Zrt. merged on 31 March 2022. As a result of the merger, Budapest Bank was merged into MKB Bank and MTB Bank Zrt. continues to operate as a subsidiary bank of the merged bank. The merged bank, created on 31 March, became the group leader and temporarily operates under the name MKB Bank Nyrt. In the second quarter of 2023 Takarékbank joined the bank merged in the spring of 2022.

Having obtained the necessary preliminary approvals exercised the option provided by law, on 1 April 2022 Takarékbank, as a company to be included in the consolidation of MKB Bank, withdrew from the Integration Organisation, the mandatory institution protection organisation of integrated credit institutions.

The Board of Directors adopted the Bank's Strategic Plan for 2023-2027 on 14 September 2022. It confirmed the intention to merge MKB and Takarékbank, emphasised the solution-oriented digital IT system and process improvements, the merger process, and the further development of service quality and value proposition. The new strategy also took into account the rapidly changing economic and regulatory environment.

On 9 December 2022, the supreme bodies of MKB Bank and Takarékbank Zrt. adopted the proposals for the merger of the two member banks as part of the implementation of the second step of merger timetable. According to the decision of the General Meetings, the two member banks of the banking group, MKB Bank Nyrt. and Takarékbank Zrt. merged on 30 April 2023, or, and will then continue to operate under the name MBH Bank Nyrt. with a single brand name and image. On 6 February 2023, the MNB approved the merger of Takarékbank Zrt. into MKB Bank Nyrt. as of 30 April 2023, and the merger has been registered by the Court of Registration.

Upon request of Hungarian Bankholding the National Bank of Hungary with its decision nr. H-EN-I-119/2022. dated on 8 March 2022, revoked the licence issued to Hungarian Bankholding by decision nr. H-EN-I-358/2020. dated 12 June 2020 for operating as a financial holding company with effect from 29 April 2022, and MKB Bank took over the group management function over the banking group after 29 April 2022, based on a new group resolution issued by the National Bank.

Based on the authorisation of the General Meeting, the Board of Directors of Takarékbank decided on 9 December 2022 to increase the share capital of Takarékbank to HUF 186.96 billion. The share capital was increased by the issuance of 867 dematerialised ordinary shares of series 'C' with a nominal value of HUF 100 million each and an issue value of HUF 115,340,254. In the framework of the capital increase MKB Bank took over dematerialised ordinary shares of series 'C' with a total issue value of HUF 100,000,000,218, thus MKB Bank acquires a direct holding of 46.37% in Takarékbank, and, subject to the share sale and purchase agreement described in the next section, its share in Takarékbank is 85.72%.

A share sale and purchase agreement was concluded between MKB Bank as buyer and MTB Magyar Takarékszövetkezeti Bank Zrt. as seller, on the basis of which MKB Bank purchased 7,156 dematerialised ordinary shares of series 'A' with a nominal value and issue value of HUF 10 million and 200,000 dematerialised preference shares of series 'B' with a nominal value and issue value of HUF 10,000, including preference shares with dividend rights, issued by Takarékbank and owned by MTB. The share package represents 39.35% of the share capital of Takarékbank, subject to the share capital increase described in the previous section.

The legal merger of Takarékbank Zrt. and MKB Bank Nyrt. took place on 30 April 2023, followed by a groupwide rebranding: The merged bank has been operating under the name MBH Bank Nyrt. since 1st May 2023. With this step the triple bank merger was completed, resulting in Hungary's second largest bank in terms of total assets.

2. THE OPERATING (ECONOMIC) ENVIRONMENT OF TAKARÉKBANK

Federal Reserve continued the cycle of interest rate hikes in the first quarter of 2023, with a total increase of 50 basis points interest rates during the quarter (the Fed raised the US benchmark interest rate by 25-25 basis points at its meetings in February and March), bringing the US benchmark interest rate to between 4.75% and 5.00% by the end of the first quarter of 2023. In the week of 13th March, the globally reducing risk appetite (due to banking sector developments in US and Switzerland) questioned further Fed rate hikes. According to the Fed's communication, they prioritize achieving inflation target over financial stability, and added recent developments are likely to result in tighter credit conditions. Recent indicators point to modest growth and US economy gradually slowing (2023.Q1 US GDP growth was 1.1% from preceding period, at annual rates). Job creation has been strong (1 million new jobs added during Q1), and even though inflation has been decelerating (March 5.0% yoy), it's far from 2% inflation target. The Fed said some additional policy firming may be appropriate and they continue quantitative tightening.

The European Central Bank continued with interest rate hikes in the first quarter of 2023. Accordingly, in February and March the monetary conditions for the euro area were tightened by 50-50 basis points. The total increase of 100 basis points pushed up key refinancing operations rate to 3.50% by the end of the quarter. Inflation reached its peak (March 6.9% y/y) but is still too high and underlying price pressure (core inflation) remained elevated, therefore ECB stand ready to adjust its instruments to ensure that inflation returns to target. From March 2023 onwards, the ECB would no longer reinvest €15 bn per month from its traditional asset purchase program (APP) portfolio, thus also started quantitative tightening in the euro area. ECB said previous interest rate hikes have made their impact in the real economy (tighter credit conditions). As for the market turbulence in March, ECB stood ready to respond as necessary to preserve price stability and financial stability in the euro area, but emphasized its main mandate is to ensure that inflation returns to medium-term target.

The National Bank of Hungary (NBH) not changed monetary conditions in the first quarter of 2023. The Monetary Council kept the base rate at 13%, and the effective one-day deposit tender rate at 18% until the end of March. The HNB meanwhile made some changes in other instruments and decided that euro swap instrument will remain available until 31 March 2023, in line with decreasing energy prices and improving domestic energy balance. This instrument has contributed effectively to achieving stability in the foreign exchange market. As per its earlier communication, the Monetary Council raised the reserve requirement ratio to 10%, and in addition announced changing its interest rate structure (to a system of tiered interest rates) from 1 April. According to the central bank's communication, the Hungarian benchmark rate, which is outstandingly high even by international comparison, should remain stable until the country's risk perception shows a continuous improvement.

Inflation in Hungary peaked in January 2023, after reaching a record rate at 25.7%, inflation moderated slowly in February and March, respectively. However, these rates, headline inflation and core inflation above 25% are still considered to be elevated. Regarding inflation components, while fuel and

processed food price inflation declined, alcoholic beverage and tobacco and service prices continued to rise, which is an unfavorable development from the point of view of price stability.

- **FX market:** Until March, the forint continued to strengthen thanks to the fundamental factors and even fell below 375 against the euro. However, the American and Swiss banking developments in mid-March intensified risk aversion again and the regional currencies came under pressure, too. In the fundamental background of the strengthening (in addition to the protective domestic base interest level, which is also outstanding in the region), one of the most important factors was the drop in European energy prices, which was caused by the particularly mild winter weather throughout Europe. Furthermore, the high level of European gas reserves, and the volume of enormous LNG shipments arriving to Europe also played a substantial role. The current account deficit and the related concerns (fiscal stability) track the drop in energy prices with a delay of a few months – as can be seen from the positive foreign trade data. In addition, it is still important from the perspective of international investors that the war in Ukraine is taking place in a neighbouring country, so regional currencies may be characterized by high volatility even within emerging markets, due to the geographical proximity. Another negative factor is that the forint is fundamentally not helped by the fact that the real interest rates, which are closely monitored, are still negative due to high inflation – although the forint is not alone with this phenomenon on the world market. However, the real interest rate may become positive by the end of the year, which may further stabilize the forint exchange rate.
- **Public finances:** The deficit was HUF 2,090 bn in the central budget in Q1 2023, so 61% of this year's appropriation was fulfilled. This year's first quarter deficit figure was HUF 219 bn lower compared to the deficit in the first three months of 2022, which also included the tax refund and the half-yearly allowance for employees of the armed forces. The cash flow balance of the budget is worsened by the fact that in the first two months EU payments reached HUF 313 bn, while revenues from the Union were only HUF 208 bn. Without this the cash flow deficit would have been HUF 52 bn lower. As a result of the decreasing need for financing, former pre-financing, and substantially improving nominal growth, the government debt ratio started to fall again from last year, so the debt ratio fell to 76.8% in 2021, 73.3% in 2022, which may further decrease to close to 67% by the end of 2023.
- **Wages and employment:** In the second month of the first quarter, regular wages increased by 17.3%, while the average wage showed an increase of 0.8%, but the latter figure is strongly distorted by last year's very high monthly base. In the examined month, the gross average salary was HUF 531,200 for full-time employees, while the average net salary was HUF 366,400. The net average wage calculated without tax benefits also increased by 0.8% taking into account the base effect, and net real wages showed a 7.8% decrease in the month - excluding the base effect -, strong inflationary environment leaves a clear mark on wage growth.
- Employment remains close to its peak, 18,000 new jobs were created in the domestic primary labour market in one year, so the total number of employed persons was 4,696,000 on average between January and March. 67.0% of the population aged 15-74 was present on the labour market, compared to the 66.3% activity rate measured in the same month of last year and the 66.8% level measured in the previous month. The unemployment rate according to the international statistical methodology was 4.0% in March, after 4.0% in the previous month, and after the level of 3.6% measured in the same month of the previous year.

GDP: In the first quarter of 2023, domestic GDP decreased by 0.9%, although, adjusted for the effect of working days, the decline was 1.1%. Compared to the previous quarter, the performance of the economy decreased by 0.2%, much less than expected, but the economy still remained in a technical recession. Industry contributed the most to the decline in economic performance. At the same time, the decline was moderated by the favourable performance of agriculture and services. Healthcare services contributed the most to the growth of services. From the second quarter, with the end of the

heating season and falling energy prices, a significant turnaround may occur, and the industrial and service units that were forced to stop temporarily due to energy prices may restart. The domestic economy has probably passed the bottom, and the technical recession may end in the second quarter. It is favourable that the order stock of the industry continues to show growth, and new manufacturing capacities can also contribute to the improvement. Growth can also be supported to a greater extent by agriculture due to the exceptionally low base in last year. For the time being, consumption is held back by falling real wages, but the extent of the deterioration will moderate during the year as inflation begins to fall.

3. THE PROFIT AND PROFITABILITY OF TAKARÉKBANK IN 2023

Main financial indicators

Main figures in HUF million	30.04.2023	31.12.2022	Change %*	Change
Total assets	3,344,134	3,511,686	-4.8%	-167,552
Financial assets valued at amortized costs and financial assets mandatorily measured at fair value through profit/loss	2,419,652	2,813,745	-14.0%	-394,093
o/w net client loans	1,606,328	1,653,580	-2.9%	-47,252
Financial liabilities valued at amortized costs	3,007,130	3,228,520	-6.9%	-221,390
o/w client deposits	2,391,667	2,521,337	-5.1%	-129,670
Equity	262,024	226,838	15.5%	35,186
Profit/Loss before tax	38,281	34,247	11.8%	4,034
Profit/loss for the year	32,146	25,481	26.2%	6,665
Total comprehensive income	35,186	20,437	72.2%	14,749

* The percentage of the change is not shown in the table above if it is mathematically meaning less or greater than 300% in absolute value.

The total assets of Takarékbank decreased by HUF 167.6 billion within four month and stood at HUF 3,344.1 billion at the end of April 2023. Profit before taxes exhibited a gain of HUF 38,281 million. In the first four month of 2023, total comprehensive income for the year concerned was at HUF 35,186 million.

The sale of claims and the settlement of impairment/provisions dragged profit down by HUF 5.7 billion, while modification loss amounted to HUF 11 million. Banking tax reduced profit by HUF 2.4 billion and extra profit tax by HUF 21.0 billion in 2023.

4. PERFORMANCE OF THE BANKING BUSINESS LINES

Retail clients

In preparation for the merger of MKB Bank and Takarékbank in May 2023, a process of unification of products and the harmonisation of processes has started. The merger of MKB Bank and Budapest Bank took place on 1 April 2022. From then onwards, new account packages with uniform pricing were launched not only in the two former, already merged, member banks, but also in Takarékbank, the third member bank of Bank Group, paving the way for full integration. The new account packages cover a wide range of customer needs and are in line with Bank Group's future strategy.

In retail products, the first four month was mainly driven by acquisition promotions and cross-selling initiatives to support the fulfilment of business plans.

The Bank's Partner Programme has been restructured, offering discounted products and offers to employees of the companies contracted with the Bank. Within the framework of the restructuring, a unified set of conditions has been established in MKB and Takarékbank, and the range of discounts has been extended.

Among savings and investment solutions, investment funds were particularly popular in the first four month of 2023. The Bank primarily met customer needs with the wide range of products offered by MKB Fund Manager, which was merged as a result of the merger of Budapest Fund Manager and MKB-Pannónia Fund Manager in 2022. Among investment funds, short bond funds combining high return potential with flexible investment horizons were particularly popular, and their portfolio growth continued to be dynamic in the first four month of 2023. Within retail sovereign debts, longer-dated inflation-linked instruments were particularly popular.

In the field of housing loan products, the Bank continued the credit promotions related to the Baby Loan and market-rate mortgage products in the ECO Modernisation Programme. As regards the Qualified Consumer Friendly Home Loan product, the Green Interest Rate Rebate was introduced for new home purchase loans from 1 April 2023, in line with MNB's tender.

In the case of personal loans, seasonality was a feature of low new disbursements in the first month of the year, but by the end of the quarter the market had returned to forecast levels. The Bank maintained its 15% market share, with a significant increase in new volumes. The interest rate on personal loans was adjusted to changes in funding costs and market conditions, and the Bank's online campaigning activity was strengthened.

In first months of 2023, the Takaréék GO and Takaréék GO Platinum credit cards were introduced, and the Bank started offering them through 28 Takarékbank branches. More than 500 credit cards were issued in the first 3 months. Euronics and ÉnPostám credit card sales were outstanding also.

In the first four month of 2023, MBH Bank, in addition to the merger processes, also continued to renew its product range, further strengthening its market position in order to provide competitive offers to the financial market intermediaries cooperating with it in retail and small business lending. Intermediary sales continued to be strong, driven mainly by competitive product terms, lending processes and lending conditions. The Bank continues to work on improvements that will simplify and thereby facilitate partner collaboration in day-to-day operations.

In the first quarter of 2022, the member banks of Magyar Bankholding signed a strategic cooperation agreement with CIG Pannónia Group. Within the framework of this agreement, the merged banks have developed the range of insurance products for sale, which is based on the products of CIG Pannónia Insurance.

In the first quarter of 2023, compared to the same period of the previous year, the Banking Group realized a minimal decrease in group insurance, but within group insurance products, credit insurance increased by 10%.

In individual life insurance, the annual portfolio premiums rose to 216% of the previous year's first quarter result for regular premium insurance. The distribution of member banks in terms of sales volume was almost identical in Q1 2023 (MBH: 52%, Takarékbank 48%). For single premium life insurance, the Group realised an 11% increase compared to Q1 2022. In the first quarter of 2023, the member bank distribution in terms of annual portfolio fees will be similar to that for regular premium life insurance (MBH: 46%, Takarékbank 54%).

In terms of home insurance, the decline in the mortgage market is reflected in the number and volume of home insurance sales.

Branch network

In the first four quarter of 2023, MBH Bank continued the developments started in 2022, with a strong emphasis on the physical layout of the branch network and on improving the quality of customer service.

The Bank ensured personal customer service with more than 400 branches nationwide, while the range of online services was also expanded.

In order to increase customer satisfaction and ensure high quality customer service and efficiency, a new internal information platform and standardised branch processes have been developed, in addition to continuous training of advisors and professional developments.

The Bank pays special attention to the continuous modernisation of its branches and the provision of related information, thus ensuring convenient and fast service for existing and prospective customers. Based on the results of regular representative online surveys of our own customer base, further improvement directions and actions will be identified, as increasing the customer experience is a constant priority.

Micro and small enterprise clients

In the first four month of 2023, demand for government-backed loans remained strong among Micro and Small Business customers, and the Széchenyi Card MAX+ scheme was the most popular. The vast majority of loan disbursement performed via these state-subsidized programs.

In the Széchenyi Programme MAX+ scheme, the share of investment loans further decreased. In the MAX+ programme, the share of investment loan transactions is only one fifth of the previous MAX programme. It is assumed that macroeconomic changes are not favourable for the development and investment appetite of enterprises.

MFB Points

In the first quarter of 2023, total loan disbursements in the branches dedicated as MFB Points amounted to more than HUF 44 billion. The loan portfolio related to MFB Points reached HUF 360 billion, the highest in the current period.

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.

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

The focus of the first four month of 2023 was on preparing for the merger, creating the framework for joint operations.

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

The Bank provided information and processes concerning the repayment moratorium to its customers on a regular basis, facilitating a temporary solution to any potential liquidity problem.

In 2023, the Bank continued to regard customers among small and medium-sized enterprises (SMEs) as a key segment and increasing product penetration played a central role here.

Bank remained an active participant in the continually renewed Széchenyi Programme. The Bank has achieved a 37% market share in terms of contracted amount in Széchenyi MAX products by the end of March 2023. In the MAX+ programme which has been launched this year, MBH Group has a 40% market share of the number of loan applications.

MBH Group has traditionally maintained close ties with Eximbank to enable customers to benefit from EXIM financing sources. In the Baross Gábor Reindustrialisation Loan Programme, a total of HUF 1,000 bn loan has become available in euros as well as in forints at a fixed low interest rate. The majority of the facility was allocated to working capital loans. The Bank's customers also requested a significant amount of these products.

Private banking

The first phase of the merger of the Private Banking segment was successfully completed. A nationwide network has established. The Bank established dedicated private banking service centers in several locations in Budapest and in nearly twenty locations nationwide. In addition to easier personal contact, Private Banking continues to provide telephone administration covering all of its services.

Services provided to customers were further expanded: investment funds of a new, internationally recognized market player became available in the MBH Private Banking network.

In 2023, the Private Banking performed particularly well in the sales of investment funds, and also successfully participated in the issuance of certificates. In addition, the sale of inflation-tracking government securities is still popular with customers.

Agricultural clients

Implementation of the sector-specific service model for the agricultural and food industry, (which was already developed and introduced earlier in the Takarékbank), has launched in 2022 for the entire MBH Group. Within this framework, the agri-food business line was established in the merged MKB Bank in parallel with the legal merger of Budapest Bank and MKB Bank, with a unified management structure. With this step, the Group has created a dedicated agri-food business line, which serves almost 40,000 customers, from the smallest farmers to large food companies and agricultural-integrators, has a market share of around 25 percent in financing the agri-food industry, and has disbursed almost a third of agricultural loans, approximately 30 percent.

In Takarékbank, the customers segmented to the Business Unit (farmers, food processing companies and other customers belonging to the agri-business) continued to be served in 2023 in the previously established organisational structure.

A unique feature of the agribusiness's service model is that farm sizes of up to 200 hectares - or equivalent in the livestock sector - the service line assigns a dedicated agricultural advisor to its customers, who can also meet with customers at their premises as required.

The business line is organised into a separate organisational structure within a horizontal organisation, with a small central governing body, its main organisational unit is the agricultural region. Takarékbank's agri-food business line is represented by the Agri Centres in more than 40 locations in 8 regions across the country. In addition, large corporate agri-business customers are served by a specialised central unit. In addition, leasing and factor financing, advisory services on tenders and insurance activities play an important role in serving the agri-food customers, which the Bank provides to the customers through its partners.

In order to strengthen direct customer relationships and attract new customers, the Bank continued to hold regular regional agricultural meetings for customers.

Takarékbank continues to be a major financing partner for agricultural and food businesses: In 2023, the loan portfolio managed by Bank Group's agri-food business developed in line with the normal trend of agricultural seasonality.

5. INVESTMENT

Investments during the year

The gross carrying value of Takarékbank Ltd. subsidiaries and associates was HUF 5.27 billion as of 30 April 2023, with the net value being HUF 5.05 billion.

Takarékbank subsidiaries

Takarékbank subsidiaries predominantly include companies dealing with property management, maintenance and sale.

The property management concept adopted by the General Meeting of Takarékbank stated that subsidiaries dealing with property management, maintenance and sale that were transferred to the Takarékbank's portfolio during the merger process of the savings cooperatives will transfer their real estate portfolios to the two newly founded companies dealing with property management, maintenance and sale activities, after which the former will undergo voluntary liquidation.

TIFOR Takaréék Ingatlanforgalmazó Ltd.

TIFOR Takaréék Ingatlanforgalmazó Ltd. was established by Takarékbank Ltd. on 4 October 2019 with a share capital of HUF 50 million, with the purpose of allocating the real properties of the cooperative integration not related to banking into this company, which, as its core function, would manage and sell these real properties to buyers outside the integration.

As result of multiple capital increases by way of transfers (of real estate), the share capital of TIFOR Takaréék Zrt. reached by the end of 2022 HUF 6.45 billion.

TIFOR Zrt. was merged with TIHASZ Zrt. on 31 December 2022.

As of 31 December 2022, TIFOR Zrt. was merged into TIHASZ Zrt. together with two other MKB subsidiaries with real estate profiles.

TIHASZ Takaréék Ingatlanhasznosító Ltd.

Takarékbank established TIHASZ Takaréék 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 Takaréék Ltd. reached approximately HUF 25.8 billion during 2020, while by the end of 2022 it reached HUF 26.1 billion.

The equity capital of the merged TIHASZ Takaréék Zrt. is HUF 32.77 billion on 30 April 2023, and Takarékbank's share is 11.726%.

Property management, maintenance and trading company transferred from the savings cooperatives into the Takarékbank portfolio by way of a transfer:

The circle of Takarékbank Ltd.'s subsidiaries includes the below listed property managing, property maintenance and property trading subsidiaries of cooperative credit institutions merged into Takarékbank Ltd. which are mostly under voluntary liquidation: ANTAK 2000 Llc.; Szetak-Szolg Llc. "u.l."; F House Llc.; and Környei Tak-Ing Llc. "u.l.". The gross total carrying value of the 4 companies is HUF289.7 million, net value is HUF 233.8 million.

The TM1 fund of Diófa Alapkezelő Ltd. was recognised in the category of investment into subsidiaries in the carrying value of HUF 350 million. Moreover, Takarékbank Ltd. recognizes its shares in MTB Magyar Takarékszövetkezeti Bank Ltd. among financial assets measured at fair value through other comprehensive income, in a total carrying value of HUF 643.5 million.

Takarékbank associates:

The shares of two companies allocated to the Takarékbank Ltd. portfolio after the merger of the cooperative credit institutions, i.e. the shares of Euro Eco Pénzügyi Szolgáltató Ltd. "u.l." representing

an ownership share of 22.5% and the shares of Humán Pénzügyi Mediátor Lc. "u.l." representing an ownership share of 48.7% were recognised among associates.

The shares of Garantiqa Hitelgarancia Ltd., the investment in Agrárvállalkozási Hitelgarancia Alapítvány investment and several other smaller value investments were recognised among Takarékbank's financial assets measured at fair value through other comprehensive income. VISA shares are recognised in the category of non-trading financial assets mandatorily measured at fair value through profit or loss.

6. THE FINANCIAL AND RISK SITUATION OF TAKARÉKBANK

6.1. Takarékbank's financial performance

The total assets of the Bank calculated according to International Financial Reporting Standards (IFRS) was HUF 3,344.1 billion as of 30 April 2023, a decrease of 4.8% (HUF -167.6 billion) compared to the previous year's end figure. Drop of the asset side was caused primarily by the decreasing of loans and advances to banks. Compared to the previous year-end, the volume of loans and advances to customers at amortised cost decreased by HUF 6.1 billion, reaching HUF 1,647.5 billion by the end of the period. On the liabilities side, the four months change was mostly driven by decrease of client deposits (HUF -129.7 billion), and decline in intra-group, MNB-backed and other interbank financing (HUF -65.5 billion).

BALANCE SHEET (in HUF million)	30.04.2023	31.12.2022	Change %	Change
Assets				
Cash and cash equivalents	440,747	234,753	87.7%	205,994
Financial assets measured at fair value through profit or loss	276,299	263,747	4.8%	12,552
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	247,502	229,029	8.1%	18,473
<i>Securities mandatorily at fair value through profit or loss</i>	8,385	6,520	28.6%	1,865
<i>Derivative financial assets</i>	20,412	28,198	-27.6%	-7,786
Hedging derivative assets	21,648	27,716	-21.9%	-6,068
Financial assets measured at fair value through other comprehensive income	160,829	146,909	9.5%	13,920
<i>Securities</i>	160,829	146,909	9.5%	13,920
Financial assets measured at amortised cost	2,419,652	2,813,745	-14.0%	-394,093
<i>Loans and advances to banks</i>	308,471	601,195	-48.7%	-292,724
<i>Loans and advances to customers</i>	1,606,328	1,653,580	-2.9%	-47,252

<i>Repurchase assets</i>	0	14,188	-100.0%	-14,188
<i>Securities</i>	440,569	494,611	-10.9%	-54,042
<i>Other financial instruments</i>	64,284	50,171	28.1%	14,113
Investments in subsidiaries and associates	5,050	5,050	0.0%	0
Property, plant and equipment	10,392	8,360	24.3%	2,032
Intangible assets	1,334	1,134	17.6%	200
Income tax assets	3,849	5,867	-34.4%	-2,018
<i>Current income tax assets</i>	0	0	0.0%	0
<i>Deferred income tax assets</i>	3,849	5,867	-34.4%	-2,018
Other assets	4,334	4,405	-1.6%	-71
Total assets	3,344,134	3,511,686	-4.8%	-167,552

Liabilities				
Financial liabilities measured at fair value through profit or loss	18,985	19,039	-0.3%	-54
<i>Derivative financial liabilities</i>	18,985	19,039	-0.3%	-54
Financial liabilities measured at amortised cost	3,007,130	3,228,520	-6.9%	-221,390
<i>Amounts due to banks</i>	647,908	762,585	-15.0%	-114,677
<i>Amounts due to customers</i>	2,323,487	2,403,973	-3.3%	-80,486
<i>Repurchase liabilities</i>	0	30,283	-100.0%	-30,283
<i>Subordinated debt</i>	25,552	23,947	6.7%	1,605
<i>Other financial liabilities</i>	10,183	7,732	31.7%	2,451
Hedging derivative liabilities	300	522	-42.5%	-222
Provision	8,068	8,267	-2.4%	-199
Income tax liabilities	4,676	4,416	5.9%	260
<i>Current income tax liabilities</i>	4,676	4,416	5.9%	260
Other liabilities	42,951	24,084	78.3%	18,867
Total liabilities	3,082,110	3,284,848	-6.2%	-202,738

Equity				
Share capital	186,960	186,960	0.0%	0
Share premium	34,947	34,947	0.0%	0
Retained earnings	7,712	-14,544	-153.0%	22,256
Other reserve	6,682	3,467	92.7%	3,215
Profit for the year	32,146	25,481	26.2%	6,665

Accumulated other comprehensive income	-6,423	-9,473	-32.2%	3,050
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Total equity	262,024	226,838	15.5%	35,186
Total liabilities and equity	3,344,134	3,511,686	-4.8%	-167,552

The value of the financial assets of the Bank measured at fair value through other comprehensive income at the end of April 2023 reached HUF 160.8 billion, compared to HUF 146.9 billion in the previous year. Within this, the volume of debt securities (typically government securities held for sale) is significant, while the proportion of equity type instruments is below 1%.

The changes in the volume of debt securities was characterised by the increase of government bonds.

The value of financial assets measured at fair value through profit or loss increased by HUF 12.6 billion in the year of 2023, at the end of April 2023 it was HUF 276.3 billion. Loans and advances to customers mandatorily at fair value through profit or loss increased to HUF 247.5 billion.

The value of financial assets measured at amortised cost decreased by HUF 394.1 billion during the four month, and reached HUF 2,419.7 billion by the end of the period.

The net volume of loans and advances to customers decreased by HUF 47.3 billion during the four month, was HUF 1,606.3 billion by the end of April 2023. Gross retail credit volume at the end of April 2023 was HUF 430.4 billion (2022: HUF 432.5 billion) and gross corporate credit volume (together with local governments) was HUF 1,259.8 billion (2022: HUF 1,303.3 billion). The volume of central bank and interbank deposits decreased from HUF 601.2 billion to HUF 308.5 billion by the end of April 2023.

Financial liabilities at amortised costs comprise approximately 90.0% of the liabilities of Takarékbank. Their value was 6.9% lower than compared to the end of the year preceding the year in question and reached HUF 3,007.1 million by April 2023. The largest share in this liability is represented by the volume of deposits. The value of client deposits at the end of April 2023 was HUF 2,391.7 billion (retail deposit volume: HUF 1,158.7 billion, corporate, municipal deposit volume: HUF 1,124.5 billion, investments volume HUF 8.2 billion and interbank volume: HUF 185.8 billion), this figure is HUF 63.4 billion down on 2022.

The value of the **share capital** of the Bank as of 30 April 2023 was HUF 262.0 billion, increasing by HUF 35.2 billion compared to the end of 2022, due to increase in retained earnings of Takarékbank (as a result of the significant profit after tax).

Takarékbank is part of the MBH Group, but has to meet the capital adequacy ratio requirement at an individual level, which was firmly satisfied throughout the period, and at the end of April it reached 21.6%.

STATEMENT OF PROFIT AND LOSS (in HUF million)	30.04.2023	2022	Change %*	Change
Interest income and similar to interest income	126,341	237,489	-46.8%	-111,148
Interest expense and expense similar to interest expense	-43,881	-71,567	-	27,686
Net interest income	82,460	165,922	116.5%	-83,462
Fee and commission income	22,432	68,072	15.0%	-45,640
Fee and commission expense	-8,433	-19,886	20.5%	11,453
Net fee and commission income	13,999	48,186	12.9%	-34,187
Results from financial instruments	4,042	-20,715	-	24,757
<i>Results from financial instruments measured at fair value through profit or loss, net</i>	-7,976	-14,430	-	6,454
<i>Results from financial instruments measured at fair value through other comprehensive income, net</i>	0	-3,780	-	3,780
<i>Results from financial instruments measured at amortized cost, net</i>	-63	-243	-57.5%	180
<i>Results from hedge accounting, net</i>	-185	325	-128.2%	-510
<i>Exchange differences result, net</i>	12,266	-2,587	-177.8%	14,853
(Impairment) / Reversal on financial and non-financial instruments	-5,660	-36,677	56.9%	31,017
<i>(Impairment) / Reversal on financial instruments held for credit risk management</i>	-5,738	-23,288	6.5%	17,550
<i>Provision (loss) / gain</i>	87	-2,167	-	2,254
<i>Modification (loss) / gain on financial instruments</i>	-11	-10,916	-	10,905
<i>(Impairment) / Reversal on investments in subsidiaries and associates</i>	0	-113	-217.7%	113
<i>(Impairment) / Reversal on other financial and non-financial instruments</i>	2	-193	-54.0%	195
Dividend income	0	574	-	-574
Operating expense	-56,773	-122,312	21.0%	65,539
Other income	2,824	882	-84.7%	1,942
Other expense	-2,611	-1,562	-58.1%	-1,049
Result from assets held for sale	0	-51	-115.6%	51
Profit before taxation	38,281	34,247	-	4,034
Deferred tax (income) / expense	-6,135	-8,766	-	2,631
Profit for the year	32,146	25,481	-	6,665

STATEMENT OF OTHER COMPREHENSIVE INCOME

Profit for the year	32,146	25,481	-	6,665
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Other comprehensive income	3,040	-5,044	7.0%	8,084
Items that may not be reclassified to profit or loss	0	25	-	-25
Fair value changes of equity instruments measured at fair value through other comprehensive income	0	25	-	-25
Items that may be reclassified to profit or loss	3,040	-5,069	7.6%	8,109
Hedging instruments (unmarked items)	-25	687	-68.5%	-712
Income tax relating to items reclassified to profit or (-) loss	-395	910	-	-1,305
Revaluation on debt securities measured at fair value through other comprehensive income	3,460	-6,666	-3.3%	10,126
Total Comprehensive Income for the year	35,186	20,437	-	14,749

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

In 2023, Takarékbank's **profit/loss before tax** exhibited HUF 38.3 billion in profit, which was a HUF 4.0 billion improvement compared to the profit of HUF 34.2 billion in the previous year. Profit after tax for the period was HUF 32.1 billion (2022: HUF 25.5 billion). Total comprehensive income in the first four month of 2023 amounted to HUF 35.2 billion.

The largest factor current year's profit in Takarékbank was the high net interest income achieved due to changes in the market environment and favourable net fee and commission income.

Net interest income in 2023 amounted to HUF 82.5 billion and it resulted from HUF 126.3 billion gross interest income and HUF 43.9 billion interest expense. Strong net interest income was driven by the significant portfolio of securities and favourable yield environment.

Takarékbank's **net fee and commission income** amounted to a profit of HUF 14.0 billion in the first four month of 2023, which resulted from the balance of the HUF 22.4 billion gross income from fees and commissions and HUF 8.4 billion in expenses. The payment-related net commissions showed an increase in a slowing economic environment.

Results from financial instruments were a profit of HUF 4.0 billion compared to a loss of HUF 20.7 billion last year. A significant part of the loss can be explained by the change in the fair value of the subsidised loan portfolio. The result was boosted by the result of foreign exchange operations (HUF +12.3 billion).

Other income amounted to HUF 213 million in the first four months of 2023, which includes the reimbursement of the OBA fee liability in amount of HUF 2.6 billion.

The operating costs of Takarékbank were HUF 56.8 billion in the first four month of 2023, the overall cost includes operating costs as well as taxes and other fees associated with operations, too. Of this, the operating costs that the bank has a direct influence on (salaries, IT, other material, depreciation) represent 39.8% of total accounted operating expenses. Of this, salaries and staff costs stand out at HUF 10.0 billion, general and administrative expenses at HUF 5.3 billion, and annual information technology expenses at HUF 5.1 billion. The change in other taxes and fees was due to the increase in tax payment costs due to the transaction fee and the extra profit tax, which was HUF 32.3 billion. Supervisory and regulatory fees amounted to HUF 1.9 billion.

Operating costs in HUF million	30.04.2023	2022	Change
Personnel costs	9,996	32,750	-22,754
Leasing fees	243	191	52
Depreciation of tangible assets	1,129	3,881	-2,752
Depreciation of intangible assets	218	797	-579
General administrative costs and auditor's fee	5,276	15,077	-9,801
Advertisements	436	1,070	-634
Consultancy fees	101	1,192	-1,091
IT costs	5,146	15,300	-10,154
Other taxes and fees	32,266	44,640	-12,374
Insurance costs	35	133	-98
Fees for supervisory and other prudential activities	1,891	7,189	-5,298
Other non-specified costs	36	92	-56
Total costs	56,773	122,312	-65,539

The net balance of impairment and provisioning was HUF 5.7 billion in the first four month of 2023. Furthermore, a modification loss of HUF 11 million is recognised due to the 2021 and 2022 impacts of the repayment moratorium and to a negative net present value effect expected for 2023.

6.2. The risk position of Takarékbank

Takarékbank's risk management is governed by the Hungarian and EU legislation in force and additional supervisory regulations. Takarékbank is a member of the MBH Group and must also comply with the internal regulations of the MBH banking group. Takarékbank 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. Takarékbank'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, independent control separate from the risk-taking areas, and appropriate measurement, diversification, monitoring and reporting of risks. Takarékbank continued to comply with the regulatory requirements throughout 2022.

Risk Strategy

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

In its operations, Takarékbank 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 Takarékbank's risk management activities are to protect the Bank's financial strength and reputation and to contribute to the use of capital for competitive business activities that enhance shareholder value.

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

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

In its risk appetite, MBH Group defines separate risk category targets in line with the respective business strategy, which describe the level of risk that can be assumed in a qualitative manner. The targets are broken down to different entity levels within the Group, including the level of Takarekbank. Regular back-testing of these targets ensures that risk appetite is monitored on an ongoing basis, results are evaluated and any necessary interventions are made on this basis to bring the Bank back on track.

Credit risk

No significant change was in credit risk in 2023.

In line with the MNB's expectations and the uniform impairment calculation methodology at MBH banking group level, the staging logic for customers in the moratorium and leaving the moratorium was standardised.

For customers exiting the moratorium or not on a contracted repayment schedule, the measurement of traditional credit behaviour continues to be implemented. For retail customers, the Bank has reverted to the standard lifetime ECL calculation.

For corporate customers, the Bank continues to determine the level of impairment based on the rating and the monitoring result.

In addition to the above, the Bank has updated the macro parameters for the entire portfolio, using the latest parameters available in the MNB Inflation Report. The updated risk parameters have also been implemented in the lifetime ECL calculation.

Given that no new information on the paying capacity of customers has emerged during the moratorium period and that the repayment rates 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 capacity and willingness of debtors to pay. In addition, MNB expects that the risk arising from modelling uncertainty needs to be mitigated.

The Bank has considered the following aspects in determining the management overlays:

- the rate at which the income of customers entering the moratorium⁴ has decreased compared to 18.03.2020,

- for customers entering the agricultural moratorium, the models are not aware of the agricultural moratorium and therefore the willingness and capacity to pay may contain a hidden high probability of default,
- the application of transitional staging rules alone does not always reflect the full increase in lifetime loss, even when macro parameters are updated.

In summary, the Bank's current modelling methodology, using the above information, provides the opportunity to develop risk profiles that are well-defined from a customer management perspective. The management overlays have been formed due to the uncertainties arising from the current economic situation, the expectations of the regulatory environment and the future volatility of the economic situation.

Up to April, a significant part of the increase in credit risk relates to only one counterparty, but even so, the stock of non-performing loans has fallen slightly due to the sale of receivables.

Market risk

Market risks include interest rate risk and foreign exchange risk arising from all banking activities. Takarékbank 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. Takarékbank 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

Takarékbank 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

Takarékbank 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, Takarékbank 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

Takarébank 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 Takarébank.

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 Bank every year, new group level KRIs defined by MBH were introduced. As part of the annual KRI review, the Bank has identified the indicators that will be collected following the merger.

Takarébank 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.

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

With regard to operational risk, the Bank'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.

7. THE ECONOMIC ENVIRONMENT AND THE FINANCIAL SECTOR

Taking into account both upside and downside risks, we expect GDP to expand by 0.8% in real terms in 2023. The protracted war in the neighbourhood, the negative impacts of energy price rises, the partial termination of preferential energy prices for households and losses associated with the severe drought led to a marked deterioration in last year's economic performance and continue to exert an impact in 2023 as well. Given the low basis last year, agriculture has a good chance to contribute to growth positively in 2023, provided the severe drought does not repeat itself. Still, the growth outlook continues to be blurred by the partial termination of preferential household energy prices, the high energy bills of the economy's other sectors like companies, state institutions and municipalities. Some sectors may experience transitional, but some also enduring reductions in production levels or even halts in production. These can partly be offset by subsidies and preferential loan schemes by the government, especially for actors in the most energy-intensive industrial branches. Further risks to growth are posed by supply chain disruptions caused either directly by the war in Ukraine or indirectly through the resulting sanctions, which culminate in a lack of or insufficient availability of base and raw materials and steeply rising costs. Purchasing power may be hit by lastingly strong inflation and the high costs of credit. External demand may also get weaker as purchasing power is also undermined in Hungary's main export destinations. The most severe risk would be the complete stop of Russian gas and oil deliveries, but apart from minor incidences this has not yet taken place and there is small probability for such an event in the future. On the other hand, upside risks are also present in the form of new industrial capacities entering production phase, the easing of the lack or insufficient supply of electronic chips, semiconductors and other appliances, the outstanding level of the order book in the industrial sector, which may help the sector to overachieve current expectations. The recovery in international tourism may give a further boost to growth especially with the termination of Covid-

related travel restrictions in China. Large scale investment projects announced more recently will also help economic growth accelerate to its previous pace on medium term; from the middle of this decade Hungary's GDP-growth may lastingly exceed 4%.

The termination of the price cap for fuels was only partially reflected in inflation figures in December, the full impact will emerge in January's figures, hence inflation may still accelerate slightly further in the first month of 2023. However, due to base effects we expect at first gradual, but later quite substantial moderations in inflation figures in the coming months. These base effects will be reinforced by a recent fall in international commodity and energy prices, hence no new piece hikes are on the horizon, and the Forint's expected correction (appreciation) should also dampen inflationary pressures. As for food prices, weaker demand will likely drive prices somewhat down, or at least prevent them from rising further. In the course of the last year higher excise taxes pushed tobacco and alcoholic beverage prices up, and the same was true for many processed food items that were subject to the rising of the public health product tax. These effects will, however, disappear from the annual rate of inflation this year. Yet, a wage-price spiral may be forming in some sectors, which can slightly reduce the pace of disinflation. This still won't prevent from inflation declining to below 10% by year-end, however, it will still be as high as 17.5% on annual average in 2023.

The current 18% effective policy rate (the rate on the quick deposit tender) is expected to be gradually cut from the middle of 2023, but from then on it may quite rapidly close the gap with the base rate at 13%. As the disinflation process speeds up, the last quarter may bring especially steep rate cuts from the central bank, hence the base rate may sink to as low as 9% by the end of the year. In the still high inflation environment the growth of budget revenues will definitely exceed that of expenditures, hence on accruals basis the budget deficit may improve by at least 2 percentage points compared to 2022, i.e. it may decline to 4% of GDP, while public debt may sink below 70% of GDP by year-end. Since improvements are likely in the terms of trade, the deficit of the current account may considerably narrow, and improved external balances may lend support to the Forint's exchange rate.

With respect to net interest revenues the banking system may experience a further improvement to last year's figures, but a marked slowdown in lending activity (mainly the disbursement of new housing loans will suffer a dramatic setback compared to 2022 figures) will curb the opportunities for improvement in net fee and commission revenues. As for operating and risk costs, a continued deterioration is well on the cards. The preceding years' fast growth in total assets as well as last year's sharp increase in fundamental operating revenues means that the tax base will be higher both for the special sectoral tax and the so-called extra profit tax, which will still be imposed upon the banking system in 2023, hence the tax burden continues to become even stricter. In addition, interest rate caps introduced in 2022 will involve substantial losses in the form of foregone revenues. All in all, the entire banking system may expect HUF 80 to 100 billion lower after-tax profit than it realized last year, while the return on equity ratio may moderate to as low as 5 to 5.5% following the previous year's 7%.

8. PROTECTION OF THE ENVIRONMENT

Although Takarékbank has no business or non-profit activity connected to environmental protection, it strives to maintain environment friendly workplaces, it keeps up and nourishes the natural vegetation and ornamental plants in its surroundings. It pursues to apply energy efficient solutions when performing its activities. In its internal trainings it emphasizes the importance of being energy- and environmentally conscious both on corporate and individual level.

9. HUMAN RESOURCES POLICY

The full-time equivalent employment of Takarékbank at the end of April 2023 was 3.304, below the same figure in 2022 (2022: 3.399).

10. OTHER SERVICES PERFORMED BY THE AUDITING COMPANY

The auditing company invoiced Takarékbank HUF 57.8 million according to the auditing contract for year 2023.

11. POST BALANCE SHEET DATE EVENTS

Legislative changes

Amendment of Government Decree No 782/2021 (XII. 24.) on the different application of Act CLXII of 2009 on credit to consumers in emergency situations

Interest rate cap extended until 31 December 2023. The Group has started to quantify the financial impact of the extension for 2023, but these have not yet been finalised.

Merger of Duna Takaréék Bank Zrt.

Duna Takaréék Bank Zrt. initiated the credit institution's joining of the Central Organisation of Integrated Credit Institutions of which it notified MBH Befektetési Bank Zrt. – a member of the MBH Bank Group – as business management organisation. Duna Takaréék Bank Zrt. plans to join the Central Organisation of Integrated Credit Institutions as of 1 August 2023, provided it obtains the necessary authorisations and all other necessary conditions are met. At the same time, MBH Bank is conducting negotiations with the owners of Duna Takaréék Bank Zrt. on the potential purchase of shares constituting an at least 75% influence in Duna Takaréék Bank Zrt. after the above accession.

Takarékbank Zrt.
Separate Statement of Financial Position as at 30 April 2023

(Data in HUF million)

	Notes	30 April 2023	31 December 2022
Assets			
Cash and cash equivalents	14	440,747	234,753
Financial assets measured at fair value through profit or loss		276,299	263,747
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	17	247,502	229,029
<i>Securities mandatorily at fair value through profit or loss</i>	17	8,385	6,520
<i>Derivative financial assets</i>	15	20,412	28,198
Hedging derivative assets	29	21,648	27,716
Financial assets measured at fair value through other comprehensive income	16	160,829	146,909
<i>Securities</i>		160,829	146,909
Financial assets measured at amortised cost		2,419,652	2,813,745
<i>Loans and advances to banks</i>	18	308,471	601,195
<i>Loans and advances to customers</i>	18	1,606,328	1,653,580
<i>Repurchase assets</i>	18	-	14,188
<i>Securities</i>	18	440,569	494,611
<i>Other financial assets</i>	18	64,284	50,171
Investments in subsidiaries and associates	19	5,050	5,050
Property, plant and equipment	20,22	10,392	8,360
Intangible assets	21	1,334	1,134
Income tax assets		3,849	5,867
<i>Current income tax assets</i>	12	-	-
<i>Deferred income tax assets</i>	12	3,849	5,867
Other assets	23	4,334	4,405
Total assets		3,344,134	3,511,686

	Notes	30 April 2023	31 December 2022
Liabilities			
Financial liabilities measured at fair value through profit or loss	15	18,985	19,039
<i>Derivative financial liabilities</i>		18,985	19,039
Financial liabilities measured at amortised cost	24	3,007,130	3,228,520
<i>Amounts due to other banks</i>		647,908	762,585
<i>Deposits and current accounts</i>		2,323,487	2,403,973
<i>Repurchase liabilities</i>		-	30,283
<i>Subordinated liabilities</i>		25,552	23,947
<i>Other financial liabilities</i>		10,183	7,732
Hedging derivative liabilities	29	300	522
Provisions	25	8,068	8,267
Income tax liabilities	12	4,676	4,416
<i>Current tax liabilities</i>		4,676	4,416
Other liabilities	26	42,951	24,084
Total liabilities		3,082,110	3,284,848
Equity			
Share capital	27	186,960	186,960
Share premium		34,947	34,947
Retained earnings		7,712	(14,544)
Other reserves	27	6,682	3,467
Result for the year		32,146	25,481
Accumulated other comprehensive income	27	(6,423)	(9,473)
Total equity		262,024	226,838
Total liabilities and equity		3,344,134	3,511,686

Takarékbank Zrt.**Separate Statement of Profit or Loss for the year ended 30 April 2023**

(Data in HUF million)

	Notes	1 January 2023 - 30 April 2023	1 January 2022 - 31 December 2022
Interest and similar to interest income	4	126,341	237,489
<i>Interest income using effective interest rate method</i>		98,365	196,363
<i>Other interest income</i>		27,976	41,126
Interest and similar to interest expense	4	(43,881)	(71,567)
<i>Interest expense using effective interest rate method</i>		(34,265)	(53,640)
<i>Other interest expenses</i>		(9,616)	(17,927)
Net interest income		82,640	165,922
<i>Fee and commission income</i>	5	22,432	68,072
<i>Fee and commission expense</i>	5	(8,433)	(19,886)
Net income from commissions and fees		13,999	48,186
<i>Results from financial instruments measured at fair value through profit and loss</i>	8,17	(7,976)	(14,430)
<i>Results from financial instruments measured at fair value through other comprehensive income</i>	7	-	(3,780)
<i>Results from financial instruments measured at amortized cost</i>	7	(63)	(243)
<i>Results from hedge accounting, net</i>	29	(185)	325
<i>Exchange differences result</i>	6	12,266	(2,587)
Result from financial instruments		4,042	(20,715)
<i>(Impairment) / Reversal on financial instruments held for credit risk management</i>	30	(5,738)	(23,288)
<i>Provision (loss) / gain</i>	25	87	(2,167)
<i>Modification (loss) / gain on financial instruments</i>	30	(11)	(10,916)
<i>(Impairment) / Reversal on investments in subsidiaries and associates</i>		-	(113)
<i>(Impairment) / Reversal on other financial instruments</i>		2	(193)
(Impairment) / Reversal on financial and non-financial instruments		(5,660)	(36,677)

Separate Statement of Profit or Loss (continued)	Notes	1 January 2023 - 30 April 2023	1 January 2022 - 31 December 2022
<i>Dividend income</i>	17	-	574
<i>Operating expense</i>	10,11	(56,773)	(122,312)
<i>Other income</i>	9	2,824	882
<i>Other expense</i>	9	(2,611)	(1,562)
<i>(Losses) or gains on non-discontinued non-current assets held for sale and disposal groups</i>	19	-	(51)
Result before taxation from continuing operations		38,281	34,247
<i>Income tax income / (expense)</i>	12	(6,135)	(8,766)
Result for the year		32,146	25,481

Takarékbank Zrt.

Separate Statement of Other Comprehensive Income for the year ended 30 April 2023

(Data in HUF million)

	Notes	1 January 2023 - 30 April 2023	1 January 2022 - 31 December 2022
Result for the year		32,146	25,481
Other comprehensive income	13	3,040	(5,044)
Items that will not be reclassified to profit or loss		-	25
<i>Fair value changes of equity instruments measured at fair value through other comprehensive income</i>		-	25
Items that may be reclassified to profit or loss		3,040	(5,069)
<i>Hedging instruments</i>		(25)	687
<i>Debt instruments at fair value through other compre- hensive income</i>		3,460	(6,666)
<i>Income tax relating to items that may be reclassified to profit or (-) loss</i>		(395)	910
Total comprehensive income		35,186	20,437

Takarékbank Zrt.

Separate Statement of Changes in Equity for the year ended 30 April 2023

(Data in HUF million)

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Other reserves	Total equity
Opening at 1 January 2022	100,260	21,647	(4,429)	(11,996)	919	106,401
Capital increase	86,700	13,300				100,000
Total comprehensive income			(5,044)	25,481		20,437
<i>of which: Profit for the year</i>	-	-	-	25,481	-	25,481
<i>of which: Other comprehensive income</i>	-	-	(5,044)	-	-	(5,044)
General reserves	-	-	-	(2,548)	2,548	-
Closing at 31 December 2022	186,960	34,947	(9,473)	10,937	3,467	226,838
Opening at 1 January 2023	186,960	34,947	(9,473)	(10,937)	3,467	226,838
Total comprehensive income	-	-	3,040	32,146	-	35,186
<i>of which: Profit for the year</i>	-	-	-	32,146	-	32,146
<i>of which: Other comprehensive income</i>	-	-	3,040	-	-	3,040
Other reclassification	-	-	10	(10)	-	-
General reserves	-	-	-	(3,215)	3,215	-
Closing at 30 April 2023	186,960	34,947	(6,423)	39,858	6,682	262,024

Takarékbank Zrt.
Separate Statement of Cash Flows for the year ended 30 April 2023

(Data in HUF million)

	Notes	1 January 2023 - 30 April 2023	1 January 2022 - 31 December 2022
Cash flow from operating activities			
Result for the year		32,146	25,481
Non-cash adjustments to net profit from:			
Depreciation and amortization		1,347	4,678
Writte of tangible and intangible assets		242	452
Impairment and provision for credit loss expense		4,844	21,305
Release of other provision		(150)	2,140
(Loss)/Profit on tangible assets derecognized		37	35
Interest expense on the lease liability		47	125
Non cash adjustment on securities		1,227	(513)
Received dividend		-	574
Fair value adjustments of derivatives held for trading and derivatives from hedge accounting		34,433	(31,710)
Fair value adjustments on financial assets mandatorily at fair value through profit or loss		(18,587)	28,426
Operating profit or loss before change in operating assets		55,586	50,993
Decrease/ (-) Increase in operating assets			
Trading transactions and hedging		(20,855)	(1,131)
Changes in non-trading financial assets mandatorily at fair value through profit or loss		(1,751)	(40,143)
Financial assets valued at fair value against other comprehensive income		(11,024)	47,724
Changes in financial assets at amortised cost		388,474	(283,504)
Changes in other assets		1,694	2,798
Increase/ (-) Decrease in operating liabilities			
Changes in financial liabilities at amortised cost		(23,824)	31,044
Changes in other liabilities		19,117	933
Net cash flow from operating activities		407,418	(191,286)

	Notes	1 January 2023 - 30 April 2023	1 January 2022 - 31 December 2022
Cash flow from investing activities			
Proceeds from sales of tangible		1	2,808
Proceeds from sales of intangible assets		-	2
Purchase of tangible		(3,441)	(3,977)
Purchase of intangible assets		(418)	(182)
Sale or purchase of shares in subsidiaries and associates		-	(440)
Net cash outflow from investing activities		(3,858)	(1,789)
Cash flow from financing activities			
Borrowing of long-term loans		(195,162)	112,791
Capital increase		-	100,000
Repayment of leasing liabilities		(2,404)	(2,427)
Net cash flow from financing activities		(197,556)	210,364
Increase/ (-) Decrease in cash and cash equivalents		205,994	17,289
Opening balance of cash and cash equivalents		234,753	217,464
Closing balance of cash and cash equivalents		440,747	234,753
Breakdown of cash and cash equivalents:			
Cash		20,776	22,966
Balances with the National Bank of Hungary		-	-
Due from banks with original maturity of less than 90 days		419,971	211,787
Closing balance of cash and cash equivalents		440,747	234,753
Supplementary data			
<i>Interest received</i>		<i>126,341</i>	<i>237,489</i>
<i>Interest paid</i>		<i>(43,881)</i>	<i>(71,567)</i>

Auditor's Report on the Company's separate (unconsolidated) financial statements as at 30 April 2023 under International Financial Reporting Standards ("IFRS")



INDEPENDENT AUDITOR'S REPORT (Free translation)

To the shareholders of MBH Bank Nyrt. (as the legal successor of Takarékbank Zrt.)

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Takarékbank Zrt. (the "Company") which comprise the separate statement of financial position for the financial year ended on 30 April 2023 (in which total assets equal to total liabilities and equity are MHUF 3,344,134), the separate statement of profit or loss, the separate statement of other comprehensive income (in which the total comprehensive income for the year is MHUF 35,186 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 significant accounting policies 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 30 April 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 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.

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.

We have not provided any non-audit services to the Company in the period from 1 January 2023 to 30 April 2023.

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



Emphasis of matter

We draw attention to the point 1 of the Notes, where it is presented that the resolution No. H-EN-I-57/2023, issued by the National Bank of Hungary ("NBH") allowed Takarékbank Zrt. to merge into MKB Bank Nyrt on 30 April 2023. After the merger the new name of the MKB Bank Nyrt. became MBH Bank Nyrt.

Our opinion is not modified in respect of this matter.

Our audit approach

Overview

<i>Overall materiality</i>	Overall materiality applied was MHUF 2,600
<i>Key Audit Matters</i>	<ul style="list-style-type: none"> Expected credit loss allowance on loans and advances to customers Financing transactions with related parties

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, both individually and in aggregate on the separate financial statements as a whole.

<i>Materiality</i>	MHUF 2,600
<i>Determination</i>	1% of the separate equity

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<i>Rationale for the materiality benchmark applied</i>	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 1% as quantitative materiality threshold.
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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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
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Expected credit loss allowance on loans and advances to customers

The net balance of loans and advances to customers at amortised cost was MHUF 1,681,198 as at 30 April 2023, representing 50% of total assets. Credit loss allowance recognised in the balance sheet amounted to MHUF 83,828.

Management disclosed related assumptions, balances and estimates in section 3.10 of the notes to the separate financial statements on accounting policy, as well as in notes 18. and 30.

Credit loss allowance recognised on expected credit losses is determined on the basis of subjective criteria and management is required to apply significant judgement when calculating individual and collective expected credit loss allowances especially when considering the current uncertain economic environment.

The first step in the expected credit loss calculation is to identify whether there was significant increase in credit risk. The selected indicators will determine whether a 12-month or a lifetime expected credit loss is calculated.

In the calculation of individual expected credit loss, 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

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 the focus was on adaptations of methods and processes introduced to capture the increased uncertainties of the present and future environment in expected credit losses.

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 loss allowances we assessed whether the methodology applied by the Group was compliant with *IFRS 9 Financial Instruments* with the support of our internal modelling experts. We recalculated the selected model parameters and the expected credit loss allowances.



both from collections of contractual cash flows and from collaterals.

The Company applies impairment models to calculate collective credit loss allowances. 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*.

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 expected credit loss.

A further limitation is caused by the fact, that, to reduce the economic consequences of the COVID-19 pandemic and the uncertain economic environment the Hungarian government maintained various loan support programs introduced first in 2020, including moratoria on loan repayment transactions. Although a significant part of these programs expired on 31 December 2022, these complicate a timely reflection of a potential deterioration of the loan portfolio and resulted in artificially low observed default rates.

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

- Additional criteria to assess significant increase in credit risk, partly relating to those staying in the moratoria
- Additional expert judgement based adjustment of the estimation method of credit risk parameters

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

We checked input data for the expected credit loss 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, to identify significant increases in credit risk of single customers or customer groups.

We read section 3.10 and points 18. and 30. 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.



experienced in the current economic environment.

Financing transactions with related parties

The Company, in the course of its banking operations, has significant financing 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 32 to the separate financial statements.

We identified related party financing transactions as a key audit matter because of risks with respect to completeness of identification of related parties 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 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.

Other information: the separate business report

Other information comprises the separate business report of the Company. Management is responsible for the preparation of the separate business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the separate financial statements does not cover the separate business report.

In connection with our audit of the separate financial statements, our responsibility is to read the separate business report and, in doing so, consider whether the separate business 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 is materially misstated we are required to report this fact and the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility when reading the separate business report to consider whether the separate business report has been prepared in accordance with the provisions of

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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.

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 of the Accounting Act.

In our opinion, the 2023 separate business report of the Company is consistent with the 2023 separate financial statements in all material respects; and the separate business report has been prepared in accordance with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the separate business report, we do not express an opinion in this respect.

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

The separate business report includes the non-financial statement required by Section 95/C of the Accounting Act.

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:

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- 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.

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 approved by shareholder resolution representing a total period of uninterrupted engagement appointment of 2 years.

Budapest, 6 July 2023

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 English translation.

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Proposal of the Board of Directors of the legal successor MBH Bank Nyrt. on the allocation of the 2023 profit

In accordance with the relevant provision of the Credit Institutions Act HUF 3,214.6 million (10% of the profit after taxes) is set aside from the profit after taxes as general reserve, shown among Other Reserves.

	million HUF
1. Result before taxation from continuing operations	38 281
2. Income tax expense	6 135
3. Result for the year (1.-2.)	32 146
Increase in retained earnings	32 146

Calculation of the unallocated profit reserve available for dividend allocation

	million HUF
Retained earnings and other reserves	7 971
Accumulated other comprehensive income	6 423
General reserve	-5 763
Net profit for the year	32 146
Untied retained earnings available for the payment of dividends	40 777

Proposal for the General Meeting:

The Board of Directors proposes that the total amount of the profit after taxes be added to the profit reserve.

Draft General Meeting Resolution:

In possession, and in view, of the reports of the Supervisory Board and the Auditor the General Meeting approves Takarékbank Zrt's individual Business Report and Report prepared by the management of MBH Bank Nyrt. as the legal successor of Takarékbank Zrt pertaining to, and closing the activities of, the business year between 1 January 2023 and 30 April 2023, the proposal of the Board of Directors of MBH Bank Nyrt. Takarékbank Zrt's legal successor regarding the utilisation of the profit after taxes, and the auditor's report on Takarékbank Zrt's (individual) financial statements as at 30 April 2023 prepared in accordance with the International Financial Reporting Standards ("IFRS").

The General Meeting establishes Takarékbank Zrt's individual report closing its activities in the business year between 1 January 2023 and 30 April 2023, prepared on the basis of the International Accounting Standards, with the following main figures:

BALANCE SHEET TOTAL: HUF 3,344,134 million
YEAR'S PROFIT (AFTER TAXES): HUF 32,146 million

The General Meeting resolves to add Takarékbank Zrt's profit after taxes to the legal successor MBH Bank Nyrt's profit reserve.

3. Agenda Item

**APPROVAL OF THE (CLOSING) BALANCE SHEET AND INVENTORY OF THE
ASSETS OF MKB BANK NYRT. AS ACQUIRING COMPANY PREPARED AS
OF 30 APRIL 2023**

Reasoning:

The management teams of both MBH Bank Nyrt. and Takarékbank Zrt. agree that the merger of the companies offers significant synergies, the main elements of which are as follows:

Business synergies: the Company – as recipient company – can access the customer bases of the merging companies. Cross selling enables higher profitability per customer and the reserves of the business operation that are proportional to the size of the business (e.g. liquidity reserve, capital reserve, risk provisions) can be optimised, enabling more effective and efficient capital use. Innovative IT developments for customer relationships make it possible for the company to reach new customers and rationalise the sales channels.

IT synergies: the IT structure required by the Company as recipient company is significantly smaller and less complex than the infrastructures currently used by the merging companies added together. The developments accompanying the merger enable the introduction of IT tools that are more efficient than the existing ones in both banking operations and customer relationships.

Organisational synergies: the rates of customer activity related resources, relative to the size of the business, as well as the sizes of the control and other service areas, can be reduced through IT developments and process harmonisation.

Other cost synergies: external consultant, marketing and legal costs can be significantly reduced at the Company as recipient company in the wake of the merger. A proportionally smaller organisation can also rationalise its real estate costs. The optimisation of the sales network also affects the real estate and motor vehicle costs.

From a legal perspective, unified corporate governance at the Company as recipient company and the introduction of the necessary internal regulations contribute to the utilisation of economic synergies to maximise the company's value.

Based on the above economic considerations the management teams of the merging companies prepared the merger plan underlying the merger in such a way that Takarékbank Zártkörűen Működő Részvénytársaság – as merging company – by acquisition with the Company, as recipient company. The management teams of the merging companies had prepared all of the documents required for the acquisition to enable the supreme bodies of the merging companies on one occasion – on 9 December 2022 – pursuant to Section 8 (1) of Act CLXXVI of 2013 on the Transformation, Merger and Demerger of Certain Legal Persons (Transformation Act). Based on General Meeting Resolution 61/2022 (9 December) on merger the drafts of the statement of assets and liabilities and the inventory of holdings were submitted to the Court of Registration, as attachments to the merger contract.

According to Section 141 of Act C of 2000 on Accounting (hereinafter: "**Accounting Act**") within 90 days of the date of the transformation (30 April 2023) a final statement of assets and liabilities and a final inventory of holdings must be prepared. These must be deposited with the Court of Registration regarding both the transforming company and the company created by transformation.

In accordance with the above provision of the Accounting Act the management prepared the statements of assets and liabilities for the merging entities as at 30 April 2023: For Takarékbank Zrt., merging company and for MBH Bank Nyrt. recipient, and merged, entity (also MBH Bank Nyrt.) as legal successor. The statements of assets and liabilities are based on the inventories of holdings.

This General Meeting Proposal item has been prepared regarding the adoption of the (closing) individual statement of assets and liabilities and inventory of holdings of MBH Bank Nyrt. as recipient company, in which the balance sheet total is **HUF 7,265,168 million** while the shareholders' equity is **HUF 794,745 million**.

Draft General Meeting Resolution:

The General Meeting adopts the (closing) statement of assets and liabilities and the inventory of holdings, as at 30 April 2023, of MKB Bank Nyrt. as recipient company, prepared by MKB Bank Nyrt's management and audited by independent auditor, constituting Annex 3 to the written proposal.

The General Meeting establishes the (closing) individual statement of assets and liabilities of MKB Bank Nyrt. as recipient company, audited by independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 7,265,168 million

SHAREHOLDERS' EQUITY: HUF 794,745 million

4. Agenda Item

**APPROVAL OF THE (CLOSING) BALANCE SHEET AND INVENTORY OF THE
ASSETS OF TAKARÉKBANK ZRT. AS ACQUIRED COMPANY PREPARED AS OF 30
APRIL 2023**

Reasoning:

Based on General Meeting Resolution 61/2022 (9 December) on merger the drafts of the statement of assets and liabilities and the inventory of holdings were submitted to the Court of Registration, as attachments to the merger contract.

According to Section 141 of Act C of 2000 on Accounting (hereinafter: "**Accounting Act**") within 90 days of the date of the transformation (30 April 2023) a final statement of assets and liabilities and a final inventory of holdings must be prepared. These must be deposited with the Court of Registration regarding both the transforming company and the company created by transformation.

In accordance with the above provision of the Accounting Act the management prepared the statements of assets and liabilities as at 30 April 2023 for Takarékbank Zrt. as merging company and MBH Bank Nyrt. as recipient company and as merged entity (also MBH Bank Nyrt.) as legal successor. The statements of assets and liabilities are based on the inventories of holdings.

This draft general meeting resolution has been prepared for the adoption of the (closing) individual statement of assets and liabilities and inventory of holdings of Takarékbank Zrt. as merging company in which the balance sheet total is **HUF 3,344,134 million** while the shareholders' equity is **HUF 262,024 million**.

Draft General Meeting Resolution:

The General Meeting adopts the (closing) statement of assets and liabilities and the inventory of holdings, as at 30 April 2023, of Takarékbank Zrt. as merging company, prepared by MKB Bank Nyrt's, as legal successor's management and audited by independent auditor, constituting Annex 4 to the written proposal.

The General Meeting establishes the (closing) individual statement of assets and liabilities of Takarékbank Zrt as merging company, audited by independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 3,344,134 million

SHAREHOLDERS' EQUITY: HUF 262,024 million

5. Agenda Item

**APPROVAL OF THE (OPENING) BALANCE SHEET AND INVENTORY OF THE
ASSETS OF MKB BANK NYRT. AS SUCCESSOR COMPANY PREPARED AS OF 30
APRIL 2023**

Reasoning:

Based on General Meeting Resolution 61/2022 (9 December) on merger the drafts of the statement of assets and liabilities and the inventory of holdings were submitted to the Court of Registration, as attachments to the merger contract.

According to Section 141 of Act C of 2000 on Accounting (hereinafter: "**Accounting Act**") within 90 days of the date of the transformation (30 April 2023) a final statement of assets and liabilities and a final inventory of holdings must be prepared. These must be deposited with the Court of Registration regarding both the transforming company and the company created by transformation.

In accordance with the above provision of the Accounting Act the management prepared the statements of assets and liabilities as at 30 April 2023 for Takarékbank Zrt. as merging company and MBH Bank Nyrt. as recipient company and as merged entity (also MBH Bank Nyrt.) as legal successor. The statements of assets and liabilities are based on the inventories of holdings.

This draft general meeting resolution has been prepared for the adoption of the (opening) consolidated statement of assets and liabilities and inventory of holdings of MBH Bank Nyrt. as legal successor, in which the balance sheet total is **HUF 10,313,104 million** and the shareholders' equity is **HUF 837,733 million**.

The consolidated statement of assets and liabilities shows the aggregate of the individual assets and liabilities of the merging entities, in which the differences column shows the consolidation between the 2 entities (derivative transactions between Takarékbank Zrt and MBH Bank Nyrt.), the management of the accounting policy harmonisations. The shareholders' capital adjustment column shows the capital adjustments corresponding to the draft statement of assets and liabilities.

The legal successor company's subscribed capital registered by the Court of Registration is HUF 322,529,625,000.

Draft General Meeting Resolution:

The General Meeting adopts the (opening) statement of assets and liabilities and the inventory of holdings, as at 30 April 2023, of MBH Bank Nyrt. as legal successor, prepared by its management and audited by independent auditor, constituting Annex 5 to the written proposal.

The General Meeting establishes the (opening) consolidated statement of assets and liabilities of MBH Bank Nyrt. as legal successor, audited by independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 10,313,104 million

SHAREHOLDERS' EQUITY: HUF 837,733 million

6. Agenda Item

**APPROVAL OF THE AUDIT REPORT OF MAZARS KFT. PREPARED FOR THE
ABOVE BALANCE SHEETS AND ASSET INVENTORIES**

Reasoning:

Based on General Meeting Resolution 61/2022 (9 December) on merger the drafts of the statement of assets and liabilities and the inventory of holdings were submitted to the Court of Registration, as attachments to the merger contract.

According to Section 141 of Act C of 2000 on Accounting (hereinafter: "**Accounting Act**" within 90 days of the date of the transformation (30 April 2023) a final statement of assets and liabilities and a final inventory of holdings must be prepared. These must be deposited with the Court of Registration regarding both the transforming company and the company created by transformation.

In accordance with the above provision of the Accounting Act the management prepared the statements of assets and liabilities as at 30 April 2023 for Takarékbank Zrt. as merging company and MBH Bank Nyrt. as recipient company and as merged entity (also MBH Bank Nyrt.) as legal successor. The statements of assets and liabilities are based on the inventories of holdings.

The statements of assets and liabilities and inventories of holdings were audited by MAZARS Könyvszakértő és Tanácsadói Kft., Gabriella Gábor, for which they issued report containing an unqualified opinion.

mazars

This report translated into English has been prepared solely for the information of the Board members of the Banks and must not be distributed to any other party.

INDEPENDENT AUDITOR'S REPORT

To the attention of the shareholders of MBH Bank Nyrt. and Takarékbank Zrt. involved in the merger

Report on the final merger balance sheet and inventory

Opinion

We have audited the final merger balance sheets and inventories (hereinafter jointly referred to as: 'final merger balance sheet' or 'final merger balance sheets') prepared as at 30 April 2023 in connection with the registered merger of the companies named below, in the course of which we have audited:

(a) the final before merger balance sheet and inventory of **MBH Bank Nyrt.** (previously referred to as MKB Bank Nyrt., name changed on 1 May 2023) as the acquiring company continuing its operation in an unchanged form after the merger ('acquiring company'), in which the total assets and liabilities amount to MHUF 7,265,168, the subscribed capital amounts to MHUF 321,699 and the shareholders' equity is MHUF 794,745;

(b) the final merger balance sheet and inventory of **Takarékbank Zrt.** as the company ceasing its activity due to the merger into the acquiring company ('the merging company'), in which the total assets and liabilities amount to MHUF 3,344,134, the subscribed capital amounts to MHUF 186,960 and the shareholders' equity is MHUF 262,024; and

(c) the final after merger balance sheet and inventory of **MBH Bank Nyrt.** (previously referred to as MKB Bank Nyrt., name changed on 1 May 2023) as the company continuing its operation in an unchanged form after the merger ('successor company'), showing the assets and liabilities after the merger, in which the matching total of assets and liabilities amount to MHUF 10,313,104, the subscribed capital amounts to MHUF 322,530 and the shareholders' equity is MHUF 837,733.

The companies involved in the merger are hereinafter jointly referred to as: 'Merging Companies'.

In our opinion, the accompanying 30 April 2023 final merger balance sheets and inventories of MBH Bank Nyrt., as acquiring company, Takarékbank Zrt., as merging company, and MBH Bank Nyrt., as successor company continuing its operation in an unchanged form after the merger are prepared in all material respects in accordance with the provisions of Sections 136-141 of the Act C of 2000 on Accounting (hereinafter: 'Accounting Act') in force in Hungary.

Basis for the Opinion

We have conducted our audit in accordance with the Hungarian National Standards of Auditing and the applicable laws and regulations pertaining to auditing and effective in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the final merger balance sheets and inventories" section of our report.

We are independent of the Merging Companies 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, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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

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Other matters

Limitation of use

Our report is issued in accordance with the provisions of Section (2a) of § 11 of Act CLXXVI of 2013 on the Reorganisation, Merger and Demerger of Certain Legal Entities (hereinafter: 'Transformation Act') in force in Hungary and with the provisions of Section 9 of § 136 of the Accounting Act and is prepared for the shareholders of the Merging Companies and shall not be used for any other purposes than those prescribed by the above regulations.

Interim balance sheet and 'end-of-activity' financial statement on which the final merger balance sheets and inventories are based

PricewaterhouseCoopers Auditing Ltd. issued unqualified auditor's reports on 6 July 2023 on the 'end-of-activity' financial statement of Takarékbank Zrt. and interim balance sheet of MBH Bank Nyrt. as at 30 April 2023, prepared in accordance with Section 114/A of the Accounting Act.

Responsibilities of management and those charged with governance for the final merger balance sheets and inventories

Management is responsible for the preparation of the final merger balance sheets and inventories in accordance with the provisions of Sections 136-141 of the Accounting Act, and for such internal control that the management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the final merger balance sheets and inventories, management is responsible for assessing the successor company's ability to continue as a going concern, and informing us about matters related to going concern as well as management is responsible for the preparation of the final merger balance sheets and inventories based on the going concern principle. Management has to apply the going concern basis of accounting unless other relevant rules prevent its application or if any factor or circumstance prevails, which contradicts the continuation of business activities.

Those charged with governance are responsible for overseeing the financial reporting process of the company under their control.

Auditor's responsibilities for the audit of the final merger balance sheets and inventories

During the audit, our objectives are to obtain reasonable assurance about whether the final merger balance sheets and inventories are prepared in accordance with the provisions of Sections 136-141 of the Accounting Act and that as a whole they 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 the Hungarian National Standards of Auditing will always detect an otherwise existing material misstatement. 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 final merger balance sheets and inventories.

As part of an audit in accordance with the Hungarian National Standards of Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the final merger balance sheets and inventories, 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

mazars

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 Merging Companies' internal control.
- Evaluate the appropriateness of accounting policies applied 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 in relation to preparation of the final merger balance sheets. Investigations concerning the enforcement of the going concern principle was performed for the successor company and extended to planned effective date of the merger. If we conclude that management's use of the going concern basis of accounting was inappropriate in relation to preparation of the final merger balance sheets, we are required to issue a counter-opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. As a result of unforeseen future events or conditions, the successor company may not be able to continue the business.
- Evaluate the overall presentation, structure and content of the final merger balance sheets, and assess whether the final merger balance sheets represent the underlying transactions and events in accordance with the provisions of Sections 136-141 of the Accounting Act.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

Budapest, 6 July 2023

Philippe MICHALAK BUDZAN
Philippe MICHALAK BUDZAN
Partner

GÁBOR Gabriella
GÁBOR Gabriella
Registered Auditor
Registration number: 007036
IFRS Qualification: IFRS000270

Mazars Kft.
1139 Budapest, Fiastyúk utca 4-8, 2nd floor
Registration number: 000220

Draft General Meeting Resolution:

The General Meeting accepts the independent auditor's report issued, based on the auditing of the statements of assets and liabilities and inventories of holdings of the merging companies by the auditor company called MAZARS Könyvszakértő és Tanácsadói Kft. (registered office: 1139 Budapest, Fiastyúk utca 4-8. 2. em.; registered by the Court of Registration of the Budapest Metropolitan Court of Justice, under company registration number 01-09-078412), and personally by Gabriella Gábor registered auditor (home address: 1221 Budapest, Kőérberki út 25. 1a., Hungary; mother's name at birth: Zsuzsanna Kornélia Antal), attached to the written proposal as Annex 6.

7. Agenda Item

**INDEMNIFICATION FOR THE MEMBERS OF THE BOARD OF DIRECTORS
AND THE SUPERVISORY BOARD OF TAKARÉKBANK ZRT. (AS LEGAL
PREDECESSOR)**

Reasoning:

This proposal suggests that from 1 January 2023 the General Meeting should grant, for the period between 1 January 2023 and the date of the termination of the legal predecessor Takarékbank Zrt. (hereinafter: "**Company**") by acquisition (30 April 2023), the discharge as per Section 3:117 (1) of Act V of 2013 on the Civil Code (hereinafter: "**Civil Code**") to all members of the Board of Directors and the Supervisory Board with member legal relationship during such period, applying the single procedure in view of the merger:

Takarékbank Zrt. – BOARD OF DIRECTORS		
Name	Start of legal relationship	End of legal relationship ¹
Levente Szabó (chair)	01.01.2022	30.04.2023 (31.05.2024)
Ádám Egerszegi	31.10.2019	30.04.2023 (31.05.2024)
dr. Edina Tófeji	31.10.2019	30.04.2023 (31.05.2024)
János Zoltán Bogdán	31.10.2019	30.04.2023 (31.05.2024)
György Schamschula	31.10.2019	30.04.2023 (31.05.2024)
Zoltán Váradi	31.10.2019	30.04.2023 (31.05.2024)

Takarékbank Zrt. – SUPERVISORY BOARD		
Name	Start of legal relationship	End of legal relationship
Béla Hetzman (chair)	31.10.2019	30.04.2023 (31.05.2022)
dr. András Csaba Bencze	31.10.2019	30.04.2023 (31.05.2022)
Viktor Iván Katona	31.10.2019	30.04.2023 (31.05.2022)
Katalin Varga-Králik	31.10.2019	30.04.2023 (31.05.2022)
András József Tölgyes	31.10.2019	30.04.2023 (31.05.2022)

Pursuant to Section 3:117 of the Civil Code the company's supreme body (in this case: the General Meeting of MBH Bank Nyrt.) may establish the conformity of the management activities performed by the members of the Board of Directors and the controlling activities performed by the members of the Supervisory Board during the period of their legal relationships by way of the discharge.

Upon granting the discharge the company may only enforce its claim for damages against the executive officer for the violation of management obligations if the facts and information underlying the waiver were false or incomplete

The internal audit, compliance, prevention of money laundering and safeguarding officer's reports as well as the operational risk report prepared during the period concerned uncovered no material deficiencies regarding the Company which might prevent the granting of the discharge.

The General Meeting is exclusively empowered to grant discharge.

¹Original date of expiry of the legal relationship as specified at the time of election, appears between brackets

Draft General Meeting Resolution:

The General Meeting establishes the conformity and compliance of the management activities of the legal predecessor Takarékbank Zrt. during the following period, therefore it grants them the discharge as per Section 3:117 of Act V of 2013 on the Civil Code, as detailed below:

Takarékbank Zrt. – Board of Directors

Levente Szabó (chair): 01.01.2023-30.04.2023

Ádám Egerszegi: 01.01.2023-30.04.2023

dr. Edina Tófeji: 01.01.2023-30.04.2023

János Zoltán Bogdán: 01.01.2023-30.04.2023

György Schamschula: 01.01.2023-30.04.2023

Zoltán Váradi: 01.01.2023-30.04.2023

Takarékbank Zrt. – Supervisory Board

Béla Hetzman (chair): 01.01.2023-30.04.2023

dr. András Csaba Bencze: 01.01.2023-30.04.2023

Viktor Iván Katona: 01.01.2023-30.04.2023

Katalin Varga-Králik: 01.01.2023-30.04.2023

András József Tölgyes: 01.01.2023-30.04.2023

ANNEXES:

1. The interim balance sheet of MBH Bank Nyrt. (before the change of its name on 1 May 2023: MKB Bank Nyrt.) as at 30 April 2023 prepared in accordance with the International Financial Reporting Standards ("IFRS"); Auditor's report on MBH Bank Nyrt's interim balance sheet as at 30 April 2023 prepared in accordance with the International Financial Reporting Standards ("IFRS") (Annex to Agenda Item No. 2.)
2. Individual Business Report closing the activities during the business year between 1 January 2023 and 30 April 2023; its individual Financial Statements prepared in accordance with the International Financial Reporting Standards ("IFRS"); the Auditor's report on Takarékbank Zrt's individual financial statements as at 30 April 2023 prepared in accordance with the International Financial Reporting Standards ("IFRS") (Annex to Agenda Item No. 2)
3. The (closing) statement of assets and liabilities and inventory of holdings as at 30 April 2023 of MBH Bank Nyrt. (before the change of its name on 1 May 2023: MKB Bank Nyrt.), as Recipient Company (Annex to Agenda Item No. 3)
4. (Closing) statement of assets and liabilities and inventory of holdings as at 30 April 2023 of Takarékbank Zrt., as merging company (Annex to Agenda Item No. 4).
5. The (opening) statement of assets and liabilities and inventory of holdings as at 30 April 2023 of MBH Bank Nyrt. (before the change of its name on 1 May 2023: MKB Bank Nyrt.), as Legal Successor Company (Annex to Agenda Item No. 5)
6. Independent auditor's report of MAZARS Könyvszakértő és Tanácsadói Kft. on the final statement of assets and liabilities and inventory of holdings upon merger (acquisition) of MBH Bank Nyrt. (before the change of its name on 1 May 2023: MKB Bank Nyrt.), (Annex to Agenda Item No. 6).