

# MBH Group

## Q1 2023 results

Investor Presentation

31th May 2023

**MBH** BANK



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

For definition and calculation methodology of alternative performance measurement indicators please refer to Q1 2023 Report chapter 4.1. – Financial indicators.

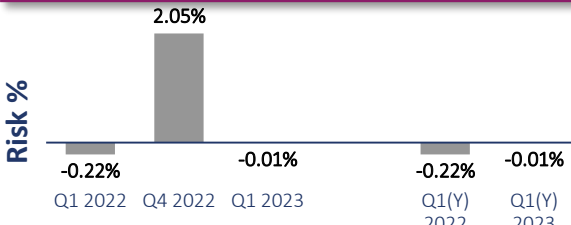
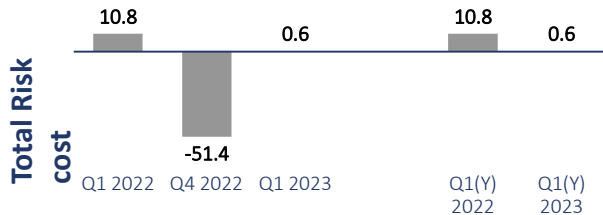
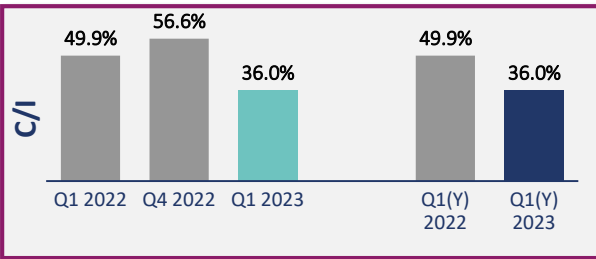
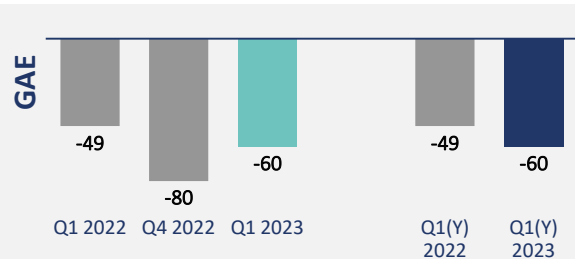
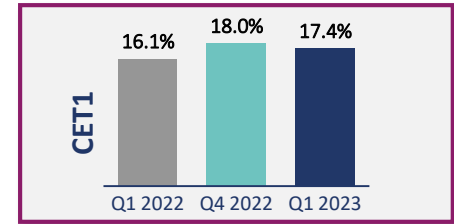
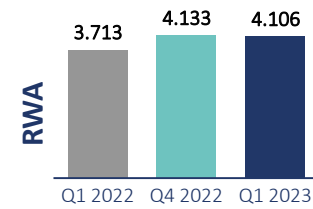
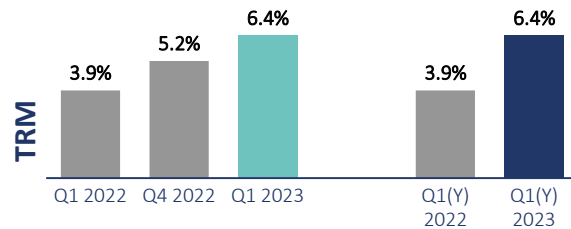
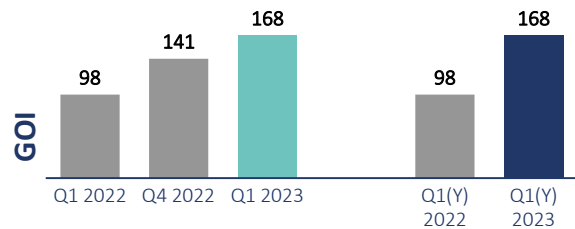
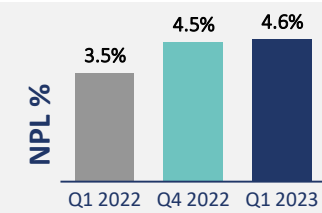
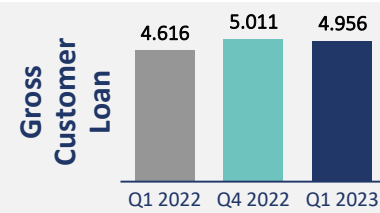
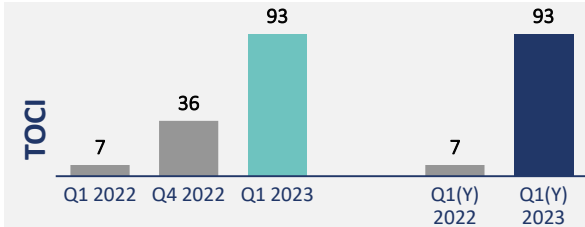
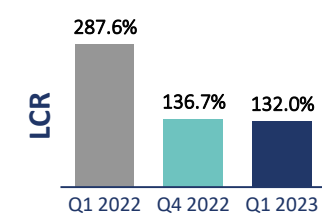
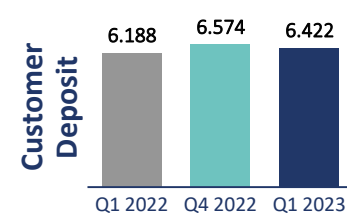
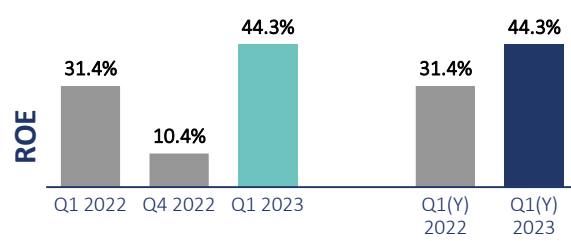
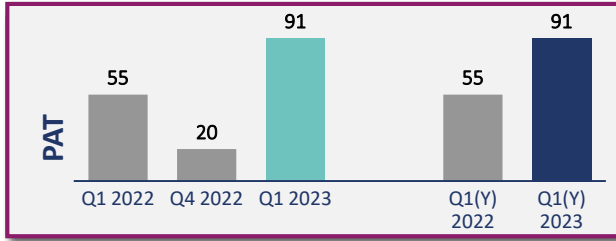
This presentation is to support the understanding of the underlying financial performance of MBH Group and it is a close and inseparable part of the Q1 2023 Report.

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# Executive summary

**MBH** BANK

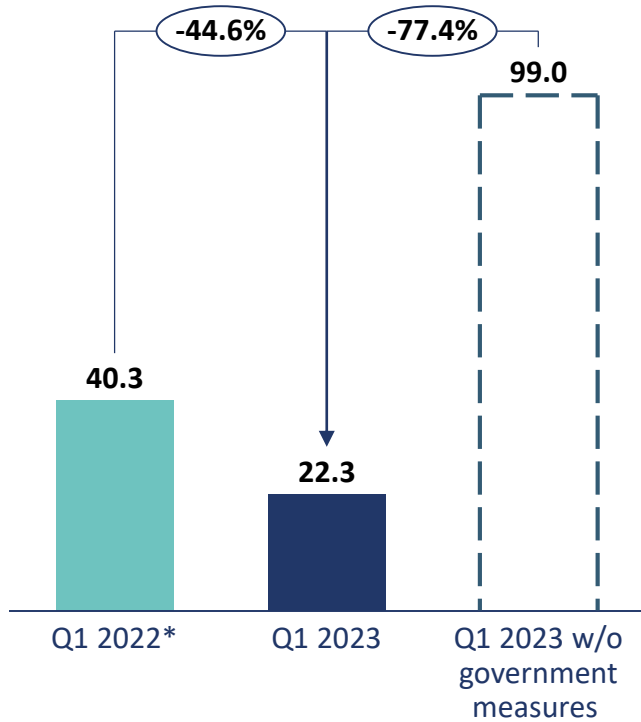


### Results in Q1 2023:

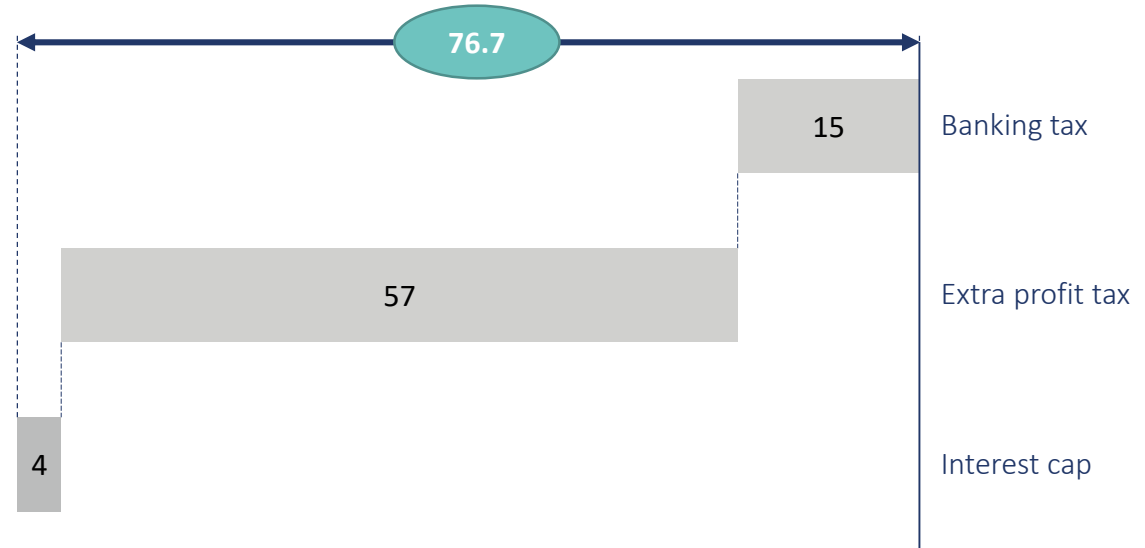
- preparation for the legal merge of MKB Bank and Takarékbank on 30th April followed by groupwide rebranding
- HUF 90.8 bn adjusted PAT** (+64.8% y/y) in Q1 mostly driven by further increasing net interest income despite new reserve requirement ratio
- cost level normalising after Q4 seasonality, 23.4% y/y increase in line with inflation, C/I of 36.0%
- minimum risk cost due to sound portfolio quality
- stable customer volumes even in a shrinking market
- stable CET1 of 17.4%**

# HUF 22.3 billion accounting profit after tax in Q1 2023, despite HUF 77 bn extra spending on government measures

Accounting profit after tax



Impact of government measures (after tax)



Government measures reduced the Group's profitability by 77.4%, where extra profit tax had the most significant impact.

With change in the legal environment, the extra profit tax has been recalculated, new amount (HUF 46.0 bn after tax) will be reflected in Q2 result.

\*Includes the 2022 Q1 results of Budapest Bank merged into MKB



# Business environment

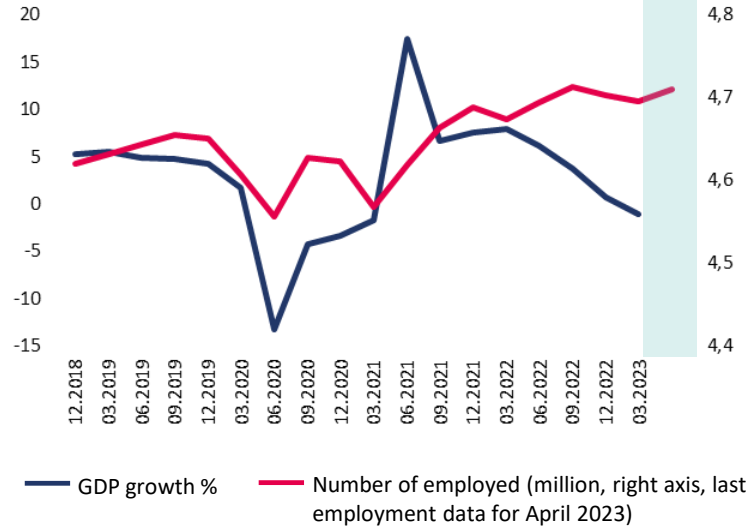
**MBH** BANK



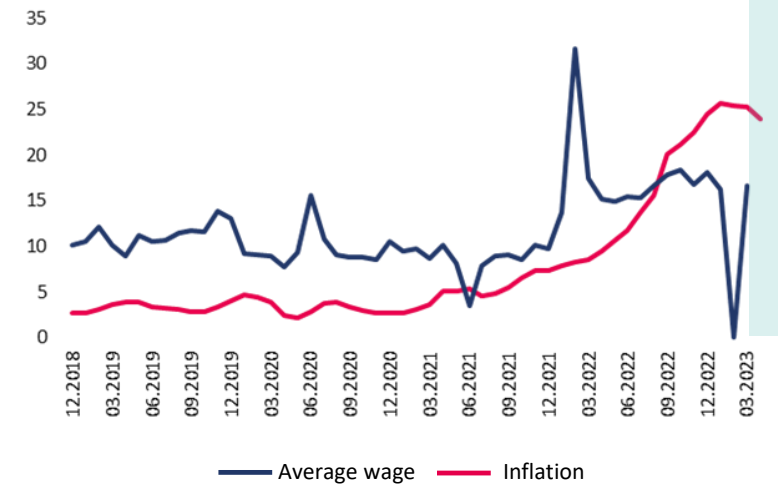
# Inflation peaked in January, declining real earnings and demand in Q1

- GDP decreased by 0.9% (y/y) in Q1 2023. MBH is expecting growth to gather steam in H2, resulting in 1% average growth rate in 2023.
- Inflation peaked at 25.7% in January and moderated slowly in February and March. After more visible decrease in H2, estimated annual average inflation in 2023 is 18.5%.
- Employment rate remained close to its peak in the first quarter, MBH projects it to stagnate throughout the year. The February spike/break in average wages is technical\*.
- The EUR/HUF exchange rate continued to fall until March, but the mid-March turmoil in the banking sector put regional currencies under pressure. MBH forecasts 378 EUR/HUF rate for the end of 2023.

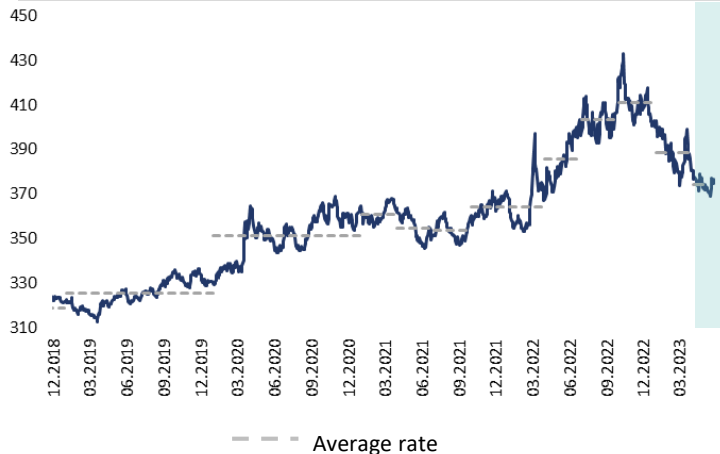
### GDP growth (y/y%) and employment



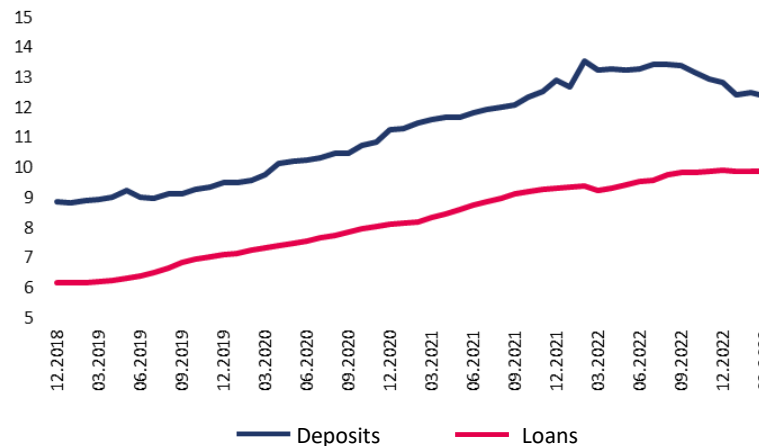
### Average inflation and wage growth\* (y/y %)



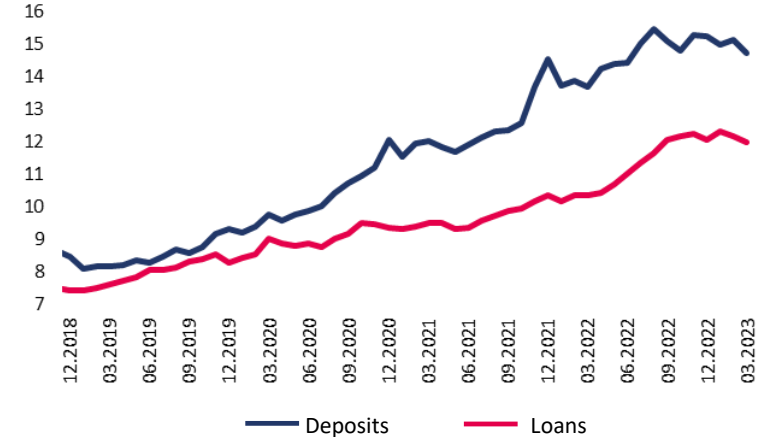
### EUR/HUF rate



### Household volumes (HUF thous. bn)



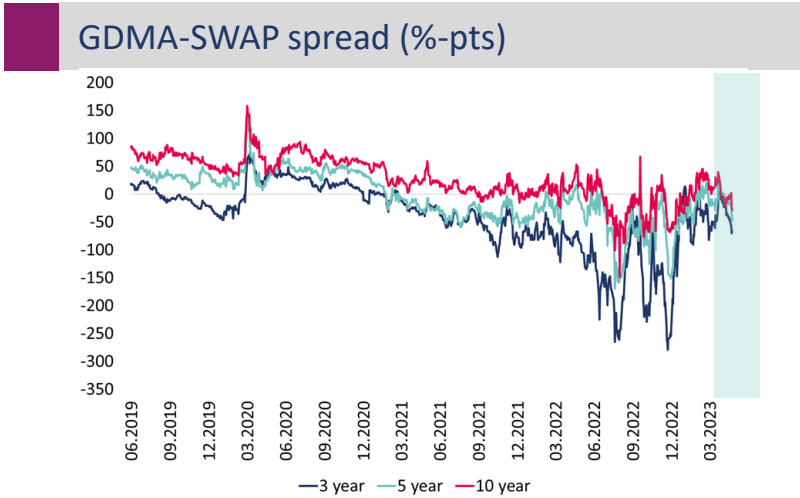
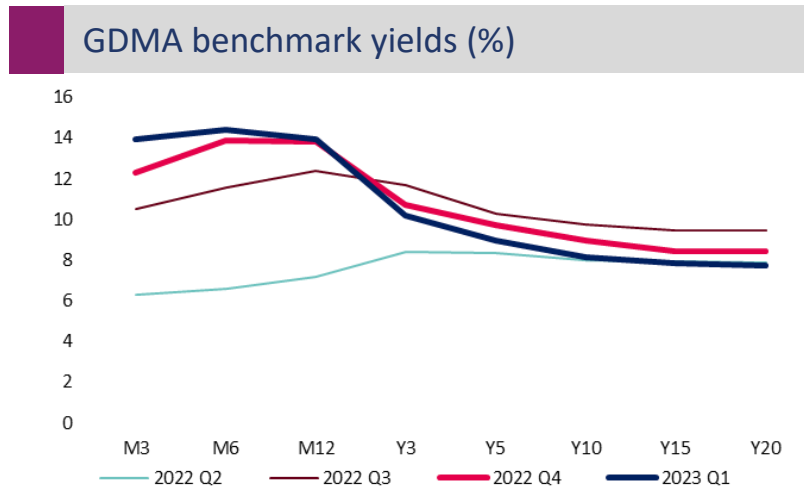
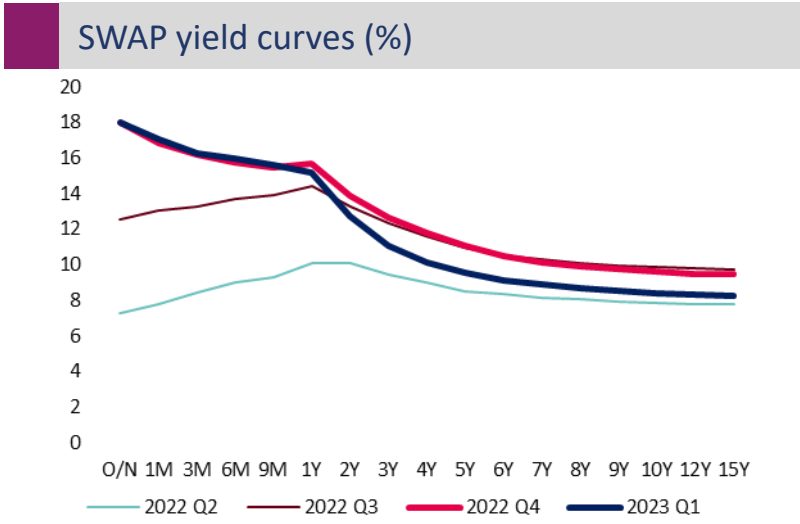
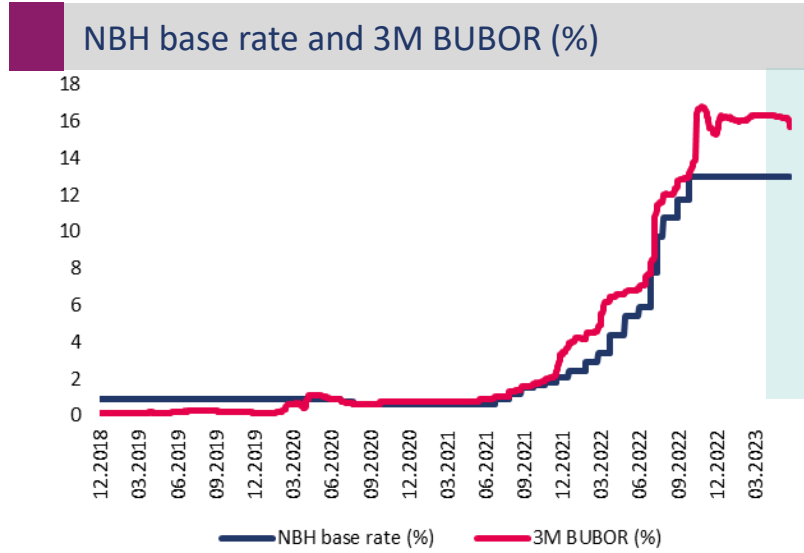
### Corporate volumes (HUF thous. bn)



\* Febr. wage growth data was affected by the payment of the 'service premium' (the so-called 'firearms money') for the army and the law enforcement personnel corresponding to six-month salary in February 2022

# Long swap yields fell significantly in Q1

- Interest rates were unchanged in the first quarter of 2023, with the base rate remaining at 13% and the policy rate at 18%. According to the central bank's communication, no easing of interest rate conditions is expected until the country's risk perception improves substantially.
- Improving risk environment has led to changes in SWAP yield curve: while the short end of the curve showed a moderate increase of around 10-30 basis points, the long end of the curve showed significant decrease of 110-170 basis points in swap yields.
- GDMA benchmark yields showed a mixed picture, with a rise on the short end, but a moderate fall on the longer maturities, further steepening the domestic yield curve during the quarter.







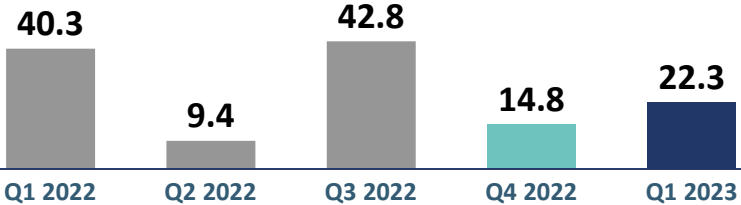
# Financial performance

**MBH** BANK

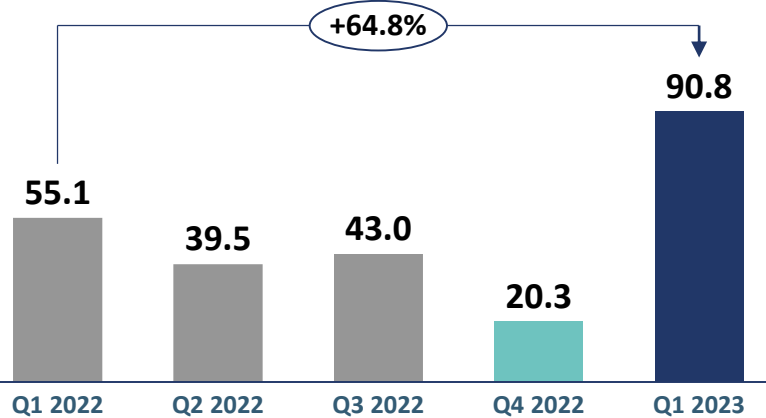
# Q1 profit increased almost 65% y/y

PAT (HUF bn), p/p changes

Accounting profit after tax\*

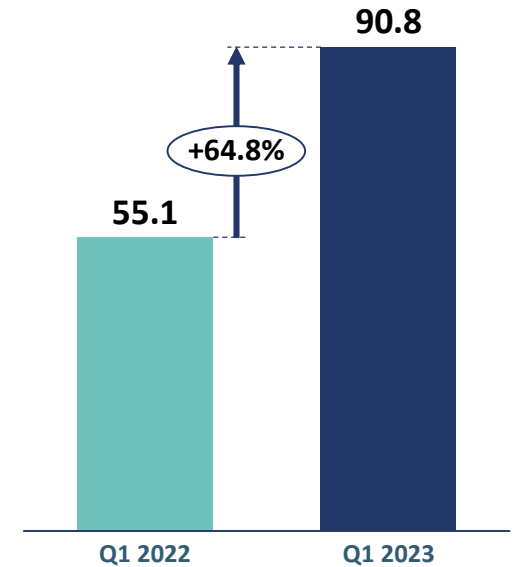


Adjusted profit after tax



PAT (HUF bn), y/y changes

Adjusted profit after tax

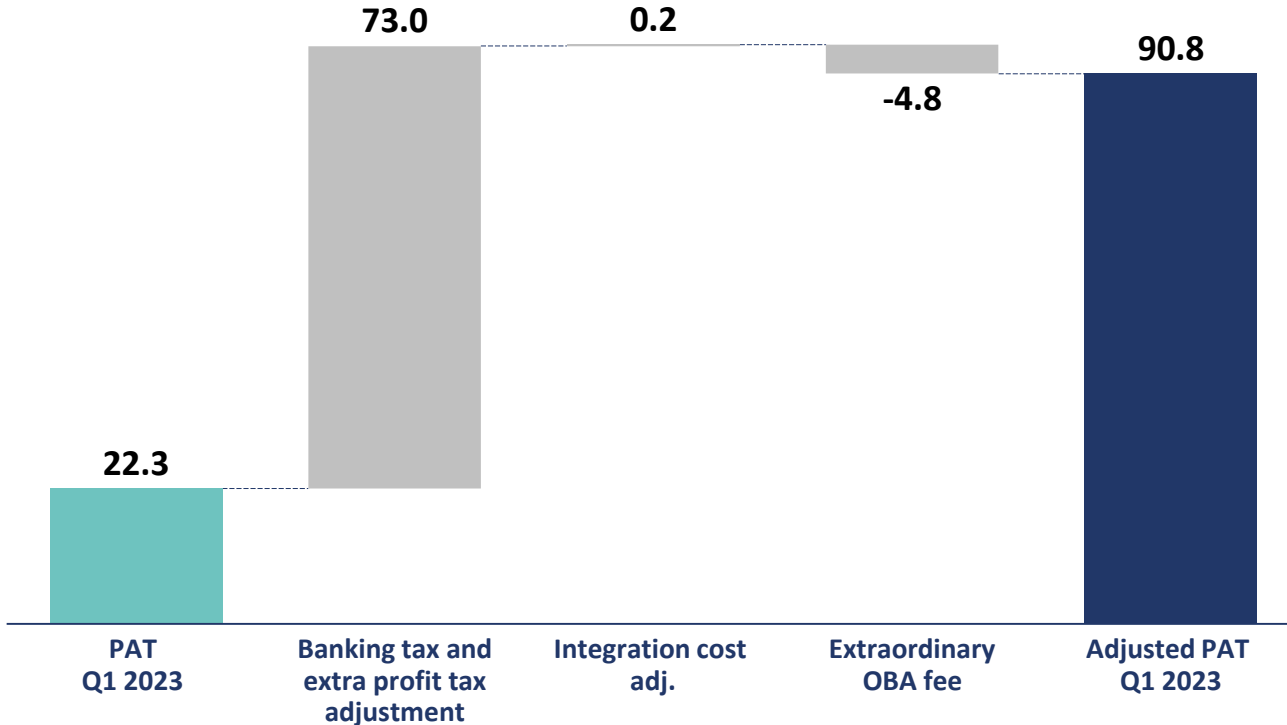


- Accounting profit after tax in Q1 2023 was HUF 22.3 bn. The increase in the first quarter is primarily due to fundamental income as well as to lower provisions and impairments due to stable portfolio quality.
- Adjusted profit after tax for Q1 2023 exhibited an y/y increase of almost 65% which was driven mainly by increase in Net interest income
- The adjusted profit after tax generated by MBH for the Q1 2023 totalled HUF 90.8 bn, increased by HUF 35.7 bn compared to Q1 2022, reflecting the increased normalised profitability of the Group.

\*Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis, including BB 2022 Q1 results

## Extra profit tax and banking tax are the main adjustments on PAT in Q1 2023

Q1 2023 adjusted Profit after tax breakdown (HUF bn)



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

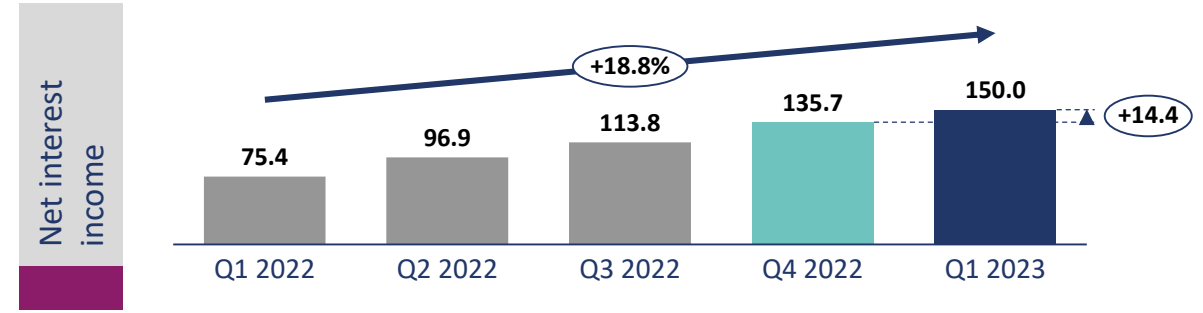
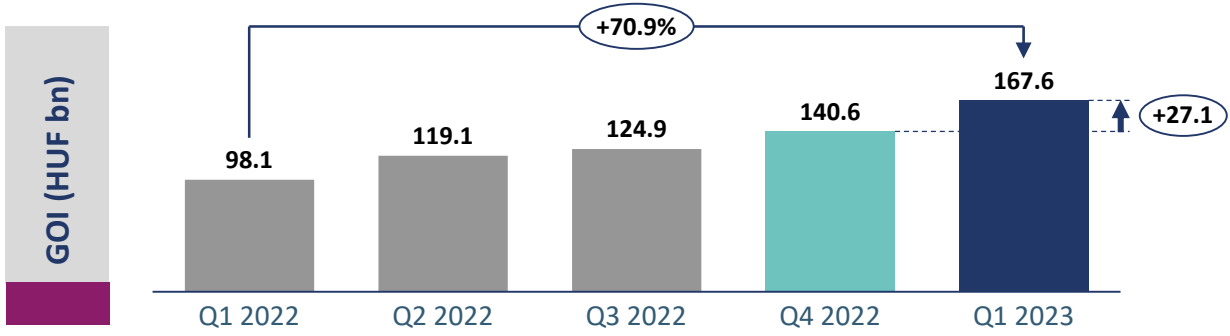
Corrections applied in recent years have been reviewed and has concluded a revision of adjustments to bring them closer to the underlying figures.

Adjustments for Q1 2023 are the following:

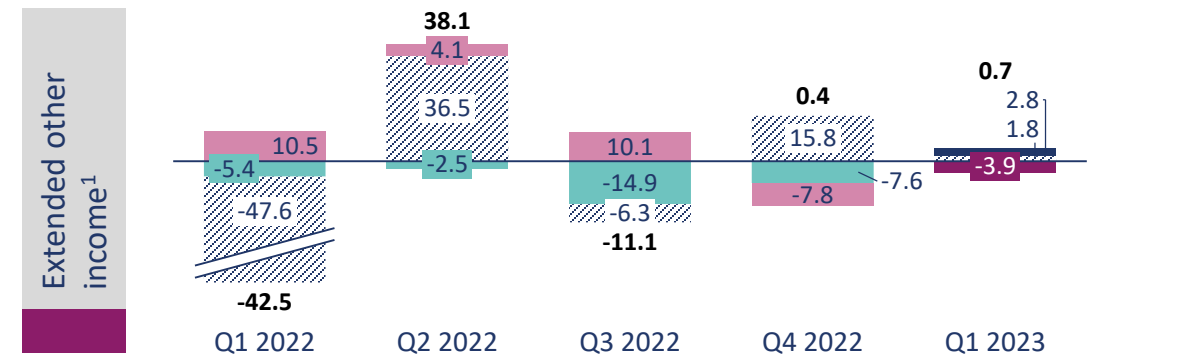
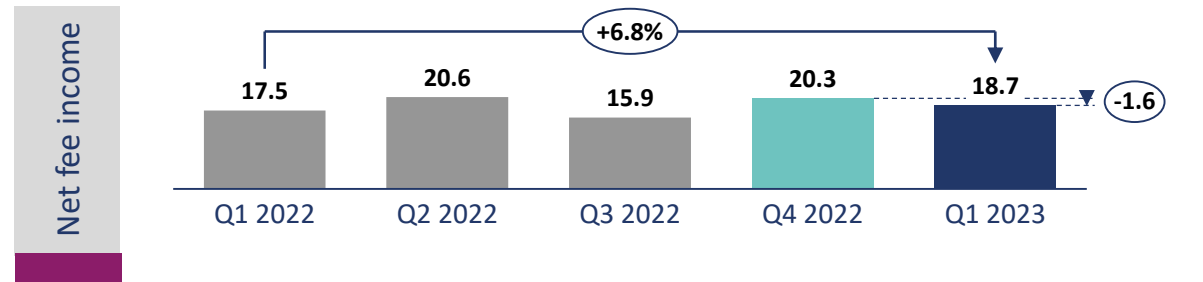
- **Banking tax and extra profit tax adjustment totalling HUF 73.0 bn**
- **Integration cost adjustment** comprises of MBH Bank and Takarékbank merger related expenses
- **Adjustment on extraordinary OBA fee:** HUF 4,8 bn Sberbank bankruptcy related extra fee was returned in Q1 2023

In order to support comparability adjustments for year 2021 and 2022 were also restated. For details see Annexes.

# MBH Group's gross income grew by HUF 71.2 bn y/y as the interest rate hike allowed for outstanding interest incomes



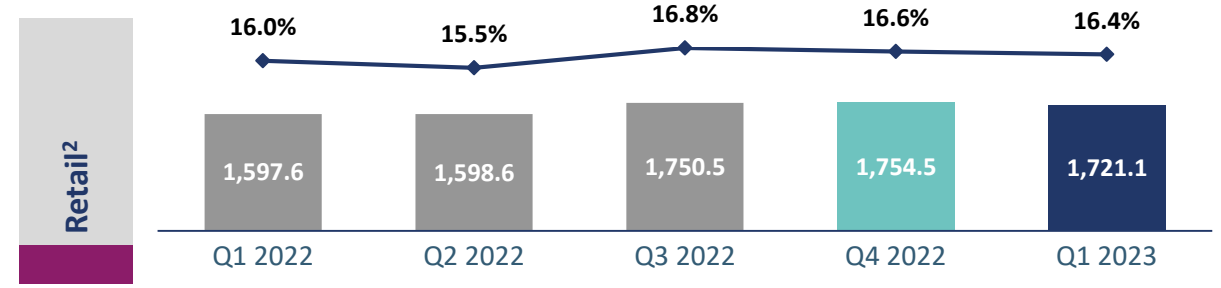
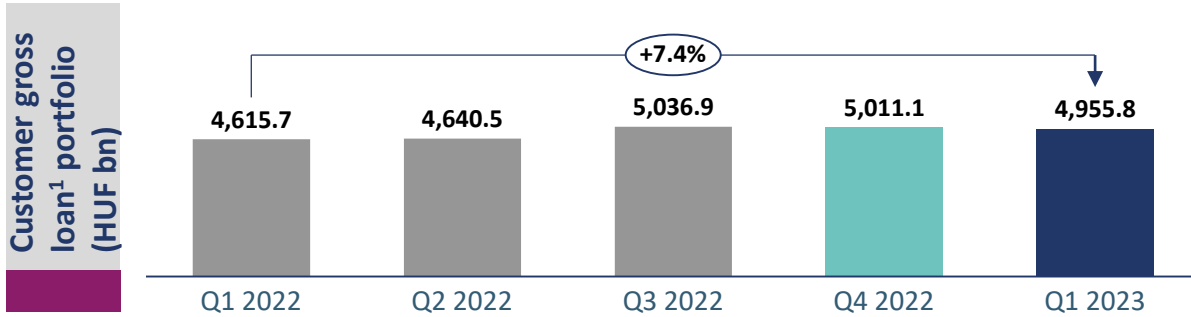
- **Net interest income reached HUF 150.0 bn in Q1 2023 (+10.6% p/p, +99.0% y/y).** MBH group successfully exploited the market potential using its excess liquidity to generate interest income amid rapid interest rate hike even with new reserve requirement ratio.
- **Net fee & Commission income was HUF 18.7 bn in Q1 2023 (-7.8% p/p, +6.8% y/y),** relative to the preceding quarter mainly due to decreasing turnover and number of customer transactions (effect of seasonality).
- **Extended other income totalled HUF 0.7 bn in Q1 2023** with the p/p changes being driven by volatile money market conditions through OCI and FV & FX results.



Other income    FX+FXV    OCI    <sup>1</sup> Other income + FX + FV + OCI

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

# Market processes determined loan volumes in Q1 2023



MBH's gross loans decreased during the first quarter by 1.1% (HUF -55.3 bn), due to the unfavourable economic environment.

### Retail Loans:

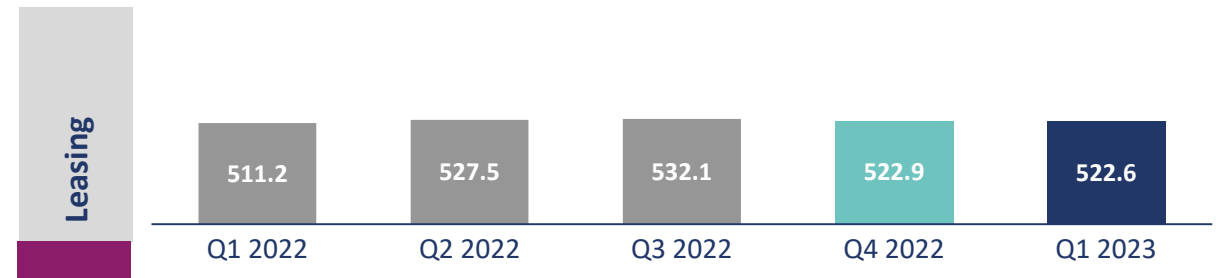
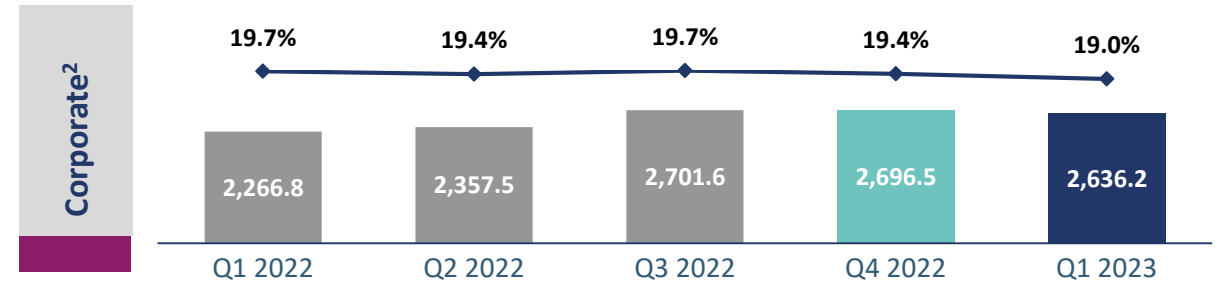
- **Total retail loans portfolio** decreased in Q1 2023 due to the apparent decrease in demand for loans, p/p cut was 1.9%.

### Corporate Loans:

- **Corporate business** declined by 2.2% during Q1 on loan portfolio, reaching HUF 2,636.2 bn at the end of March 2023.

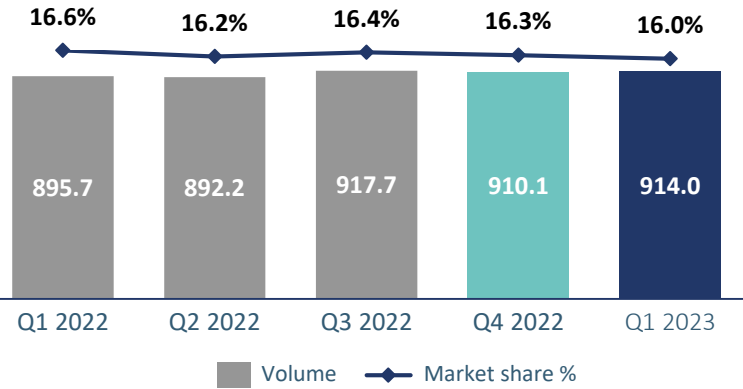
### Leasing:

- MBH Group **leasing portfolio** amounted to HUF 522.6 bn as of 31 March 2023, by HUF 11.4 bn (+2.2% y/y) higher compared to Q1 2022.

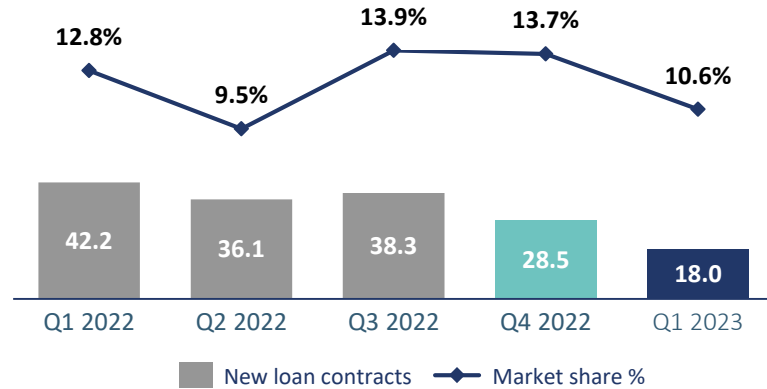


# Increasing market shares in personal loans new contracts

**Retail mortgage loans – Gross volume (HUF bn) and market share (%)**



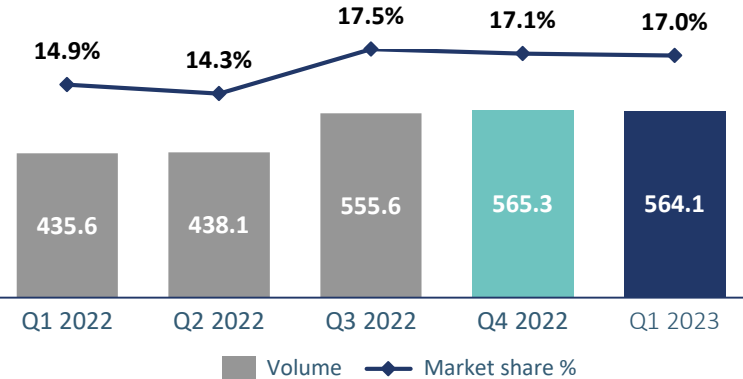
**Retail mortgage loans – New loan contracts (HUF bn) and market shares (%)**



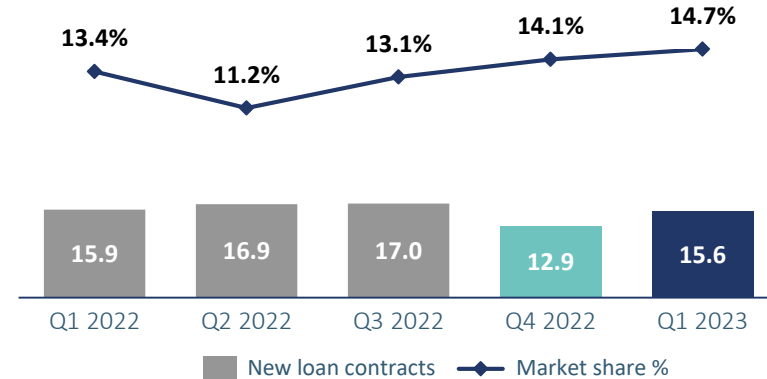
## Mortgage loans:

- Retail mortgage loan volume growth (HUF +18.4bn y/y) was affected by the market slow-down. Market share of retail mortgage loans was 16.0%.
- **Retail mortgage new loan contracts** amounted to HUF 18.0 bn in Q1 2023.

**Retail unsecured loans – Gross volume (HUF bn) and market share (%)**



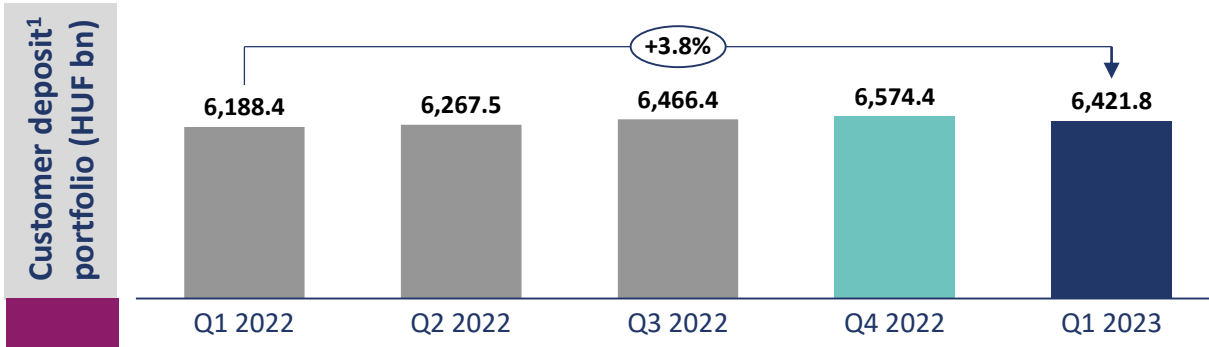
**Retail personal loans – New loan contracts (HUF bn) and market shares (%)**



## Unsecured loans:

- **Unsecured loan volumes stagnated** in Q1 2023.
- **Retail new personal loan contracts** amounted to HUF 15.6 bn in Q1 2023. The Bank further increased its market shares (+0.6% p/p).

# Customer deposit portfolios are effected by the economical slowdown in Q1



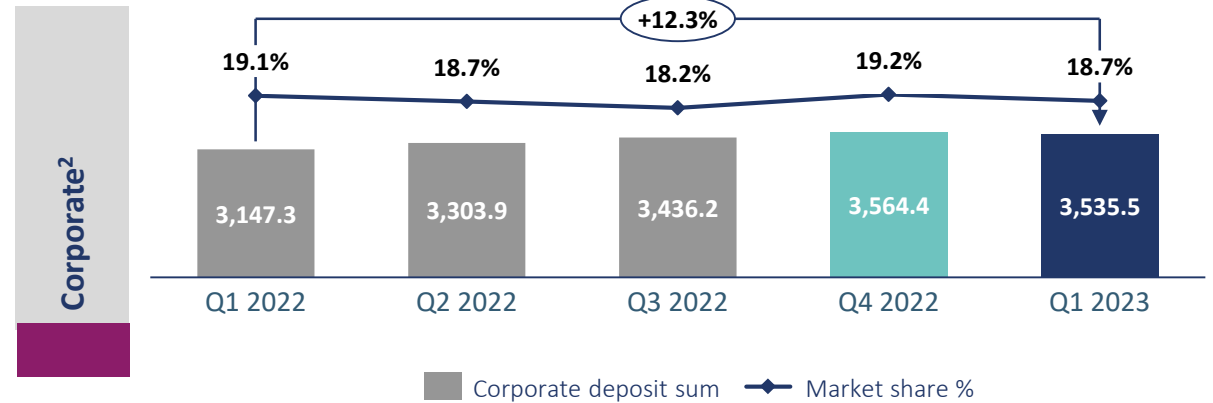
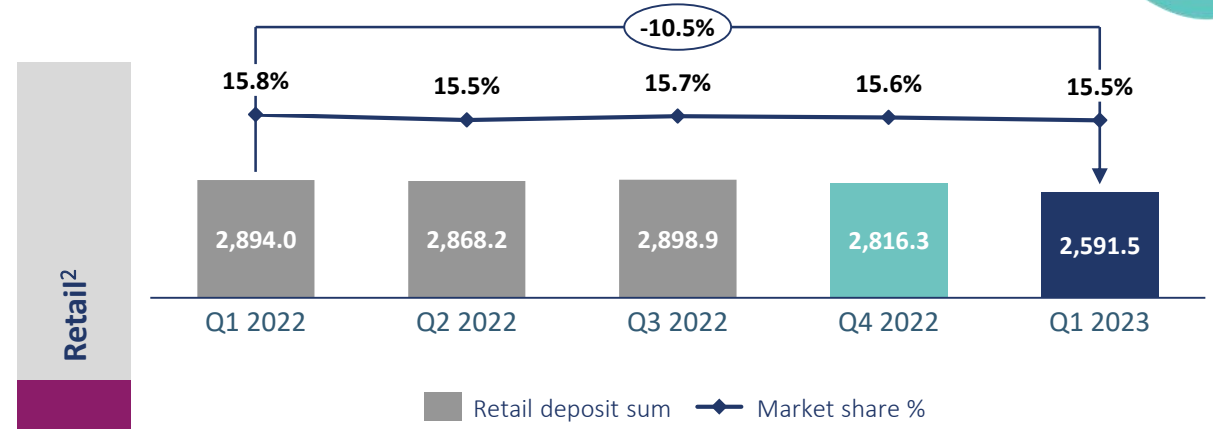
Change in deposit volumes were significantly influenced by market processes.

### Retail Deposits:

- **Retail deposits** decreased by HUF 302.6 bn y/y (mainly sight deposits). Macroeconomic effects hinders the saving capabilities of retail customers resulting in a decrease of 8.0% in Q1 2023.

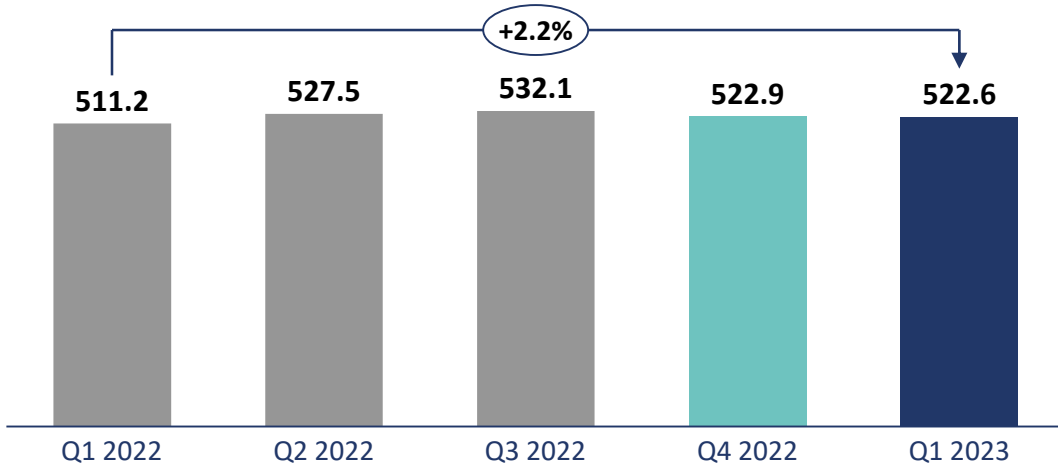
### Corporate Deposits:

- **Corporate business deposits increased by 12.3% y/y** (+HUF 388.2 bn y/y), supported by the government programs and partially by the moratorium induced lack of repayment. Q1 decrease of 0.8% (HUF -28.9 bn p/p) is mainly due to seasonality effects.
- Share of term deposit increased by 93.3% compared to Q1 2022 (+839.3 bn y/y) and reached almost 50%.

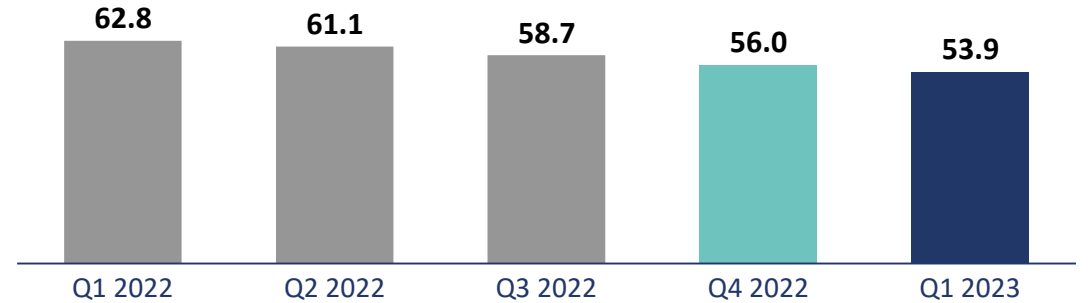


## MBH Group's leasing business - solid market presence

Gross volume (HUF bn)



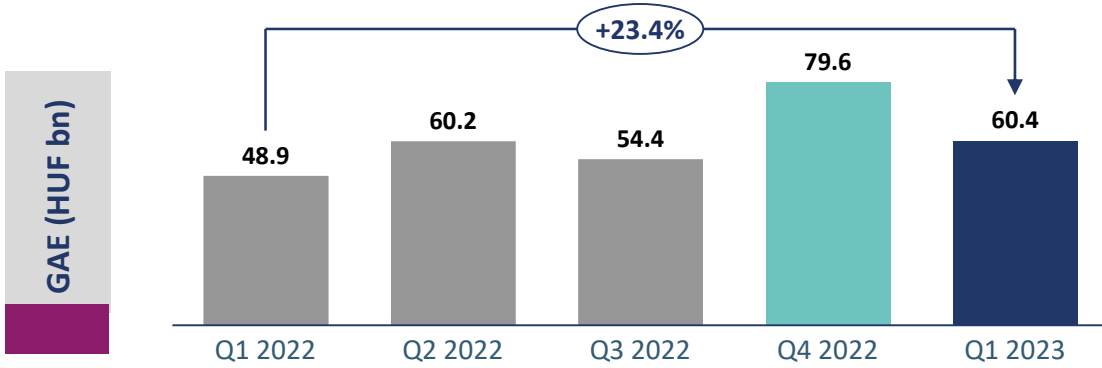
Number of clients (thousand)



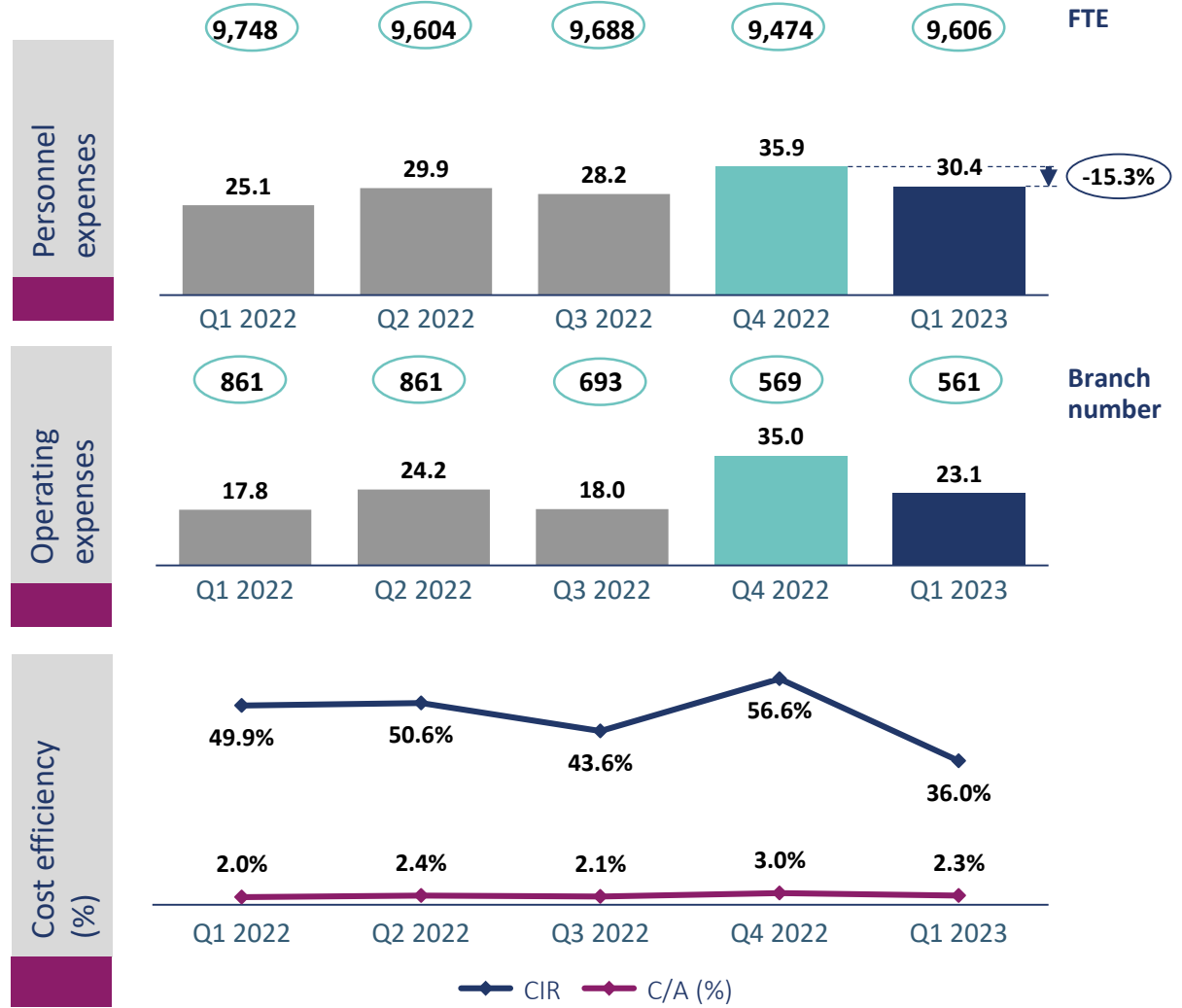
- MBH Group leasing portfolio amounted to HUF 522.6 bn as of 31 March 2023, HUF 11.4 bn (+2.2% y/y) higher compared to Q1 2022.
- Even despite significant seasonal repayments (for reference see Q4 2021 vs. Q1 2022), the stock was stable in Q1 2023.
- Euroleasing Zrt. and RCI Services Kft. have started a cooperation - the leasing company became the exclusive domestic financier of the Renault, Dacia and Alpine brands as of 1st March 2023.
- Active client number slightly decreased as a result of start of the year revision of clientele.



# Y/y +23.4% cost increase in line with inflation effect

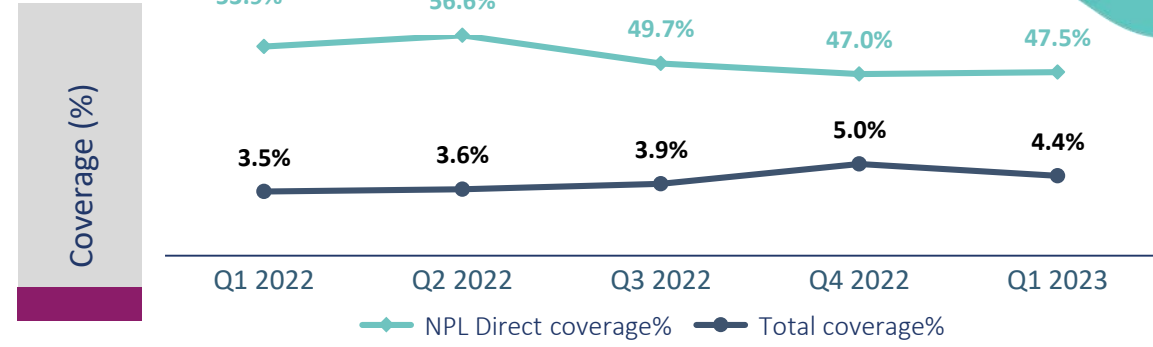
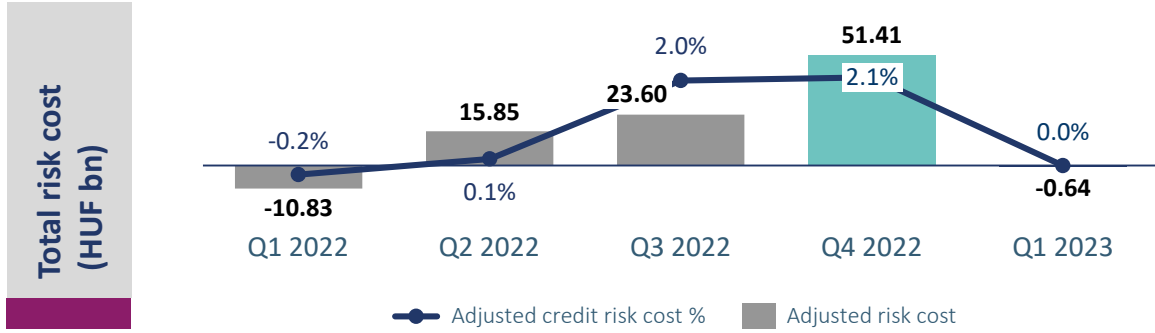


- **Adjusted C/I was 36.0% in Q1** which is a significant, 20.4%pts p/p decrease. It was mitigated by decreasing cost levels and rapid income growth.
- **The Q1 decrease of Personnel expenses by HUF 5.3 bn p/p** is the result of seasonal effect. Y/Y increase in PEREX is the impact of wage inflation (originated mainly from base salary increase).
- **Q1 2023 OPEX increased by HUF 5.4 bn (+30.2% y/y)**. The y/y increase was driven by heavy inflation and volume effects.
- C/A rate was 2.3% (-67 bps p/p) in Q1 2023, due to lower general administrative costs.

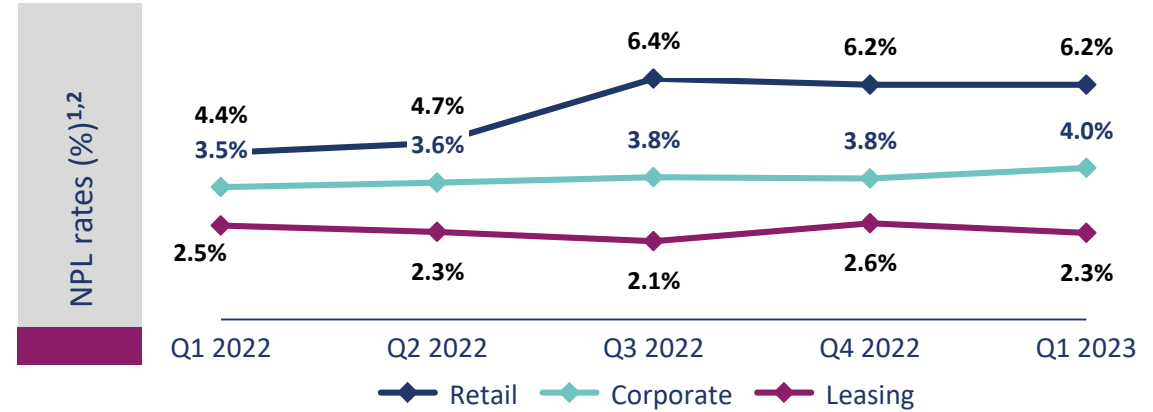
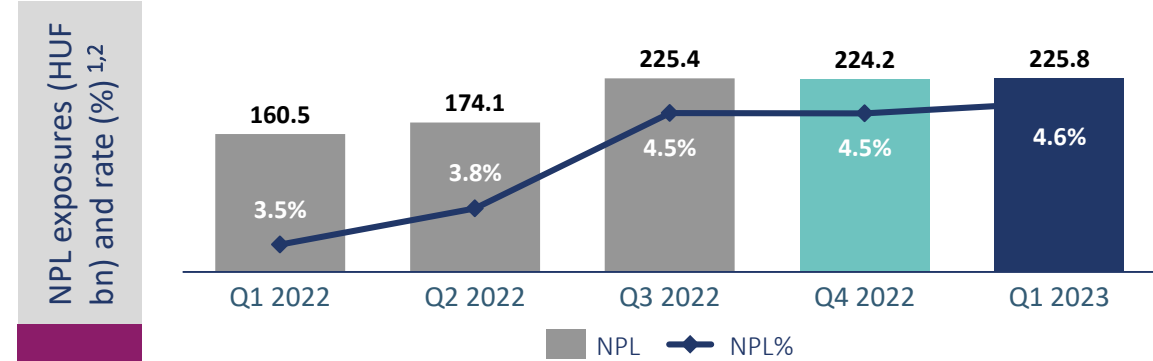


Note: Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis.

# Stable portfolio and coverage rates



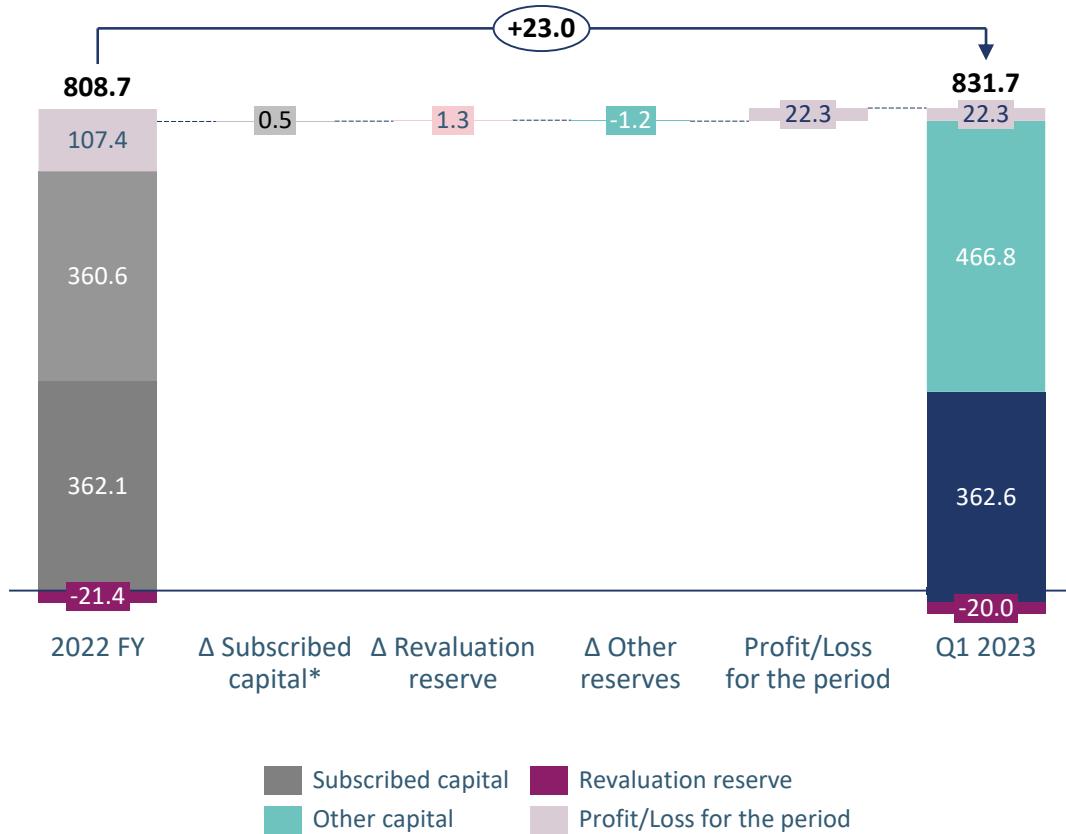
- The amount of NPL loans was HUF 225.8 bn at the end of Q1 2023, did not change significantly (+0.7% p/p) over the period.
- The **total amount of risk cost** in Q1 2023 was HUF 0.6 bn release due to stable portfolio quality.
- **NPL% ratio is 4.6% in Q1** (+0.08%-pt p/p).
- Retail NPL volumes decreased in Q1, NPL% ratio remained at 6.2%.
- Corporate NPL loan volume was HUF 106.3 bn at the end of Q1 2023, which showed an increase of HUF 5.2 bn (+5.1% p/p) compared to previous quarter due to an individual case. NPL% ratio grew to 4.0% in Q1 2023.



<sup>1</sup> According to IFRS, held for sale and FVTPL portfolio is not included. <sup>2</sup> Please note, from 3Q 2022 figures have been calculated by new methodology.

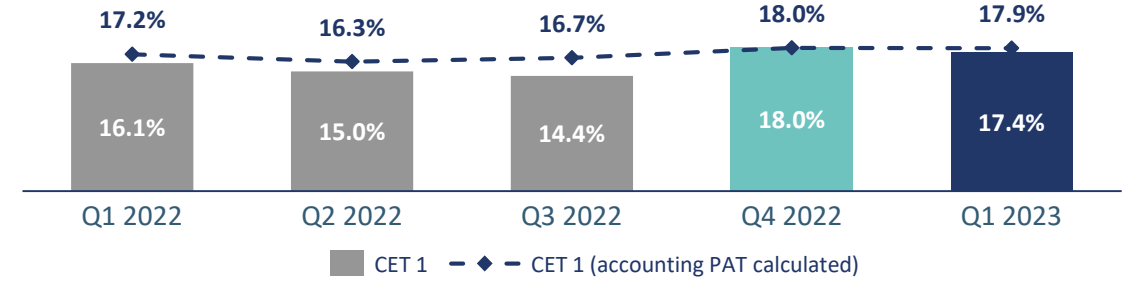
# Stable capital position – 17.4% CET1 in Q1 2023

## Shareholders' Equity (HUF bn)



\* Subscribed capital includes Non-controlling interest

## CET1 (%)

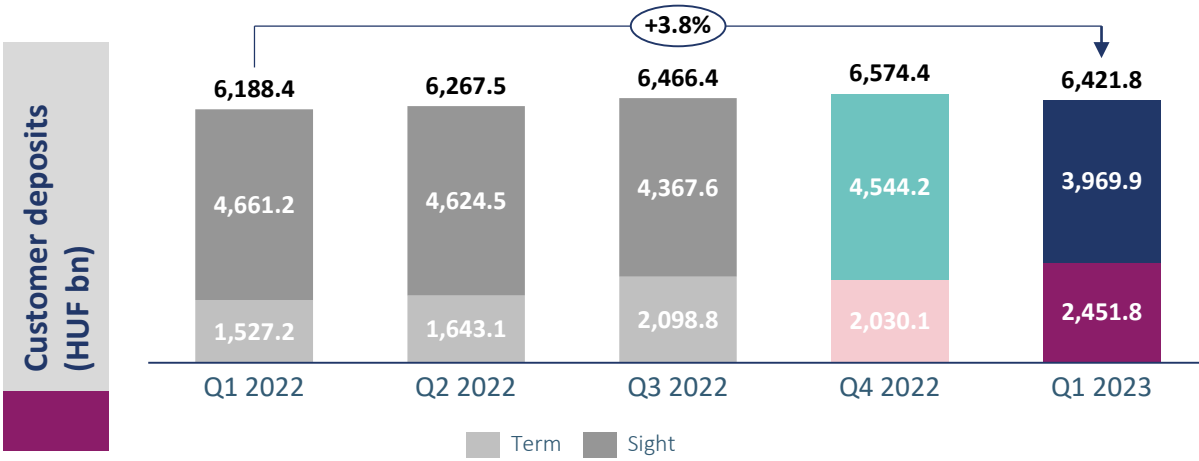


## Regulatory Capital and Total RWA (HUF bn)

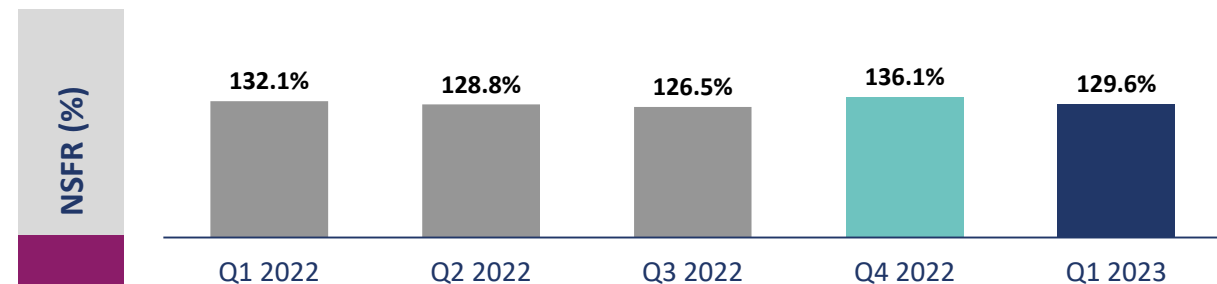
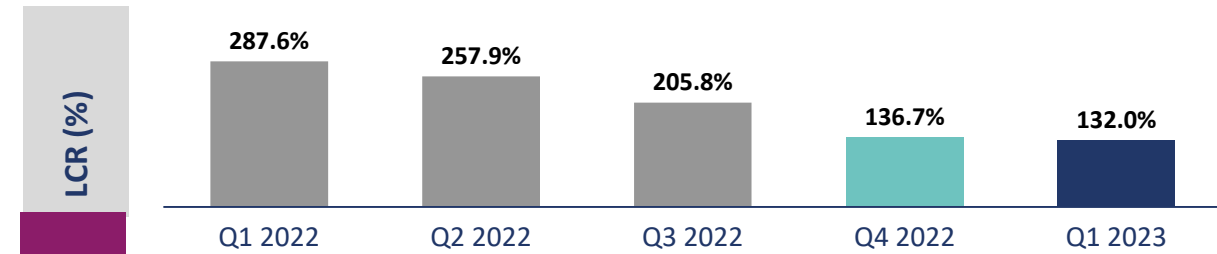
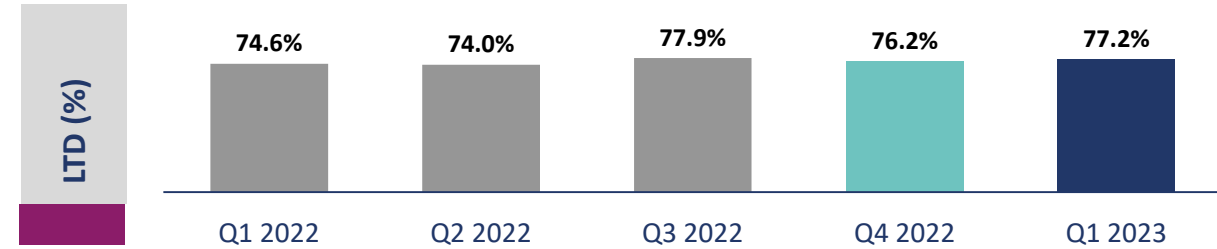
in HUF bn	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
<b>Regulatory Capital</b>	<b>653.0</b>	<b>676.4</b>	<b>669.4</b>	<b>816.0</b>	<b>808.3</b>
Tier 1	596.7	601.0	593.3	743.0	713.4
Tier 2	56.4	75.4	76.2	73.0	94.9
<b>RWA</b>	<b>3 713.1</b>	<b>4 004.4</b>	<b>4 107.1</b>	<b>4 132.7</b>	<b>4 105.5</b>

- Positive Q1 2023 (accounting) profit – despite of extra profit tax paid - continued capital accumulation (+HUF 23.0 bn) increasing the shock absorbing capabilities of the Bank.
- Stable capital position **19.7% capital adequacy ratio and 17.4% CET1 ratio**.
- T1 Capital decreased by 4.0%-pts p/p, due to elimination of OCI discount for COVID-19 and reduction of IFRS9 discount. Otherwise, T2 Capital grew by new subordinated debt issued in January 2023 (HUF 24.7 bn). As a result of these, there was no significant change in CAR.

## Sustainable liquidity ratios



- **Customer term deposits increased by 20.8% (+HUF 421.7 bn) p/p.** Share of term deposits reached almost 40% in Q1 2023. Sight deposits showed a decrease of 12.6% (HUF -574.3 bn p/p).
- **LTD** increased to 77.2% due to a higher reduction in deposit portfolio than in loans.
- **NSFR** 129,6%, **LCR** 132,0% in Q1 2023, significantly above the regulatory minimum.
- The decline in LCR ratio was typically driven by an increase in the liquidity buffer, partly offset by a deterioration in the customer deposit-loans balance in Q1.

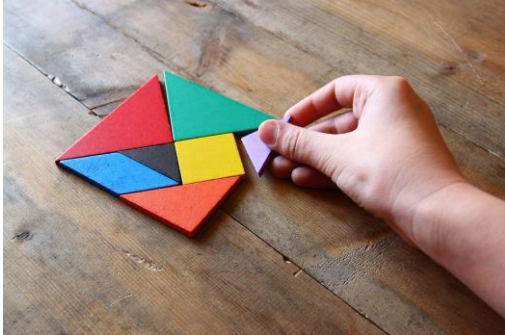




# Strategic aspiration

# Successful merge of MKB and Takarékbank at the beginning of May, without any significant problem

## Key Market Player strategy



Building an **integrated bank** to maximise synergies and reduce uncertainties

- Organisational and IT basis for the joint operation of the merged 3 banks via IT migration and consolidation of related systems
- Building lending, pricing and front-end capabilities based on new technologies
- Exploiting organisational and operational synergies



Sustainable value creation in line with ownership expectations by managing banking market risks

- Building stable market positions based on the strengths of the 3 banks
- Maintaining stable banking operations despite the challenges of integration
- Strengthening profitability in key strategic areas
- Improving internal operational and sales efficiency

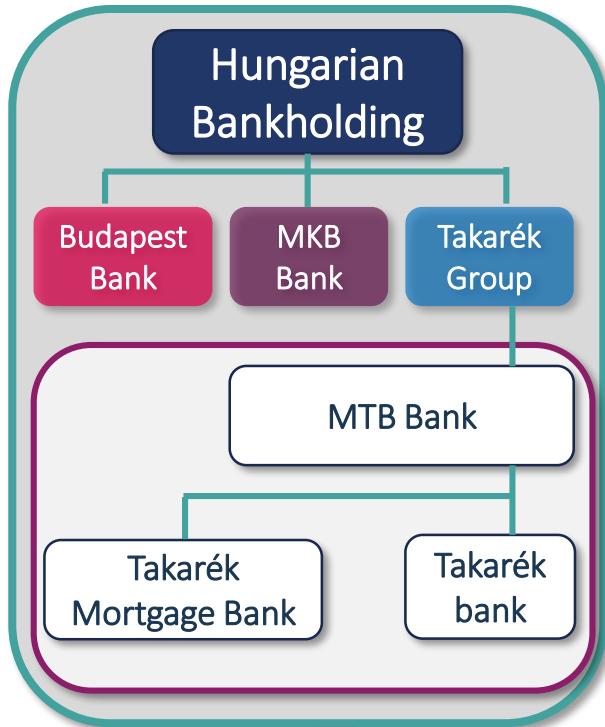


Modern banking culture and workforce strategy to retain and continuously develop employees

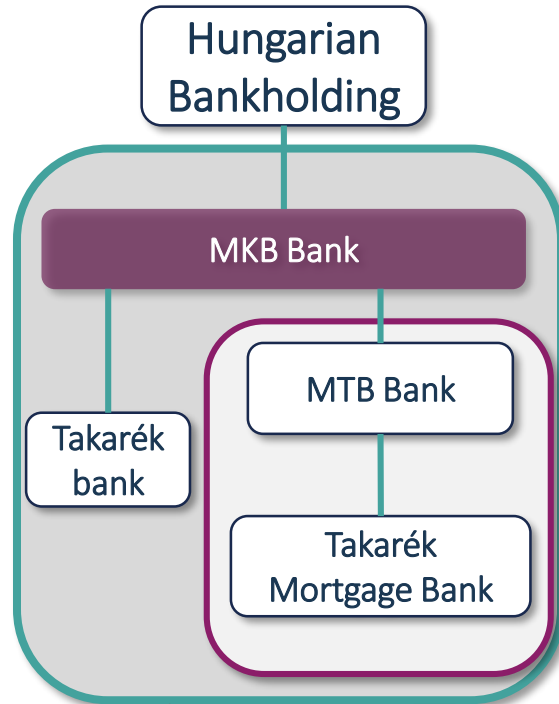
- Management and staff development programmes
- Managing the organisational changes that come with integration
- Developing values-aligned leadership competences
- Continuous development and support of joint organisational operations

# MBH structure transformation roadmap

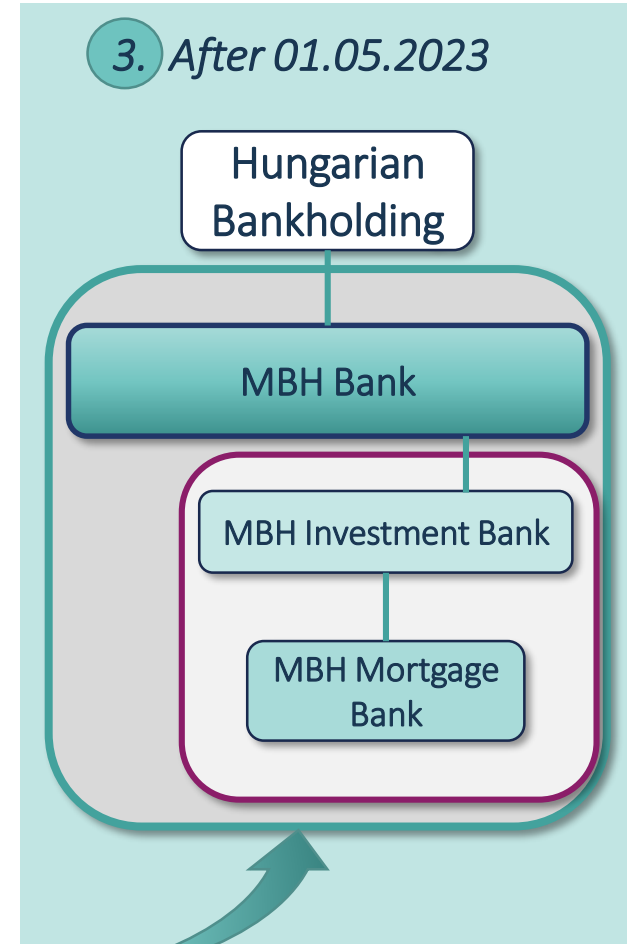
1. Before 31.03.2022



2. 01.04.2022-30.04.2023



3. After 01.05.2023



Budapest Bank – MKB merger

Takarékbank – MKB merger and rebranding

## Dedicated Team

For the successful implementation of the vision and strategic goals



ESG Department

- **Business and product development stream**
- **Risk and capital stream**
- **Communication and PR stream**
- **Net-zero banking stream**

ESG Department  
6 (senior) experts



**Management officer**  
(Deputy CEO)

## Strategy

As a key market player, MBH Bank's aim is to be at the forefront of the Hungarian banking sector in terms of sustainability, as well. As a first step towards that goal, **the Bank have formulated and announced it's ESG Strategy in 2022**, in line with the requirements laid down in the Green Guidance issued by the Hungarian National Bank.

1. **Partner in sustainable finance:** it is a strategic goal to create an infrastructural, product and service palette for consumer and institutional clients alike that will enable them to realize their own sustainability and climate targets.
2. **Responsible group of companies:** it is a strategic goal to adopt sustainability principles in the Banks operation.

In accordance with the ESG strategy – among others – the following program have been launched:

- The 3<sup>rd</sup> pillar of the ESG Strategy consists of decarbonization efforts. To this end, at the beginning of 2023 **Net Zero Banking Project** have kicked off. Through it's activity, MBH strive to contribute as much as possible to reaching the targets set down in the Paris Agreement, by reducing its carbon emissions as quickly as possible. The aim is to achieve net zero emissions in operation and supply chains by 2030 or possibly sooner.





## MASTERCARD – „Bank of the Year”

MBH Bank triumphed in two categories at Mastercard „Bank of the Year” competition.

The Bank received „Employer Branding Activity of the Year” and „Premium Banking Activity of the Year” awards.



## Companies for the Future Award

At ‘Companies for the Future Award 2023’ by Joint Venture Association, MBH Group came third in Best talent category.



## Best of BSE

At Best of Budapest Stock Exchange („BÉT”) Gala, MBH Bank was recognised with „The Capital Increase of the Year” Award, for last year’s largest capital increase through a merger.



## Best Issuer Ranking

Magyar Takarékszövetkezeti Bank came 2nd in the retail segment in the ranking of „The Best Issuer of Government Securities in 2022”, by the Government Debt Management Agency („ÁKK”).



# Annexes

**MBH** BANK



ADJUSTED P&L (HUF bn)	2021		2022		2023	Y/Y	Q/Q
	FY	Q1	Q4	FY	Q1		
<b>Net operating income</b>	138.5	49.1	61.0	239.4	107.2	118.2%	75.8%
<b>Gross operating income</b>	341.9	98.1	140.6	482.7	167.6	70.9%	19.2%
Net interest income	200.7	75.4	135.7	421.8	150.0	99.0%	10.6%
Net fee and commission income	72.0	17.5	20.3	74.3	18.7	6.8%	-7.8%
Other operating income	69.2	5.2	-15.4	-13.4	-1.1	-	-92.7%
<b>General admin. expenses</b>	-203.4	-48.9	-79.6	-243.2	-60.4	23.4%	-24.1%
<b>Provisions and impairments</b>	-48.7	10.8	-51.4	-80.0	0.6	-94.1%	-
Provision for losses on loans	-33.4	2.5	-25.8	-49.0	0.1	-96.3%	-
Other provisions and impairments	-15.3	8.4	-25.7	-31.1	0.5	-93.5%	-
<b>Banking tax</b>	0.0	0.0	0.0	0.0	0.0	n/a	n/a
<b>Adjusted PBT</b>	89.8	60.0	9.5	159.4	107.8	79.8%	-
Corporate income tax	-6.4	-4.9	10.7	-1.6	-17.1	248.7%	-
<b>Adjusted PAT</b>	83.4	55.1	20.3	157.8	90.8	64.8%	347.3%
Adjustments total on PAT	11.4	14.8	5.5	50.4	68.4	363.7%	-
<b>Profit after tax (PAT, unadjusted)</b>	72.0	40.3	14.8	107.4	22.3	-44.6%	50.7%
Revaluation on AFS financial assets (OCI)	-28.9	-47.6	15.8	-1.6	1.8	-	-88.6%
<b>Total Comprehensive Income (unadjusted)</b>	43.1	-7.3	30.6	105.8	24.1	-	-21.2%
Adjustments total on TOCI	11.4	14.8	5.5	50.4	68.4	363.7%	-
<b>Total Comprehensive Income</b>	54.5	7.4	36.1	156.2	92.6	-	156.5%

<sup>1</sup> Includes provision for losses on loan, as well as other provisions and impairments

<sup>2</sup>The 3.1. chapter of the Report contains the list of adjustments

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

STATEMENT OF BALANCE SHEET (HUF bn)	2021 Q4	2022 Q1	2022 Q4	2023 Q1	Y/Y	Q/Q
Financial assets	2,342.5	1,838.0	1,545.5	1,315.8	-28.4%	-14.9%
Trading portfolio	193.9	337.6	489.0	409.3	21.3%	-16.3%
Securities	2,689.1	3,120.8	3,403.4	3,564.6	14.2%	4.7%
Loans and advances to customers (net)	4,260.7	4,454.8	4,761.3	4,740.0	6.4%	-0.4%
Loan and advances to customers (gross)	4,428.7	4,615.7	5,011.1	4,955.8	7.4%	-1.1%
Allowance for loan and lease losses	-168.0	-160.9	-249.8	-215.8	34.1%	-13.6%
Other assets	260.0	538.1	415.2	417.0	-22.5%	0.4%
<b>TOTAL ASSETS</b>	<b>9,746.2</b>	<b>10,289.4</b>	<b>10,614.4</b>	<b>10,446.8</b>	<b>1.5%</b>	<b>-1.6%</b>
Interbank liabilities	2,149.3	2,456.6	2,447.4	2,361.3	-3.9%	-3.5%
Customer deposits	6,218.8	6,188.4	6,574.4	6,421.8	3.8%	-2.3%
Debt securities issued	337.3	373.2	379.7	383.5	2.8%	1.0%
Other liabilities	348.8	559.4	404.2	448.5	-19.8%	11.0%
Shareholders' equity	692.0	711.7	808.7	831.7	16.9%	2.8%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,746.2</b>	<b>10,289.4</b>	<b>10,614.4</b>	<b>10,446.8</b>	<b>1.5%</b>	<b>-1.6%</b>
<b>Off-Balance sheet customer items (gross)</b>	<b>1,422.9</b>	<b>1,489.9</b>	<b>1,516.9</b>	<b>1,594.1</b>	<b>7.0%</b>	<b>5.1%</b>

KPIs based on adjusted PAT and Balance Sheet (HUF bn)	2021		2022		2023		Δ%-p	Δ%-p
	FY	Q1	Q4	FY	Q1	Y-Y	Q-Q	
<b>Profitability</b>								
TRM - Total Revenue Margin	3.75%	3.92%	5.23%	4.65%	6.37%	2.45%	1.14%	
NIM - Net Interest Margin	2.20%	3.01%	5.05%	4.06%	5.70%	2.69%	0.65%	
NFM - Net Fee Margin	0.79%	0.70%	0.75%	0.72%	0.71%	0.01%	-0.04%	
<b>Efficiency</b>								
CIR - Cost-to-Income Ratio	59.49%	49.90%	56.63%	50.39%	36.05%	-13.86%	-20.58%	
ROAE - Return on Average Equity	12.28%	31.39%	10.38%	21.44%	44.27%	12.88%	33.89%	
<b>Equity share information</b>								
EPS - Earning Per Share (HUF, annualized)	267.8	707.7	263.1	511.6	1,138.7	431.0	875.5	
<b>Volume KPIs</b>								
LTD - Loan-to-Deposit ratio	71.2%	74.6%	76.2%	76.2%	77.2%	2.6%-p	1.0%-p	
Securities ratio	28.0%	30.9%	32.5%	32.5%	34.3%	3.3%-p	1.7%-p	
Allowance for losses/ Total assets	-1.7%	-1.6%	-2.4%	-2.4%	-2.1%	-0.5%-p	0.3%-p	
RWA/TA - RWA/Total assets	37.9%	36.1%	38.9%	38.9%	39.3%	3.2%-p	0.4%-p	
CAR - Capital adequacy ratio	18.4%	17.6%	19.7%	19.7%	19.7%	2.1%-p	-0.1%-p	
CET1	17.2%	16.1%	18.0%	18.0%	17.4%	1.3%-p	-0.6%-p	
LCR	315.7%	287.6%	136.7%	136.7%	132.0%	-155.6%-p	-4.7%-p	
NSFR	136.6%	132.1%	136.1%	136.1%	129.6%	-2.5%-p	-6.6%-p	
<b>Portfolio quality</b>								
Stage 1 gross loans	3,488	3,743	3,694	3,694	3,711	-31	17	
Stage 2 gross loans	786	711	1,110	1,110	1,034	323	-76	
Stage 3 gross loans	154	162	207	207	211	49	4	

## Unadjusted KPIs

KPIs based on unadjusted PAT (HUF bn)	2021		2022		2023	Δ%-p Y-Y	Δ%-p Q-Q
	FY	Q1	Q4	FY	Q1		
<b>Profitability</b>							
TRM - Total Revenue Margin	3.71%	3.82%	5.05%	4.58%	6.53%	2.71%	1.48%
NIM - Net Interest Margin	2.20%	3.01%	5.05%	4.06%	5.70%	2.69%	0.65%
NFM - Net Fee Margin	0.79%	0.70%	0.75%	0.72%	0.71%	0.01%	-0.04%
<b>Efficiency</b>							
CIR - Cost-to-Income Ratio	60.90%	51.54%	59.20%	51.69%	35.28%	-16.26%	-23.92%
C/TA - Cost-to-Total Assets	2.26%	1.97%	2.99%	2.37%	2.30%	0.34%	-0.69%
ROAE - Return on Average Equity	10.60%	22.98%	7.58%	14.59%	10.89%	-12.09%	3.31%
<b>Equity share information</b>							
EPS - Earning Per Share (HUF, annualized)	233.3	522.8	192.2	348.2	280.2	-242.6	88.0

P&L Q1 2023 (HUF bn)	Unadjusted P&L	Adjusted P&L
<b>Net operating income</b>	<b>111.3</b>	<b>107.2</b>
<b>Gross operating income</b>	<b>172.0</b>	<b>167.6</b>
Net interest income	150.0	150.0
Net fee and commission income	18.7	18.7
Other operating income	3.3	-1.1
FX and FV results	-3.9	-3.9
Other income	7.2	2.8
<b>General admin. expenses</b>	<b>-60.7</b>	<b>-60.4</b>
<b>Provisions and impairments</b>	<b>0.6</b>	<b>0.6</b>
<b>Banking tax</b>	<b>-79.3</b>	<b>0.0</b>
<b>PBT</b>	<b>32.6</b>	<b>107.8</b>
Corporate income tax	-10.3	-17.1
<b>PAT</b>	<b>22.3</b>	<b>90.8</b>
OCI	1.8	1.8
<b>TOCI</b>	<b>24.1</b>	<b>92.6</b>

# Changes in the regulatory environment and post closing events

#	Changes in Q1
1	<b>S&amp;P credit rating downgrade for Hungary:</b> S&P on 27 January cut Hungary's long- and short-term foreign and local currency ratings to 'BBB-/A-3' from 'BBB/A-2'. The outlook on the long-term ratings is stable.
2	<b>Reserve requirement ratio:</b> Monetary Council further tightened the effect of required reserves on interbank liquidity by raising the reserve requirement ratio and changing its interest rate structure effective from 1 April. Required reserve ratio rose to 10 percent. In addition, a system of tiered interest rates was applied to the reserve account.
<b>Post closing events</b>	
3	The regulation on extra profit tax of credit institutions has been amended: from July 1st the tax will be based on 50% of the pre-tax profit adjusted for special taxes, the rate will be tiered. MBH Bank extra profit tax liability in Q1 was HUF 63 bn. (recalculated new amount: HUF 50.6 bn). Extra profit tax to remain next year under government proposal.
4	<b>Interest rate cap and extra profit taxes:</b> according to the government decisions announced on 11 May, interest rate cap applied to households and SMEs will be extended till 31 December. In addition, the payment obligation remains for all special taxes that have already been introduced, but the amount of some of them may be reduced.
5	<b>Branch modernization programme:</b> The first fully renewed branch of the new MBH Bank was opened in Miskolc, and the first digital MBH banking kiosk was launched on the campus of the University of Miskolc, where it is possible to open a bank account without visiting the bank in person.
6	<b>MBH and Hungarian Interchurch Aid announced a strategic partnership:</b> MBH supports the aid organisation with a programme package worth nearly HUF 100 million.
7	<b>Debt cap rules:</b> the Central Bank, in the light of the inflationary processes and wage dynamics of recent years, from 1 July 2023 decided on raising the income threshold allowing higher debt-to-income ratio (HUF 500 ths → HUF 600 ths), as well as the threshold of the exception rule for small loans from the applicability of the debt cap (HUF 300 ths → HUF 450 ths).
8	<b>Duna Takaréék Bank Zrt. initiated the credit institution's joining of the Central Organisation of Integrated Credit Institutions</b> 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.
9	<b>Policy rate cut:</b> HNB has cut the overnight deposit rate by 100 basis points to 17% effective from 24 May 2023.
10	<b>Increasing the weight of securities in funds:</b> As of 1 July 2023, bond funds, equity funds and balanced funds must have a minimum 60% weighting of securities in their portfolios. The aim is to shift as much of the funds' investments as possible from bank deposits to government securities.



MBH, MBH Bank, MBH Group	MBH Bank Plc.
NBH	National Bank of Hungary (the central bank of Hungary)
ECB	European Central Bank
FED	Federal Reserve System

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

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

Secured loans	Home Loans + Free-to-Use Mortgages
Unsecured loans	Personnel loans + Baby loans + Other consumer loans
FVTOCI	Fair value through OCI
FVTPL	Fair value through P&L
FTE	Full time equivalent
NPL	Non performing loans
DPD90+	Days past due over 90 days

ROE, ROAE	Return on (average) equity
ROA, ROAA	Return on (average) assets
ROMC	Return on minimal capital required
CIR	Cost-to-income ratio
TRM	Total revenue margin
NIM	Net interest margin
NFM	Net fee margin
CAR	Capital adequacy ratio
LTD	Loans to deposits
EPS	Earning per share
AVA	Asset value adjustment – CRR specification
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
AUM	Asset under management

ÁKK, GDMA	Price of government bond reference yields determined daily by the Government Debt Management Agency
KSH	Hungarian Central Statistical Office
ESG	Environmental, Social and Governance



# Disclaimer

**MBH** BANK



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