



MBH Bank Nyrt.

**Flash Report on
1H 2024 results**

Budapest, 29 August 2024

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Company name: MBH Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.04.2024-30.06.2024

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1 MBH GROUP 1H 2024 RESULTS – OVERVIEW

Main components of P&L and balance sheet, key performance indicators

Main components of P&L (in HUF million)	Period					YTD		
	2Q 2023	1Q 2024	2Q 2024	P/P	Y/Y	1H 2023	1H 2024	Y/Y
TOCI accounting (Total Comprehensive Income)	86,251	32,790	55,878	70.4%	-35.2%	110,390	88,669	-19.7%
Other comprehensive income	23,884	-16,356	-3,768	-77.0%	-115.8%	25,683	-20,124	-178.4%
Consolidated Profit after tax (accounting)	62,366	49,146	59,646	21.4%	-4.4%	84,707	108,793	28.4%
Profit after tax accounting (including BB 1Q 2022 results)*	62,366	49,146	59,646	21.4%	-4.4%	84,707	108,793	28.4%
Adjustments total on PAT	-11,037	30,190	26	-99.9%	-100.2%	57,426	30,216	-47.4%
Adjusted TOCI	75,214	62,982	55,904	-11.2%	-25.7%	167,816	118,886	-29.2%
Adjusted Other comprehensive income (OCI)	23,884	-16,356	-3,768	-77.0%	-115.8%	25,683	-20,124	-178.4%
Adjusted Consolidated Profit after tax	51,330	79,338	59,672	-24.8%	16.3%	142,133	139,010	-2.2%
Profit before tax (adjusted)	57,604	92,819	69,782	-24.8%	21.1%	165,463	162,602	-1.7%
Gross Operating Income (adjusted)	160,274	163,145	152,561	-6.5%	-4.8%	327,914	315,707	-3.7%
Net Interest Income (adjusted)	138,093	138,703	129,673	-6.5%	-6.1%	288,137	268,376	-6.9%
Net Fee Income (adjusted)	22,025	23,068	26,264	13.9%	19.2%	84,035	49,332	14.6%
Net Other Income (adjusted)	156	1,375	-3,376	-	-	-3,258	-2,001	-38.6%
Operating Expenses (adjusted)	-64,410	-61,593	-75,413	22.4%	17.1%	-124,828	-137,006	9.8%
Provision for losses on loans (adjusted)	-38,260	-8,733	-7,366	-15.7%	-80.7%	-37,624	-16,099	-57.2%
Main components of Balance sheet (in HUF million)	Volumes at the end of period					YTD average		
	2Q 2023	1Q 2024	2Q 2024	P/P	Y/Y	1H 2023	1H 2024	Y/Y
Total Assets	10,487,212	11,784,740	11,727,053	-0.5%	11.8%	10,455,082	11,445,894	9.5%
Customer Loans (net)	4,708,313	5,357,287	5,524,845	3.1%	17.3%	4,589,167	5,129,352	11.8%
Customer Loans (gross)	4,956,845	5,643,120	5,816,483	3.1%	17.3%	4,764,385	5,406,849	13.5%
Provision for Customer loans	-248,532	-285,833	-291,638	2.0%	17.3%	-175,217	-277,497	58.4%
Deposits & C/A	6,270,902	7,588,548	7,626,029	0.5%	21.6%	6,307,450	7,272,824	15.3%
Subordinated debt	107,882	108,436	94,103	-13.2%	-12.8%	90,850	108,388	19.3%
Shareholders' Equity	892,980	1,074,246	1,109,602	3.3%	24.3%	731,584	1,048,808	43.4%
KPIs based on adjusted and unadjusted PAT (%)	Period					YTD		
	2Q 2023	1Q 2024	2Q 2024	P-P	Y-Y	1H 2023	1H 2024	Y-Y
ROAE (Return on Average Equity - accounting)	29.0%	18.8%	22.0%	3.1%-pt	-7.0%-pt	11.0%	18.8%	7.8%-pt
ROAE (Return on Average Equity - adjusted)	23.9%	30.4%	22.0%	-8.4%-pt	-1.9%-pt	34.1%	26.1%	-8.0%-pt
ROMC (Return on Minimum Capital - adjusted)	39.6%	47.5%	32.3%	-15.2%-pt	-7.3%-pt	55.7%	39.5%	-16.2%-pt
ROAA (Return on Average Assets - adjusted)	2.0%	2.8%	2.0%	-0.7%-pt	0.1%-pt	2.7%	2.4%	-0.3%-pt
TRM (Total Revenue Margin - adjusted)	6.1%	5.7%	5.2%	-0.5%-pt	-0.9%-pt	6.3%	5.5%	-0.8%-pt
CIM (Core income margin - adjusted)	6.1%	5.7%	5.3%	-0.3%-pt	-0.8%-pt	6.4%	5.5%	-0.9%-pt
NIM (Net Interest Margin - adjusted)	5.3%	4.9%	4.4%	-0.4%-pt	-0.9%-pt	5.5%	4.7%	-0.9%-pt
NFM (Net Fee Margin - adjusted)	0.8%	0.8%	0.9%	0.1%-pt	0.1%-pt	0.8%	0.9%	0.0%-pt
C/TA (Cost to Total Assets - adjusted)	2.5%	2.2%	2.6%	0.4%-pt	0.1%-pt	2.4%	2.4%	0.0%-pt
CIR (Cost Income Ratio - adjusted)	40.2%	37.8%	49.4%	11.7%-pt	9.2%-pt	38.1%	43.4%	5.3%-pt
Risk% (Risk cost rate - adjusted)	1.6%	0.7%	0.2%	-0.4%-pt	-1.4%-pt	0.8%	0.4%	-0.4%-pt
GOI/RWA (RWA efficiency - adjusted)	15.5%	13.3%	11.7%	-1.5%-pt	-3.8%-pt	16.0%	12.5%	-3.5%-pt
EPS (Earning Per Share - adjusted)	0.3	0.3	0.3	0.0	0.0	0.3	0.3	0.0
Volume KPIs (%)	Period					YTD		
	2Q 2023	1Q 2024	2Q 2024	P-P	Y-Y	1H 2023	1H 2024	Y-Y
Provision/Total Assets	2.4%	2.4%	2.5%	0.1%-pt	0.1%-pt	2.4%	2.5%	0.1%-pt
CAR (Capital Adequacy Ratio)	19.7%	18.9%	19.3%	0.4%-pt	-0.3%-pt	19.7%	19.3%	-0.3%-pt
RWA/Total Assets	40.0%	43.9%	45.2%	1.3%-pt	5.2%-pt	40.0%	45.2%	5.2%-pt
LTD (Loan to Deposit)	79.0%	74.4%	76.3%	1.9%-pt	-2.8%-pt	79.0%	76.3%	-2.8%-pt
DPP90+ rate	2.4%	1.8%	1.8%	0.0%-pt	-0.6%-pt	2.4%	1.8%	-0.6%-pt

The report is based on "Adjusted" figures presenting the indicators of the underlying business performance, the list of correction factors is included in Chapter 3.1. In order to comprehensive present the financial performance of the MBH Group, all data in the report and in the investor presentation are - unless otherwise indicated - alternative performance measurement indicators (Alternative Financial Indicator - APM).

For definition and calculation methodology of alternative performance measurement indicators used to depict the underlying business performance please refer to the Report for 1H 2024 chapter 4.1 – Financial indicators.

Fundamenta transaction closed on 27th March 2024. 1Q 2024 consolidated balance sheet closing figures include Fundamenta volumes, while profit & loss and average volumes for the period are not impacted.

KPIs are calculated retrospectively using the actual number of days.

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MBH Bank achieved an excellent first-half result, with stable profitability, strong cost efficiency, stable capital adequacy and liquidity positions, coupled with sound and improving portfolio quality.

In 2Q 2024 the following main factors were instrumental:

- The government extended the retail interest rate freeze until 31 December 2024.
- Inflation reached 3.7% by the end of 2Q 2024.
- **Benchmark one-day deposit tender interest rate** was cut from 8.25% to 7.0% in the 2Q.
- MBH Bank signed a contract with the Hungarian Development Bank on 30 April, in which they agreed to make the retail loan programmes of the 2021-2027 EU development cycle available through their MFB Pont Plus retail network. The credit institution will start accepting applications from residents for the **Home Renovation Programme through its nationwide MFB Pont Plus network of 154 branches from 1 July.**
- Budapest Stock Exchange Plc. and MBH Bank Plc. have signed a strategic cooperation agreement aimed at supporting the competitiveness and growth opportunities of medium-sized companies.
- From 1 July 2025, the NBH will increase the countercyclical capital buffer rate for banks to 1%, from 0% until 30 June 2024 and from 0.5% from 1 July 2024.
- The international credit rating agency **Standard & Poor's** affirmed its investment-grade rating of 'BBB-/A-3' on Hungarian government debt obligations in foreign and local currency in the short and long term on April 26. The outlook was kept at stable. **Moody's** did not change Hungary's Baa2 credit rating and its stable outlook either, according to its announcement on May 31. On 14 Jun 2024 **Fitch Ratings** has affirmed Hungary's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB' with a Negative Outlook.

The main performance indicators of 1H 2024:

- **HUF 11,727 bn total assets** (+11.8% y/y; -0.5% p/p) partially supported by the boosting deposit portfolio (+21.6% y/y) and gross loan volumes (+17.3% y/y).
- **HUF 139.0 bn adjusted profit after taxes (-2.2% y/y)** in 1H 2024 and high **26.1% adjusted ROE** (22.3% based on adjusted total comprehensive income), **mainly driven** by high net interest income in 1H 2024.
- **9.8% y/y cost increase, C/I of 43.4% in 1H 2024.**
- **HUF 16.1 bn risk cost** (provisions and other impairments) was charged in 1H 2024, HUF 7.4 bn in 2Q 2024, primarily reflecting the impairment charges on loans and modification loss recognised for the interest rate cap and moratorium extended again until the end of the year.
- **Sound capital position: 19.3% capital adequacy and 17.8% CET1 ratio** at the end of 2Q, significantly above the regulatory requirement.

Main business events/developments in 2Q 2024:

- **Retail segment:**

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Significant annual growth in the both the retail loan (+33.0% y/y) and deposit volumes (+29.0% y/y) supported by business boosting activities and the acquisition of Fundamenta.

In retail account products, the bank launched several account opening promotions to support the realization of business plans in 2Q 2024.

The bank's main business objective is to simplify the portfolio with more uniform products to foster the digital transformation of the bank.

- **Corporate segment:**

7.3% y/y increase in loan portfolio, 26.7% y/y increase in deposit volumes.

In the SZKP MAX+ program, MBH Bank market share increased to 27% regarding the number of loan applications in the Corporate business segment, including micro and small companies.

- **Leasing segment:**

Leasing volume of MBH Group amounted to HUF 578.5 bn at the end of 2Q 2024 which means an increase of 8.7% compared to 2Q 2023.

The leasing group has a national network and a market share of more than 25%¹ based on the newly placed, aggregated leasing stock, making it the number one player in the leasing market.

MBH Group's **unadjusted** total comprehensive income was HUF 88.7 bn (HUF -21.7 bn y/y) in 1H 2024, as a result of y/y increasing profit after tax (1H 2024: HUF 108.8 bn, HUF +24.1 bn y/y) and decreasing other comprehensive income (1H 2024: HUF -20.1 bn, HUF -45.8 bn y/y). The unadjusted total comprehensive income (TOCI) in 2Q drop by HUF 30.4 billion y/y, as a result of a HUF 2.7 billion decrease y/y in the accounting profit after taxes and a HUF 27.7 billion y/y drop in the other comprehensive income (OCI).

In 1H 2024 the **adjusted** total comprehensive income (TOCI) was HUF 118.9 bn (HUF -48.9 bn y/y), including HUF +30.2 bn profit adjustment. The adjusted profit after tax was HUF 139.0 bn (HUF -3.1 bn y/y), adjusted other comprehensive income amounted to HUF -20.1 bn (HUF -45.8 bn y/y) in 1H 2024.

Total assets amounted to HUF 11,727.1 bn (-0.5% p/p; +11.8% y/y) by the end of 1H 2024. The Group's customer **deposits portfolio** was HUF 7,626.0 bn by the end of 1H (HUF +37.5 bn p/p; HUF +1,355.1 bn y/y) thanks to the Fundamenta acquisition. **Gross customer loans** portfolio increased to HUF 5,816.5 bn (+3.1% p/p), the annual growth amounted HUF +859.6 bn, in which the Fundamenta transaction played a role. Securities portfolio together with trading portfolio increased by 8.2% y/y (+2.4% p/p). In 1H 2024 the loans to deposits ratio reached 76.3% (+1.9%-pt p/p) by the end of the period. The **shareholders' equity** increased from HUF 1,074.2 bn at the end of 1Q 2024 to HUF **1,109.6 bn**. Capital adequacy ratio was steadily high, at 19.3% (+0,4%-pt p/p, -0.3%-pt y/y), while MBH Group's adjusted return on shareholders' equity (ROE) was 26.1% (the unadjusted ROE was 20.4%) in 1H 2024. ROE on adjusted total comprehensive income reached 22.3% compared to 40.2% in 1H 2023.

Post-closing events:

Post-closing events cover the period until 15 August 2024.

¹ Hungarian Leasing Association

- The government has **extended the childbearing period for baby loans** taken out between 1 July 2019 and 30 June 2021 until 1 July 2026, meaning that the original 5-year childbearing period will be extended by a further 2 years.
- The banking sector pays a **protective contribution** according to the government’s decision. As part of the package i. the bank **extra profit tax** will remain in force in 2025 with some modifications, so that its nominal value will not decrease, ii. the **transaction fee** increases from August 1, iii. from October 1, the **additional fee** will also be introduced in the case of transactions involving conversion (in the case of the latter two, with a stop on fee increases in relation to payment obligations related to residential payment accounts until December 31, 2024).
- **Base rate cut:** the cycle of interest rate cuts continued, with the Monetary Council further reducing the base rate in several steps to 6.75% from 24 July. In addition, it lowered the O/N deposit rate by 25 basis points to 5.75% and reduced the O/N collateralized lending rate to 7.75%.

Macroeconomic outlook and financial indicators of the Hungarian banking sector in 2Q 2024:

International economic developments in the second quarter were affected by indications that the decline in inflation was proceeding somewhat more slowly than markets had been expecting in the first three months. Therefore, the expected **Fed** funds rate path shifted up significantly in April. Inflation has eased since May, but job gains have remained strong in the US. The Federal Reserve has kept the benchmark US interest rate at 5.25-5.50% since July 2023 and since then indicated that they would continue to base their decisions on incoming macro data. While Fed policymakers forecast a cumulative 75-basis point rate cut for this year in March, they reduced their expectations to just one 25-basis point cut for this year in June, according to the Fed’s own so-called Dot-Plot.

On the other hand, the **European Central Bank** initiated a rate-cutting cycle in June – as expected - saying it is now appropriate to moderate the degree of monetary policy restriction after nine months of holding the deposit rate steady at 4.00% based on the inflation outlook. They indicated that they will not commit to a specific interest rate path in advance, and that future decisions would depend on macroeconomic developments. Eurozone gross domestic product rose 0.3% in the three months through June, sustaining the same pace as it did at the start of the year. France (0,3%) and Spain (0,8%) beat growth estimates and the Italian economy also kept growing (0,2%), offsetting the surprise economic contraction (-0,1%) in Germany in the second quarter. The weak growth dynamic of Hungary’s main external trading partner, Germany, was also a significant drag on the domestic economy.

Compared with the previous quarter, **Hungarian economic output** was down by 0.2% in the second quarter, due to decrease in the value added of industry, according to the first estimate by the Central Statistical Office of Hungary. In the first half of the year, the performance of the Hungarian economy was 1.3% higher according to raw data and 1.5% higher according to seasonally and calendar adjusted and reconciled data. This year, consumption should start to pick up, which declined last year due to sharply higher consumer prices and the resulting strong fall in real wages. However, the recovery in consumption will be gradual, as households first try to recoup their savings instead of spending their increased salaries.

Despite the easing seen over the past year, the **labour market** could still be considered tight, as the state of full employment is not far away. The unemployment rate continued to fall to 4.3% between April and June. In the second quarter, the number of employed persons (15-74 age group) was 4 million 745 thousand, 21 thousand more than a year earlier. The number of unemployed was 215.3 thousand on average in the three months under review, an increase of 23 thousand over a year, while the

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number of unemployed fell by nearly 3.4 thousand compared to the previous three months. It remains a positive development that the year-on-year fall in inactivity is still notable. This is reflected in a year-on-year increase in the number of unemployed, in addition to an increase in the number of employed and a slight decrease of the population.

The disinflationary process has stopped in April, and the annual **inflation index** rose more notably in May, to 4.0%. Disinflation was slowed by the persistence of services inflation, which remained at around 10% year-on-year. However, inflation did not leave the MNB's inflation target range and annual inflation moderated to 3.7% in June, partly due to base effects. However, core inflation may rise gradually until the end of the year and may decline only slowly next year, as inflation expectations are still relatively high and a gradual recovery in consumption may also slow disinflation. A stable and sustainable achievement of the central bank's inflation target of 3% is expected in 2025 at the earliest.

The **NBH** has continued to cut interest rates in the second quarter, with the base rate falling to 7.00% in June. At the April and May policy meetings, a 50-basis point cut was decided, which was reduced to 25 basis points by June. The more moderate rate cuts were mainly due to deteriorating financial market sentiment. With the forint weakening in mid-June and the Fed's expected rate cuts delayed during the second quarter, the MNB has become more cautious.

In order to achieve the revised **deficit target** (-4.5% of GDP), the government announced to postpone 675 billion forints of public investment, at a press event on 11 April 2024. Due to the slowdown in investment and the weak external environment, the MoF revised its real GDP growth expectation for this year to 2.5% from 4% in April, which was put in the Convergence Programme as well. The central budget cash deficit in June reached its lowest level in more than 20 years. The June deficit was only 107.8 billion forints, the lowest nominal one-month deficit since 2002. The aggregate deficit for the first six months of the year amounted to 2,656.4 billion forints, or 66.7% of the increased deficit target.

At the beginning of April, **currency movements** were influenced by markets pricing in fewer interest rate cuts by the Fed this year, which led to a strengthening dollar, rising bond yields and thus a deterioration in risk appetite, and weakened the forint. After weaker levels in April, the EUR/HUF traded in a range of 384-390 in May, before weakening to above 398 by mid-June. This latter happened partly due to US macro data, the European Parliament elections and the European Commission's initiation of an excessive deficit procedure (EDP) against six Member States, including Hungary, on 19 June. The average EUR/HUF exchange rate for the second quarter was 391.4, compared to an average of 388.2 in the first quarter.

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2 MANAGEMENT REPORT ON THE 1H 2024 RESULTS OF MBH GROUP

2.1 P&L development

MBH Group								
Consolidated, IFRS P&L (in HUF million)	Period					YTD		
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Banking tax	-759	17,464	16	-99.9%	-102.1%	14,722	17,480	18.7%
Extra profit tax	-11,473	12,725	10	-99.9%	-100.1%	46,024	12,735	-72.3%
Extra OBA fee expenses	0	0	0	-	-	-4,756	0	-100.0%
Integration costs	1,195	0	0	-	-100.0%	1,436	0	-100.0%
Adjusted TOCI	75,214	62,982	55,904	-11.2%	-25.7%	167,816	118,886	-29.2%
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Gross Operating Income (adjusted)	160,274	163,145	152,561	-6.5%	-4.8%	327,914	315,707	-3.7%
Net Interest Income (adjusted)	138,093	138,703	129,673	-6.5%	-6.1%	288,137	268,376	-6.9%
Interest Income (adjusted)	292,995	284,841	258,237	-9.3%	-11.9%	599,412	543,078	-9.4%
Interest Expense (adjusted)	-154,901	-146,139	-128,564	-12.0%	-17.0%	-311,275	-274,703	-11.7%
Net Fee Income (adjusted)	22,025	23,068	26,264	13.9%	19.2%	43,035	49,332	14.6%
Net Other Income (adjusted)	156	1,375	-3,376	-	-	-3,258	-2,001	-38.6%
FX and FV result	442	3,098	-4,068	-231.3%	-	-5,797	-970	-83.3%
Other Income (adjusted)	-286	-1,723	692	-140.2%	-	2,539	-1,031	-140.6%
Operating Expenses (adjusted)	-64,410	-61,593	-75,413	22.4%	17.1%	-124,828	-137,006	9.8%
Personnel Expenses (adjusted)	-31,729	-30,547	-36,417	19.2%	14.8%	-62,151	-66,964	7.7%
Operating Expenses (adjusted)	-25,782	-22,647	-29,434	30.0%	14.2%	-48,892	-52,080	6.5%
Amortisation and depreciation (adjusted)	-6,898	-8,399	-9,562	13.8%	38.6%	-13,784	-17,961	30.3%
Provisions (adjusted)	-38,260	-8,733	-7,366	-15.7%	-80.7%	-37,624	-16,099	-57.2%
Banking tax	0	0	0	-	-	0	0	-
Corporate income tax (adjusted)	-6,274	-13,481	-10,110	-25.0%	61.1%	-23,330	-23,592	1.1%
KPIs based on adjusted PAT (%)								
	2Q 2023	1Q 2024	2Q 2024	P-P	Y-Y	1H 2023	1H 2024	Y-Y
ROAE (Return on Average Equity - adjusted)	23.9%	30.4%	22.0%	-8.4%-pt	-1.9%-pt	34.1%	26.1%	-8.0%-pt
ROAA (Return on Average Assets - adjusted)	2.0%	2.8%	2.0%	-0.7%-pt	0.1%-pt	2.7%	2.4%	-0.3%-pt
TRM (Total Revenue Margin - adjusted)	6.1%	5.7%	5.2%	-0.5%-pt	-0.9%-pt	6.3%	5.5%	-0.8%-pt
CIM (Core income margin - adjusted)	6.1%	5.7%	5.3%	-0.3%-pt	-0.8%-pt	6.4%	5.5%	-0.9%-pt
NIM (Net Interest Margin - adjusted)	5.3%	4.9%	4.4%	-0.4%-pt	-0.9%-pt	5.5%	4.7%	-0.9%-pt
NFM (Net Fee Margin - adjusted)	0.8%	0.8%	0.9%	0.1%-pt	0.1%-pt	0.8%	0.9%	0.0%-pt
C/TA (Cost to Total Assets - adjusted)	2.5%	2.2%	2.6%	0.4%-pt	0.1%-pt	2.4%	2.4%	0.0%-pt
CIR (Cost Income Ratio - adjusted)	40.2%	37.8%	49.4%	11.7%-pt	9.2%-pt	38.1%	43.4%	5.3%-pt
Risk% (Risk cost rate - adjusted)	1.57%	0.66%	0.22%	-0.4%-pt	-1.4%-pt	0.8%	0.43%	-0.4%-pt

The presentation of financials in this report is based on Total Comprehensive Income ("TOCI"), which is an IFRS category aimed at presenting the economic impact for the given period by incorporating "fair value through other comprehensive income" (FVTOCI) results. Based on the fact that MBH Bank holds a large securities portfolio, part of which is valued against capital (FVTOCI), and hedges its interest risk position with IRS transactions, TOCI figures should only be used to evaluate the results.

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In 1H 2024 and in 2Q the **adjusted profit after tax of MBH Group** amounted to **HUF 139.0 bn** and HUF 59.7 billion, mostly driven by high net interest income. Thanks to the other comprehensive income in 2Q (HUF -3.8 billion) the 1H adjusted total comprehensive profit amounted to HUF 118.9 billion (HUF -48.9 billion y/y).

The (adjusted) **ROAE** was 26.1% (-8.0%-pts y/y) as a result of strong PAT. ROAE on adjusted total comprehensive income reached 22.3%.

The core income declined by 3.7% y/y, with the decrease in interest income (-6.9% y/y) offset partially by an **increase in fee and commission income** (+14.6% y/y) and **in the results from financial operations** (+83.3% y/y). The adjusted **total revenue margin** (TRM) decreased by 0.8%-pt y/y to 5.5%.

HUF 16.1 bn **provisions and impairments** were charged in 1H 2024 and HUF 7.4 bn in 2Q 2024. The 1H adjusted risk cost rate was 0.4%.

Operating expenses increased by 9.8% compared to the same period last year, the **cost-to-income** ratio for 1H 2024 rose to 43.4% (+5.3%-pts y/y).

2.1.1 Adjusted profit after taxation

Adjusted consolidated profit after tax of MBH Group in 2Q 2024 reached HUF 59.7 billion, while in 1H 2024 profit amounted to HUF 139.0 bn (HUF -19.7 bn p/p, HUF -3.1 bn y/y).

Adjustments amounted to HUF +30.2 bn in 2Q 2024, relating to the special tax on the extra profit and the banking tax.

2.1.2 Total comprehensive income

MBH Group's **accounting** (unadjusted) **total comprehensive income** (TOCI) in 1H 2024 amounted to HUF 88.7 bn, down HUF 21.7 bn compared to the same period last year.

The HUF 55.9 bn 2Q **adjusted total comprehensive income** (HUF -7.1 bn p/p) was a result of the HUF 59.7 bn profit after tax and the HUF -3.8 bn other comprehensive income (OCI). The 2Q adjusted total comprehensive income decreased by HUF 19.3 bn y/y. The adjusted total comprehensive income in H1 amounted to HUF 118.9 bn (HUF -48.9 bn y/y). The decrease was mainly driven by a lower level of net interest income due to changes in the market environment and lower other comprehensive income due to changes in the fair value of government bonds measured through OCI.

2.1.3 Net interest income

MBH Group's cumulated **net interest income** was HUF 268.4 bn in 1H 2024 (HUF -19.8 bn y/y), representing a 6.9% y/y decline due to the change in the yield environment, despite the expanding loan portfolio and growing ALM portfolio. Interest income was decreased on a quarterly basis (-6.5% p/p), with the increase in liquid portfolio offsetting the quarterly further decline in short interest rates.

The interest income for H1 2024 amounted to HUF 543.1 bn (HUF -56.3 bn, -9.4% y/y). The interest income in 2Q decreased by HUF 26.6 bn (-9.3% p/p) compared to 1Q. The annual decrease in interest income was affected by changes in the yield environment.

The **interest expense** amounted to HUF 274.7 bn in 1H 2024, down HUF 36.6 bn (-11.7% y/y), despite rising customer deposit portfolio and due to decreasing interbank deposit portfolio, with the decline was driven by a fall in the market yields.

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The net interest margin (NIM) decreased from 4.9% to 4.4% in 2Q (-0.9%-pt y/y, -0.4%-pt p/p) because decrease in net interest income. The 1H accumulated ratio was 4.7%, decreased 88 bps year-on-year.

2.1.4 Net fee and commission revenues

The **net fee and commission income** was HUF 49.3 bn in 1H 2024 (+14.6% y/y). The commission income for 2Q increased by HUF 3.2 bn (+13.9% p/p) relative to the preceding quarter, driven mainly by the increasing turnover and higher transaction fees.

2.1.5 Profit/loss on financial transactions (FX and FV result)

In 1H 2024 the **profit on financial transactions** amounted to HUF -1.0 bn, 83.3% (HUF +4.8 bn) higher year-on-year.

As a result of falling yields, the exchange and revaluation result was HUF -4.1 bn (HUF -7.2 bn p/p) in 2Q, the OCI effect due to revaluation of the fixed rate government securities portfolio was also reduced to HUF -3.8 bn (HUF +12.6 bn p/p; HUF -27.7 bn y/y). The quarterly **net revaluation result and exchange rate gain** – as a result of the two impacts – was HUF -7.8 bn.

2.1.6 Other results

The tax and/or regulatory fees and commission expenses of MBH Group are recognized under other profit/loss: levy, OBA and IPF fees and other revenues/expenses of ordinary business operation. Other results were HUF -1.0 bn in 1H (HUF -3.6 bn y/y), and HUF 0.7 bn (HUF +2.4 bn p/p, HUF +1.0 bn y/y) in 2Q.

2.1.7 Operating expenses

MBH Group's general administrative expenses were HUF 137.0 bn in 1H 2024 (2Q: HUF 75.4 billion, +22.4% p/p, +17.1% y/y). The +9.8% (HUF +12.2 bn) y/y increase is largely due to the expansion of the consolidation group, with Fundamenta's costs included in group costs from April 2024. The cost-to-income ratio for 1H up to 43.4% as costs grew higher (+5.3%-pts y/y). 2Q cost-to-asset ratio (C/A) increased to 2.6% (+42 bps p/p, +11 bps y/y) due to higher operating costs.

The **personnel expenses** amounted to HUF 36.4 bn in 2Q 2024, increased by 14.8% compared to the same quarter of the previous year. 7.7% y/y increase in 1H PEREX (HUF 67.0 billion) is the impact of expansion of the group and seasonality of the personnel costs.

The number of employees of MBH Group together with employees of Fundamenta-Lakáskassza Lakástakarékpénztár Zrt. at the end of June 2024 was 9,431.5 FTE (+7.1 FTE; +0.1% y/y).

Other operating expenses in 2Q 2024 were HUF 29.4 bn, increased by 14.2% y/y due to the costs related to increased business activity.

Depreciation in 2Q 2024 amounted to HUF 9.6 bn. 2Q 2024 cost compared to the same period of the previous year increased by 38.6% due to the impact of branch renovations in 2023, the leaving of one of the main office buildings and activation of IT improvements.

2.1.8 Risk costs

HUF 16.1 bn adjusted risk cost (provisions and other impairments) was charged in 1H 2024, HUF 7.4 bn in 2Q 2024, primarily reflecting the impairment charges on loans and modification loss recognised for the interest rate cap and moratorium extended again until the end of the year.

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The quality of the portfolio does not justify an increase in the impairment coverage on non-moratorium stocks.

The **NPL closing portfolio** was HUF 170.9 bn at the end of 2Q 2024, decreased by HUF 2.7 bn during the quarter (-1.5%-pt p/p). **IFRS-based NPL ratio** decreased to 2.9%. The **NPL coverage** stood at 170.6%, the **total coverage** was 5.0%.

2.1.9 Corporate income tax

In 1H 2024 HUF 20.6 bn unadjusted **corporate income tax expense** was recorded, as a result of HUF 5.7 bn current corporate income tax expense, HUF 5.0 bn deferred tax expense, HUF 8.6 bn local business tax and HUF 1.3 bn innovation contribution.

The adjustments in the flash report had a tax effect of HUF 3.0 bn therefore the **adjusted corporate income tax** was HUF 23.6 bn expense.

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2.2 Balance sheet

MBH Group					
Adjusted balance sheet (in HUF million)	2Q 2023	1Q 2024	2Q 2024	P/P	Y/Y
Financial assets	1,234,057	1,611,966	1,372,512	-14.9%	11.2%
Trading portfolios - Assets	327,222	268,279	235,161	-12.3%	-28.1%
Securities	3,746,909	3,959,703	4,053,434	2.4%	8.2%
Loans and advances to customers/Customer Loans (net)	4,708,313	5,357,287	5,524,845	3.1%	17.3%
Loans and advances to customers/Customer Loans (gross)	4,956,845	5,643,120	5,816,483	3.1%	17.3%
Retail business segment	1,694,000	2,216,504	2,252,883	1.6%	33.0%
Corporate business segment	2,693,437	2,755,802	2,890,687	4.9%	7.3%
Leasing	531,997	563,866	578,497	2.6%	8.7%
Other	37,410	106,948	94,416	-11.7%	152.4%
Provision for Customer loans	-248,532	-285,833	-291,638	2.0%	17.3%
Total other assets	470,710	587,505	541,102	-7.9%	15.0%
Investments in jointly controlled entities and associates	77,698	132,454	122,771	-7.3%	58.0%
Intangibles, property and equipment	168,701	222,218	216,559	-2.5%	28.4%
Other assets	224,312	220,212	190,702	-13.4%	-15.0%
Total Assets	10,487,212	11,784,740	11,727,053	-0.5%	11.8%
Interbank liabilities	2,493,127	2,135,099	2,051,023	-3.9%	-17.7%
Deposits & C/A	6,270,902	7,588,548	7,626,029	0.5%	21.6%
Retail business segment	2,448,445	3,166,529	3,158,973	-0.2%	29.0%
Corporate business segment	3,418,027	4,036,123	4,331,956	7.3%	26.7%
Other	404,430	385,896	135,100	-65.0%	-66.6%
Issued debt securities	465,020	617,993	593,904	-3.9%	27.7%
Other liabilities	365,183	368,855	346,495	-6.1%	-5.1%
Shareholders' Equity	892,980	1,074,246	1,109,602	3.3%	24.3%
Total Liabilities & Equity	10,487,212	11,784,740	11,727,053	-0.5%	11.8%
Loan commitments given	1,170,068	1,370,914	1,472,206	7.4%	25.8%
Financial guarantees given	105,565	94,592	98,248	3.9%	-6.9%
Other Commitments given	264,462	291,841	309,004	5.9%	16.8%
Customer off Balance items	1,540,095	1,757,347	1,879,458	6.9%	22.0%

The balance sheet of the MBH Group is presented on the basis of consolidated financial statements prepared according to IFRS.

MBH Group's **total assets** amounted to HUF 11,727.1 bn by the end of 2Q 2024 (HUF -57.7 bn; -0.5% p/p), with a yearly increase of HUF 1,239.8 bn (+11.8% y/y).

Loan portfolio increased by HUF 859.6 bn (+17.3%) year-on-year, primarily driven by the performance of the retail business. P/p 3.1% increase was driven by corporate business line.

The **deposit portfolio** increased to HUF 7,626.0 bn at the end of 2Q 2024. The 2Q increase was mainly driven by a growth in the corporate segment.

Loan-to-deposit ratio reached 76.3%, 2.8%-pts lower than in the same period of the previous year (+1.9%-pts p/p). **LCR** (141.4%) and **NSFR** (131.0%) ratios are well above the regulatory minimum.

Shareholders' equity increased to HUF 1,109.6 bn (+3.3% p/p; +24.3% y/y). The **19.3% capital adequacy ratio** at the end of the period, significantly exceeded the regulatory minimum requirements. **17.8% CET1 ratio**.

2.2.1 Loans

Gross loans increased by 3.1% (HUF +173.4 bn p/p) compared to the previous quarter, while year-on-year loans the growth reached 17.3% y/y (net: 17.3% y/y).

The retail customer loans increased by 1.6% p/p to HUF 2,252.9 bn at the end of June. On yearly basis, the growth rate reached 33.0% in which the Fundamenta transaction played a role.

Corporate gross loan portfolio increased by 7.3% compared to the same period last year, reaching HUF 2,890.7 bn at the end of 2Q 2024 (+4.9% p/p).

The **leasing** portfolio increased by 8.7% y/y (+2.6% p/p).

Provisions for customer loans was 2.0% higher than at the end of the previous quarter, while the year-on-year increase reached 17.3%.

2.2.2 Securities

In a changing inflation and yield environment, the popularity of different securities is undiminished, and this is reflected in the performance of the portfolio.

Securities portfolio together with trading portfolio increased by HUF 306.5 bn (+8.2%) y/y, and as a result, the **portfolio of securities** amounted to HUF 4,053.4 bn at the end of 2Q 2024 (+2.4% p/p).

2.2.3 Financial assets

The **portfolio of financial assets** decreased by HUF 239.5 bn during the quarter (-14.9% p/p), while the year-on-year growth was HUF 138.5 bn (+11.2% y/y) due to higher deposits with the MNB. Thus, the stock stood at HUF 1,372.5 bn at the end of the period.

2.2.4 Deposits and C/A

Customer deposit portfolio amounted to HUF 7,626.0 bn (+0.5% p/p) at the end of the quarter. **Corporate deposit portfolio** increased by HUF 295.8 bn (+7.3% p/p), reaching HUF 4,332.0 bn at the end of the quarter. **Deposits in the retail segment** reached HUF 3,159.0 bn (-0.2% p/p) at the end of the quarter.

On an annual basis, customer deposit portfolio grew by 21.6%, with a positive contribution from the retail segment (+29.0% y/y) and also the corporate segment (26.7% y/y).

2.2.5 Interbank liabilities

The portfolio of **interbank liabilities** amounted to HUF 2,051.0 bn (HUF -84.1 bn p/p; HUF -442.1 bn y/y) at the end of 2Q 2024. The decrease was primarily due largely due to a decline in loans from other credit institutions and repo liabilities.

2.2.6 Issued debt securities

The portfolio of **interbank liabilities** amounted to HUF 2,051.0 bn (HUF -84.1 bn p/p; HUF -442.1 bn y/y) at the end of 2Q 2024.

During 2Q 2024, the Bank announced three subscription periods for the placement of senior bonds, mainly sold to retail customers, during which a total of HUF 10,650,030,000 and EUR 3,400,000 bonds were placed. These issues were made under the HUF 400 billion domestic issuance programme

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approved by Decision H-KE-III-813/2023 of NBH dated 29 November 2023. At the same time, 9 HUF and 1 EUR denominated bond expired during the quarter, with the total nominal value of HUF 25,246,980,000 and EUR 36,900,000, respectively.

In view of the regulatory compliance with MREL requirements and the increasing need to restructure the client's liabilities from deposits to bonds, MBH Bank plans to renew its current (domestic) issuance programme with a total amount of HUF 500 billion. The renewal of the bond programme will be subject to the approval of the new Base Prospectus by the MNB, which is expected in 4Q 2024.

In line with the above, MBH Bank set up an EMTN Programme in October 2023 with a total volume of EUR 1.5 billion and successfully completed an international bond issuance. The EMTN Programme, launched last year and listed on the Luxembourg Stock Exchange, will expire on 2 October 2024. To maintain its international issuance capacity, MBH Bank also plans to renew the EMTN Programme.

Additional investor information: the Management is considering strategic options to increase MBH Bank's free float on the stock exchange within the next 24 months' time period.

2.2.7 Capital

MBH Group's **capital amounted to HUF 1,109.6 bn** at the end of 2Q 2024.

Capital accumulation continued both in p/p and y/y terms: +3.3% and +24.3% respectively, significantly increasing the shock absorbing capabilities of the Bank.

2.2.8 Off-balance sheet exposures to customers

MBH Group's **off-balance sheet exposure** reached HUF 1,879.5 bn at the end of 2Q 2024, corresponding to a 6.9% (HUF +122.1 bn p/p) increase on a quarterly basis (+22.0%; HUF 339.4 bn y/y). The year-on-year growth was attributable to an increase in the volume of loan commitments given (+25.8% y/y) and other commitments given (+16.8% y/y).

2.3 Capital adequacy

The capital adequacy of MBH Bank Group remains strong, with a **capital adequacy ratio (CAR)** of **19.3%** at the end of 2Q 2024 (-35 bps y/y), and **CET1** ratio of **17.8%**. The capital adequacy ratio significantly exceeds the regulatory minimum requirements, thus providing a convenient capital buffer for the Group's operations.

In 2Q 2024, T1 capital increased by 5.0% over the quarter (+28.1% y/y). Please note, that the intra-year unaudited after-tax profit is not taken into account in the regulatory capital under the IFRS rules.

The growth in RWA (HUF +128.2 bn p/p) in 2Q 2024 was parallel with the gross loan increase, resulting in HUF 5,301.2 bn volume.

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2.4 Presentation of business segment results

In this chapter, MBH Group's customer portfolio and market share are presented by segments. The segments are formed according to the requirements used in the reports prepared for the National Bank of Hungary (HNB), and the portfolios are presented accordingly.

2.4.1 Corporate and institutional customers

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

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

MBH Bank Group remained an active participant in the continually renewed Széchenyi Card Program. In the SZKP MAX+ program, which has been launched in January 2023 and is still running, MBH Bank market share increased to 27% regarding the number of loan applications in the Corporate business segment, including micro and small companies.

From 1 July 2024, the scheme will continue under the same name and conditions, but the products will be eligible only for a small amount of aid (deminimis).

MBH Bank significantly strengthened its position in the factoring and trade finance market, doubling its market share. The Bank aims to provide working capital financing for more corporate clients with its own products.

MBH Bank has traditionally maintained close ties with Eximbank to enable customers to benefit from EXIM financing sources. In order to provide flexible and comprehensive services to its customers, the Bank continues to actively participate in all subsidized loan programs announced by Eximbank, including the Baross Gábor Reindustrialisation Investment Loan Programme Plus, which is scheduled to continue in 2024, where a total of 160 billion forints out of the 200 billion forint budget became available for commercial banks for investment loans with a fixed low interest rate in forints and euros until the end of the maturity period. The bank's clients have requested these products in significant amounts, including for green investment purposes.

MBH Bank has joined the MFB Corporate Energy Efficiency Loan Program. This makes Hungary's first investment loan program, which fully complies with the EU taxonomy regulation, available to our customers. Within the framework of this construction, our clients can obtain loans from EIB/CEB sources for their green investments, refinanced by MFB.

In the second quarter of 2024, there was high demand for subsidized loan products compared to market-rate loans. These products offer a significantly lower interest burden for companies, which enhances the competitiveness of domestic businesses both domestically and internationally.

Among the corporate loans, the portfolio of non-financial enterprises (based on the segmentation as per the HNB's statistics requirements) amounts to HUF 2,496.5 bn, 4.2% higher than in the previous quarter, while on an annual basis the change was 9.6% (HUF +217.7 bn). The Bank's market share reached 19.4% at the end of the quarter.

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The gross loan portfolio of large non-financial corporations increased by HUF 193.8 bn to HUF 837.6 bn compared to the same period last year (+15.4% p/p). The loan portfolio of medium-sized enterprises decreased by HUF 2.0 bn during the quarter, it reached to HUF 1,063.4 bn (+1.5% y/y).

The non-financial corporate deposit portfolio (based on the segmentation as per the HNB's statistics requirements) increased by 11.6% y/y to HUF 3,164.9 bn (HUF +37.8 bn p/p). The Bank's market share reached 20.0% at the end of the quarter.

Agricultural clients

Market environment and business results

Factors shaping the market environment have had mixed, overall, moderately negative effects on agricultural and food finance, but the trends visible suggest a subsequent improvement:

- Farm business profitability, to varying degrees and along different patterns depending on the sector, has shown very significant fluctuations over the past period, making farmers and industry players cautious. Hungarian cereal exports have recovered to their previous level, with the sector exporting 800-900 thousand tonnes per month.
- Arable crop production showed strong volume growth in 2023 thanks to a favourable weather environment, but a significant fall in prices limited revenue growth, and profitability did not improve significantly compared to 2022.
- The livestock sectors have been highly profitable as a result of consolidating energy prices and low feed costs, with better utilisation of production capacity created in previous years.
- In the food sectors, the end-user demand side reflects the decline in real income over the past year, with food retail sales up 5% from a low base in the previous year.
- The rate of decline in interbank reference rates, which affect market interest rates, has slowed, but has not been a significant factor in stimulating credit demand.
- The first tenders of the CAP Strategic Plan have been launched in the period concerned - in the food and horticulture sectors - so we expect growth in the credit market to come first in these segments.

Business results:

- Also as a result of the above effects, the on-balance sheet lending of the clientele managed by the business line for agricultural, food and related agribusiness activities stagnated during the quarter.
- actor-based financing activity continued to expand in 2024, mainly through the pre-financing of normative subsidies.
- In line with seasonal movements in agriculture, business sector deposits fell in the quarter under review, mainly due to low sales prices and higher buying of input materials.
- MBH Bank continues to be the clear market leader in the Agricultural Széchenyi Card Programme, which is still a key factor in the current market (interest rate) environment and in the growth of small and medium farm loans.

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Partnership with the Agricultural Business Credit Guarantee Foundation (AVHGA):

- The Managing Director of the Business Unit has taken on a role as a member of the Supervisory Board of AVHGA from 2023 to further develop the cooperation between the parties.
- In the quarter under review, the portfolio of both the Agricultural Széchenyi Card (ASZK) and the Agricultural Széchenyi Investment Loan (ASZB) registered with MBH Bank increased.
- In the Agricultural Széchenyi Card (ASZK) programme, four out of five transactions are financed by MBH Bank's agricultural business, while the Bank also has a market-leading share in the Agricultural Széchenyi Investment Loan (over 50% in both volume and number of transactions).

Professional appearances of the Business Unit, participation in events:

- AgriTrend Index press presentation: the Agri-Food Business Unit of MBH Bank presented its analysis for the first quarter of 2024, its agri-food confidence index, based on the assessment of clients, interprofessional organisations and the Bank's analysts, and which precedes official statistics.
- During the period under review, the Business Unit presented its financing strategy for the CAP Strategic Plan tenders to its clients in the framework of a nationwide roadshow, and also informed them about the changes in the new tendering cycle, which was mainly attended by the Business Unit's small and medium sized agricultural clients.
- At the 1st MBH Food Business Forum in Tihany, the business unit presented its "Food Industry Champion Strategy" to its large agribusiness clientele, in connection with the CAP Strategic Plan tenders.
- The business unit participated as an exhibitor at the XXXI Alföld Livestock Farming Days, the most important trade fair in Hungary, where the Bank signed a new cooperation agreement with the interprofessional organisations under the Ministry of Agriculture, the Hungarian Livestock Breeders' Association, the National Association of Cereal Growers, the Milk Interprofessional Organisation and Product Council and the FruitVeb Fruit and Vegetable Interprofessional Organisation and Product Council. The signing with the Poultry Product Council took place in the framework of the World Poultry Day in May.
- We were speakers and sponsors of the Portfolio Agrofood and Agrofuturo conferences, and we were also a key partner of FruitVeb's Hungarian Tomato Day and other local events.

Churches

In 2Q 2024, the specialised area of MBH Bank dedicated to serving church clients continued the strategy started in the previous year, deepening its active cooperation with the highest level of all three historic churches. As a result, in May 2024, the Bank signed a strategic cooperation agreement with the Hungarian Catholic Bishops' Conference.

MBH Bank currently manages nearly 2,000 church clients. The priority of the church sector is to reach out to the network of educational, social and health institutions run by churches and to further expand its existing business relationships.

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The number of large churches institutions, legal entities with accounts with MBH Bank further increased in 2Q and the Bank continued reaching out to church employees through its employer partner programme.

In addition to financial service, MBH Bank is actively involved in the daily life of church organisations through social responsibility programmes and sponsorship of various events.

Municipal clients

In 2Q 2024, MBH Bank's Municipal segment continued to increase its market activity, with a special focus on providing high quality services to municipal customers and municipal-owned corporate customers.

MBH Bank aims to become a market leader in the entire municipal segment. It is already the number one player in eight counties (Baranya, Borsod-Abaúj-Zemplén, Csongrád-Csanád, Győr-Moson-Sopron, Hajdú-Bihar, Heves, Jász-Nagykun-Szolnok, Komárom-Esztergom) in terms of the number of local governments with accounts. In the Hungarian market as a whole, the Bank has maintained its second position and strengthened its position in the customer base through the successful acquisition of significant municipalities and municipalities with county rights. From April 2024, MBH Bank is also the exclusive account manager of Békéscsaba Municipality, which makes it one of Békéscsaba's largest employers and supporters, as almost 600 employees work in the city.

MBH Bank currently manages the accounts of 1,258 municipalities and their institutions (primary education institutions, kindergartens, nurseries, etc.). The aim of this area is to give greater emphasis within the portfolio to the full range of services provided to customers with municipal and county status.

As a result of the complex service delivery model, the municipal sector is strengthening its role in financing Esco projects and continues to be a key participant in the successful delivery of services to a number of public-private mixed water utility customers.

MBH Bank's Municipal Area is focused on boardening its involvement in local communities and local economic and social ecosystems, supported by a dedicated and expanded management and reference team with specific municipal and banking experience.

2.4.2 Retail customers

In retail account products, the bank launched several account opening promotions to support the realization of business plans in Q2 2024. Product modernization processes are progressing as planned, new current account products were created. The bank's main business objective is to simplify the portfolio with more uniform products to foster the digital transformation of the bank.

In retail savings investment funds remained the most popular, in particular short bonds, long bonds and mixed investment funds. During the quarter the subscription of own bonds was successfully realized in several phases for the retail clients.

Visa Sustainable card design was changed in the spring of 2024 for retail bank cards. The card got a unique Olympic design for the applications between 2nd April and 9th August. Due to a cooperation with the Hungarian Olympic Commission (MOB) the bank started the sales of the MOB Visa Classic cards from 24th June for MOB members, officials, delegates, leaders, and other persons. Eligibility must be

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proved with a certificate issued by MOB. The card has a unique sporty design and has no yearly card fee in the first two years.

The Bank continued to voluntarily support the institution of APR cap and set the interest rate of home loans with market conditions below the 7.3% cap.

Besides the usual seasonality in spring the increase in sales of the CSOK Plusz loan had a positive impact on the mortgage loan market. To increase the market share the bank refined the pricing framework of non-supported loans, and realized a smaller, differentiated 10-20 basis point interest rate cut.

The Baby Loan cash back promotion announced from 1 January 2024, continued during the quarter.

Further increase of the personal loan sales volume was stimulated by integrated campaigns (ATL & BTL), thanks to this the Bank's market share is continuously and dynamically increasing. Market competition is intensive, but the bank is a successful player due to the improved product offers and to the fine-tuning of the target groups. The bank developed an automated loan offer for pre-approved customers, loans with predefined credit aim and MFB Home renovation program is supported with targeted personal loan products.

In 2Q 2024, in spite of the end of cooperation with Tesco, credit card sales did not fall back, the bank met its objectives both in the 3rd party and in the branch sales. The number of Post sales points increased to 540 and the bank started to build up the mobile sales network.

In 2Q 2024, credit card sales exceeded targets in both partner and branch sales. The expansion of the number of Posta points of sale has been completed, with 553 post offices nationwide now offering ÉnPostám credit cards and MBH personal loans. MBH Bank has again won the Media Markt's tender for merchandise lending, based on which the parties have extended their cooperation until 30 September 2026.

The closing volume of retail deposits (based on segmentation according to the HNB's statistics criteria) was HUF 2,402.6 bn, which means an increase of 1.6% p/p. The Bank's market share reached 19.4% at the end of the quarter.

The number of MBH SZÉP card holders exceeded 265 thousand by the end of the second quarter.

Cardholders received HUF 12,4 billion employer contribution via 284 thousand transactions between 1 March and 30 June. The number of transactions linked to employer contributions increased by 0.7%, while the amount of received contributions increased by 2.2% compared to the same period of the last year.

MBH SZÉP cardholders spent HUF 10.65 billion via 1.75 million transactions between 1 January and 31 March. The number of transactions decreased by 11.7% and the amount spent decreased by 9.9% compared to the same period of the last year.

Cardholders can pay with their MBH SZÉP card at almost 40 thousand acceptance points.

Products from state support schemes continued to account for a significant share of new volumes in the second quarter, with CSOK PLUS standing out with its overall volume and average loan amount.

Funding costs rose slightly compared to the previous quarter, but mortgage rates were kept at competitive levels, making MBH schemes a preferred choice for intermediaries.

The growth rate of previous quarters continued. In a growing market, MBH Bank was able to further increase its market share, which was largely due to intermediary activity.

MBH Bank currently works with a total of 69 credit intermediaries 877 retail partners.

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The volume of MBH Group's retail loans (based on segmentation according to the HNB's statistics criteria) at the end of 2Q 2024 amounted to HUF 2,100.4 bn, which represents an increase of HUF 42.5 bn compared to the previous quarter. On a year-on-year basis, the increase reached HUF 566.2 bn. The significant change already reflects the impact of the Fundamenta transaction. The market share of the Bank reached 21.0% at the end of 2Q 2024.

The closing portfolio of mortgage loans amounted to HUF 1,428.9 bn at the end of the quarter (HUF +532.2 bn y/y, HUF +29.8 bn p/p). The Bank's market share reached 23.8%. The portfolio of consumer and other unsecured loans increased by 5.3% year on year, thus amounting to HUF 671.5 bn at the end of the period (+33.9 bn y/y).

To meet its business objectives, CIG Pannónia Insurance company introduced the CIG360 Life-, Accident- and Health insurance product replacing the previous Pannónia Bárka Life-, Accident- and Health insurance product. The new product is more adapted to clients' expectations, coverages were expanded and thus a wider range of customers' needs can be satisfied.

Group insurances reached 61% growth in the second quarter of 2024, compared to the same period of 2023, mostly driven by payment protection insurance. The highest increase is visible in the sales of PPI related to personal loans and mortgage loans.

In individual life insurances, the annual portfolio premium increased to 114% compared to the same period of the previous year in case of regular premium insurance, while in case of one-time fee insurances the increase was 181%.

Thanks to the recovery of the mortgage market and the home insurance campaign launched by the Ministry of National Economy in March 2024 the portfolio fees of the home insurances sold almost tripled (273%) compared to the previous year's same period.

The number of premium clients continued to increase in the second quarter; the amount of managed assets increased to HUF 878 bn (7,1% increase compared to the previous quarter). Investment penetration rate of the portfolio is 82,5% with a steadily growing trend. The diversification of investment portfolios continued; the share of investment funds reached 40.3% in the portfolio.

MBH Private Banking

MBH Bank Private Banking is the youngest player on the domestic market and one of the most experienced at the same time.

In addition to private individuals with significant savings, Private Banking services are also available to actively investing companies.

In November 2023, the MBH Investment Bank had been established within the MBH Group. 80% of the Private Banking business became part of this Investment Bank and 20% remained in MBH Bank in order to maintain the usual commercial banking functions to the customers.

In addition to the core activity of MBH Bank Private Banking, it is a gold-level supporting member of the Association of Socially Utility Investors, an important element of which is the support of family wealth planning, and its special branch is the increasingly important topic of succession planning and inheritance.

Continuing the trend of the previous years, it was possible to significantly increase the volume of the portfolio managed by private banks. Taking advantage of market conditions, developing the skills of private banker colleagues, and increasing the number of services and products available to clients, the

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client assets managed in the business branch exceed HUF 1,420 billion, making it the second largest private bank managing assets on the domestic market.

Micro and small business segment:

Széchenyi Card Programme MAX+ will be available in 2024. In this context, interest in overdrafts and working capital loans has remained unbroken in the recent period, i.e. free-use loans providing liquidity remain the most popular. Investment, on the other hand, remains on the sidelines. Customers are still getting acquainted with the green credit targets launched this year under the Széchenyi Card Programme, which is popular among SMEs.

In the short term, we expect government-subsidised loans to continue to drive the market as the Széchenyi Card Programme continues, with own-source loans taking a back seat. Therefore, the value proposition to customers is high quality banking services, i.e. there will continue to be a strong focus on improving the loan servicing processes.

Within non-financial corporations, the loan portfolio of microenterprises stood at HUF 486.7 bn (-3.2% p/p; -12.3% y/y) at the end of the period.

MFB Points

In the second quarter of 2024, MBH Bank made significant progress the MFB Pont Plus in the framework of the EU financial cycle 2021-2027. The Bank successfully applied for the develop of the Retail MFB Pont Plus network, resulting 154 Retail MFB Pont Plus branches opened nationwide during the quarter. The Bank conducted necessary trainings and examinations for the retail MFB Pont Plus network, which ensure the necessary knowledge the new retail products. In addition, preparations have started for the cycle of the first retail products, which called the Home Renovation Program and provides interest-free loan and non-refundable subsidies for the retail energy efficiency investments.

During the quarter, the first corporate MFB Point Plus product debuted, which in the form of an interest-free investment loan, it named the SME Technology Plus Loan Programme. Acceptance of deals related for the new product started on 30 April 2024. In the first two months, a total of 137 transactions were recorded, with a total value of amounted to HUF 7.4 billion.

During the quarter, MBH Bank made significant steps in the area of retail and corporate financial services, taking advantage of EU financing opportunities, which contribute for achieving the Bank's strategic goals and support the Hungarian economy.

Branch network

In 2Q 2024, Retail Business Development and the Branch network constantly collaborated in order to integrate the system of strategic goals of the different areas. The completion of the Fundamenta acquisition is decisive for the business growth of Retail Services. In the recent period, a number of business ambitions have been reconciled, that helped both Fundamenta and MBH customer base with unique value propositions.

As in the previous quarter, the product consolidation project goals were continually fulfilled by the Branch network in order to available a simpler and more uniform product offer to our customers. The strategic role of Retail Self-service network development has become a high priority in the past three months in connection with the modernization of ATMs in the Branch Network. MBH Bank's aims to

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standardize and modernize the ATM network by developing self-service tools and establishing self-service points. In addition to branch service, the Bank considers it important that customers can carry out their cash withdrawal, deposit and other simple routine transactions 24 hours a day.

The installation of Customer Call Equipment has stable continued the branch network in order to create uniform appearance, convenience and digital transformation over the past three months. The technological capabilities of new uniform Customer Call application are higher, thanks to which online program appointment booking functions can be exploitable, which branch customer traffic and service capacity can be better planned and quality customer service can be realized.

The Bank's number one strategic target is to increase sales efficiency. In the previous quarter, intensive work happened in order to allow customer service agents to spend proportionally more time on direct sales. Training and gaining practical experience of entry colleagues at the highest possible level in order to support the training program, instructor accounts were surveyed and selected at several locations nationwide, and appropriate mentors were also invited and appointed. In Q2 2024, MBH Bank Sales Efficiency Program entered its fourth phase of on-site implementation, with the expansion wave on track to reach nearly half of the network. MBH Bank's sales efficiency programme was also presented at Hungary's first sales-focused festival on 13 June 2024 at the Sales Fest event in Budapest's Millenáris Park, where the programme's main objectives and results were presented in a series of forums and presentations.

2.4.3 Leasing

Euroleasing

The consolidated MBH Group includes the dominant operators of the domestic leasing market, Euroleasing Ltd., Budapest Lízing Ltd. and Euroleasing Ingatlan Ltd. The leasing group has a market share of more than 25 percent based on the newly placed, aggregated leasing stock – all showing the importance of this step.

Car financing activity

The further growth of the financing market was also supported in the first half of 2024 by a turnaround in interest rates and significant sales support from importers and dealers, mainly in the form of interest rate subsidies in addition to price support.

In the first half of 2024, the volume of new car sales increased compared to the same period in 2023, but at the same time car prices and thus the average financing amount also decreased slightly.

Euroleasing Ltd. market role is also supported by partnership agreements with numerous importers and significant dealer networks.

The company will also cooperate with Magyar Posta Ltd. and MBH Duna Bank Ltd. in order to sell its products as widely as possible.

Asset financing activity

The leasing group has a dominant market position in the asset financing leasing market and

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achieved a leading position with a significant market share in its two most significant segments, the financing of agricultural equipment and commercial vehicles.

Every third investment in agricultural equipment financed through leasing and every fifth purchase of commercial vehicles financed through leasing was carried out with the support of Euroleasing in 2023 and in 1Q and 2Q 2024. Excellent partnerships with the largest agricultural machinery dealers, limit-oriented service to returning customers and efficient cross-selling within the banking group have contributed significantly to increasing market share and maintaining market leadership.

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

The deterioration in the economic environment was transmitted to the asset finance market through a contraction in investment appetite and demand from the second half of 2023. This decline in demand is expected to continue to be adequately cushioned by government economic stimulus programmes and sales support solutions from manufacturers/distributors.

Changes in the economic environment affecting the leasing group

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

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

2.4.4 Investment services and Treasury activities

Treasury

In 2Q 2024, with a sideways forint, the foreign exchange market was characterised by relatively low volatility, but the Treasury made good use of the market opportunities while maintaining risk exposures low.

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

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

ALM & Liquidity service

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

Sales

The focus in the second quarter was on familiarising corporate customers with treasury products and emphasising the importance of managing foreign exchange risk, which was presented not only at

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bilateral customer meetings, but also at Treasury Breakfast events in Budapest and in several county capitals. In parallel, portfolio reviews and customer negotiation continued under the new service model introduced in the first quarter. The quarter volatility was relatively low on average, the nominal exchange rate level of the forint generated less interest among customers seeking cover.

Corporate Finance

During 2Q 2024, the Bank announced three underwriting periods for the placement of senior bonds denominated in HUF and EUR, mainly sold to retail customers, and successfully completed three issues. These issues took place in the framework of the Bank's domestic issuance programme of HUF 400 billion.

Intermediary currency exchange

2Q was a good quarter for intermediary currency exchange activity, with a significant increase in the volume of business compared to the same period last year.

Investment services

Investment services - sales

In 2Q 2024, interest in Premium Hungarian Government Bonds remained strong, although demand for bonds repriced at the beginning of the year declined markedly at the end of the quarter. The short side of the yield curve continued to decline, including yields on discount Treasury bills, but this did not materially reduce turnover. Alternative investment yields are starting to converge towards the 6-7% range. Both domestic and foreign equity flows were able to grow, supported by falling bond yields. Foreign exchange continued to be very prominent, remaining a flagship area in 2Q.

Investment Products and Services Management

In 2Q 2024, MBH Bank maintained its position as one of the largest securities distribution networks in the Hungarian market and continues to develop its network in line with its objectives.

MBH Befektetési Bank Zrt. commenced its operations in 4Q 2023 as a member of MBH Group. The Investment Bank renewed its pre-existing partnership agreements, under which securities brokerage services are provided at business entities and bank branches in addition to the intermediary network of MBH Group.

In line with its long-term investment services strategy, in the second quarter of the year:

- MBH Group continued its certificate distribution operations, as 6 new structured bonds denominated in HUF as well as USD and EUR were issued,
- Under the retail bond program, MBH Group launched new retail bonds denominated in HUF and in EUR on the monthly basis,
- Several thousand new securities accounts were opened in the retail and corporate segments,
- The portfolio volume of investment fund units ended the quarter 7% up on the first quarter of the year,
- During the quarter, MBH Alapkezelő Zrt. continued optimizing its investment fund offering along with designing and developing new products.

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- According to the plan the consolidation of the product portfolios will be going on in 2024. Furthermore in 2Q 2024 a new, private real estate fund has been launched.

As of 30 June 2024, the Fund Manager managed a total of HUF 2 435,3 billion in net assets under management, representing a market share of 10.73%². Within this, it invests HUF 1 700,3 billion in 68 investment funds and 2 private equity funds and manages assets totalling HUF 735 billion for 9 funds, 3 insurance companies and 6 other customers in the context of portfolio management. MBH Fund Management is ranked second among pension fund asset managers³ (in terms of assets under management).

Custody Sales

The growth in the institutional depository portfolio remained steady, with a commensurate increase in revenue. The expected realisation of acquisition opportunities in 2Q points to an expanding growth spectrum for the coming periods.

2.5 ESG strategy of MBH Group

In autumn 2022, MBH Bank (then known as MKB Bank) signed a cooperation agreement to implement the Principles for Responsible Banking (PRB) within the UN Environment Programme Finance Initiative.

As a first step in the performance measurement phase, the Bank has recently reviewed the sectors that are also financed by MBH and are considered key sectors in the UN PRB terminology.

In line with the scheduling, **the Bank published its first report ([MBH Bank UNEPFI PRB Report and Self Assessment May 2024.pdf \(mbhbank.hu\)](#))** in May 2024.

Considering the specificities of Hungary and the Bank's exposure, the two areas selected are those in which MBH will make commitments in the coming years:

- **Climate Stability**
- **Biodiversity and Healthy Ecosystems**

In line with the progress objectives, the Bank will set up working groups, involving experts from the relevant business areas. These groups will identify the indicators to be used in the target setting phase. The results of this process and their progress on decarbonisation will be reported in the next PRB Disclosures.

² Resource: BAMOSZ (market share)

³ Resource: BAMOSZ (market share)

2.6 Awards and recognitions



Hungarian Banking Association

Golden Beehive Award - dr. Tisza-Papp Ákos, Managing Director of Law and Governance at MBH Bank



JOBVERSE Job Fair

- MBH Bank was one of the TOP3 most popular and successful exhibitors.
- MBH Bank ranked first among the participating banks in terms of the number of job applications submitted.



FocusEconomics

Analyst Forecast Awards 2024

- Hungary Exchange Rate – 1st place
- Hungary Interest Rate – 1st place
- Hungary Inflation – 1st place



HR Fest

Based on **Zyntern.com's** great entry-level research of 2024 MBH Bank is:

- One of Hungary's most attractive employers (TOP15)
- Most Attractive Employer in the Field of Economics – 2nd place

HRportal



A 20 legbefolyásosabb magyar HR vezető 2024-ben: Dobi Kitti, a MBH Bank HR vezérigazgató-helyettese

Folytatjuk a 20 legbefolyásosabb magyar HR vezetőt bemutató sorozatunkat. Másodszor állította össze a listát a HR Portal, amelyen új szereplőként jelent meg Dobi Kitti, az MBH Bank HR vezérigazgató-helyettese, aki levezényelt egy Magyarországon egyedülálló bankfuziót HR szempontból. Az ő gondolatait osztjuk meg vezetésről, a bank aktuális HR projekteiről, és arról is, mit tanácsol a következő HR-es generációnak.

HR Portal

The 20 most influential Hungarian HR leaders in 2024 - Kitti Dobi, Deputy CEO of HR at MBH Bank

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Declaration

MBH Bank Nyrt. (hereinafter Bank) issues the following declaration in relation to its report on the 2Q 2024 results (Flash Report):

The Bank declares that the Flash Report has been prepared in compliance with the applicable accounting regulations. The Flash Report, prepared according to the best knowledge and information of the experts and decision-making managers of the Bank concerned reflects a true and fair view of the assets and liabilities, financial position and profit and loss of the Bank as securities issuer and the consolidated companies, furthermore the 2Q 2024 financial statements give a fair view of the position, development and performance of the Bank, disclosing the risks and the factors of uncertainty.

No independent audit report has been prepared for the Flash Report.

Budapest, 29th August 2024

MBH Bank Nyrt.

Mr Zsolt Barna, dr.
Chairman Chief Executive

Mr Péter Krizsanovich
Deputy Chief Executive Officer
for Strategy and Finances

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3 FINANCIAL FIGURES

3.1 Correction factors 1H 2024

in HUF million	1H 2024 Accounting Report	Structure corrections	Business corrections					Adjusted PAT
			Banking tax	Extra profit tax	Extra OBA fee	Badwill	Integration costs	
Interest income	538,204	4,874	0	0	0	0	0	543,078
Interest expense	-270,854	-3,849	0	0	0	0	0	-274,703
Net interest income	267,350	1,025.70	0	0	0	0	0	268,376
Net income from commissions and fees	73,379	-24,047	0	0	0	0	0	49,332
Results from financial instruments	4,281	-5,251	0	0	0	0	0	-970
Other operating income / (expense), net	-137	2,182	2,760	0	-5,836	0	0	-1,031
Impairments and provisions for losses	-16,332	233	0	0	0	0	0	-16,099
Dividend income	1,074	-1,074	0	0	0	0	0	0
Share of jointly controlled and associated comp	2,914	-2,914	0	0	0	0	0	0
Operating expenses	-203,131	29,846	16,448	13,995	5,836	0	0	-137,006
Profit / (Loss) before taxation	129,398	0	19,209	13,995	0	0	0	162,602
Income tax expense / (income)	-20,603	0	-1,729	-1,260	0	0	0	-23,592
PROFIT/ (LOSS) FOR THE YEAR	108,795	0	17,480	12,735	0	0	0	139,010
Other comprehensive income	-20,124	0	0	0	0	0	0	-20,124
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	88,671	0	17,480	12,735	0	0	0	118,886

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in HUF million	2Q 2024 Report	Structure corrections				Adjusted BS structure
		Liabilities	Assets			
		Customer deposits and other liabilities reclassification	Customer loans and other assets reclassification	Cash reserves and interbank loans reclassification	Cash reserves and other assets reclassification	
Total Assets	11,727,053	0	0	0	0	11,727,053
Cash reserves	73,460			378	966	74,804
Loans and advances to banks	1,298,086			-378		1,297,707
Trading portfolio	236,968					236,968
Securities	4,051,626					4,051,626
Loans and advances to customers	5,524,845					5,524,845
Other assets	202,809		-72		-966	201,771.61
Investments in jointly controlled entities and associates	122,771					122,771
Intangibles, property and equipment	216,487		72			216,559
Total liabilities and equity	11,727,053	0	0	0	0	11,727,053
Total liabilities	10,617,452	0	0	0	0	10,617,452
Amounts due to other banks	2,051,023					2,051,023
Deposits and current accounts	7,626,029					7,626,029
Derivate financial liabilities	144,935					144,935
Other liabilities and provisions	201,560					201,560
Issued debt securities	593,904					593,904
Shareholders' Equity	1,109,601	0	0	0	0	1,109,601
Share capital	322,530					322,530
Reserves	787,072					787,072

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3.2 Consolidated, non-audited financial statements of the MBH Group according to IFRS

3.2.1 Income statement

in HUF million	1H 2023	1H 2024
Interest and similar to interest income	589,449	538,204
Interest and similar to interest expense	(306,112)	(270,854)
Net interest income	283,337	267,350
Net income from commissions and fees	64,635	73,379
Results from financial instruments	(1,846)	4,281
Other operating income / (expense), net	7,542	2,777
(Impairment) / Reversal on financial and non-financial instruments	(30,080)	(16,332)
Dividend income	1,610	1,074
Operating expense	(222,839)	(203,131)
Profit before taxation	102,359	129,398
Income tax income / (expense)	(17,651)	(20,603)
PROFIT FOR THE YEAR	84,708	108,795
Other comprehensive income	25,683	(20,124)
TOTAL COMPREHENSIVE INCOME	110,391	88,671

Company name: MBH Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.04.2024-30.06.2024

Phone: +36 (1) 268-7173
E-mail address: investorrelations@mbhbank.hu
Investors' contact person: Gergely Gózon

3.2.2 Balance sheet

in HUF million	YE 2023	2Q 2024
Assets		
Cash and cash equivalents	1,347,889	1,172,715
Financial assets measured at fair value through profit or loss	756,308	752,199
Loans and advances to customers mandatorily at fair value through profit or loss	510,988	537,745
Securities held for trading	2,621	1,786
Securities mandatorily at fair value through profit or loss	47,516	49,182
Derivative financial assets	195,183	163,486
Hedging derivative assets	73,652	71,793
Financial assets measured at fair value through other comprehensive income (Securities)	912,538	896,929
Financial assets measured at amortised cost	7,689,462	8,515,465
Loans and advances to banks	106,544	152,449
Loans and advances to customers	4,390,428	4,987,100
Repurchase assets	17,918	1,540
Securities	3,010,864	3,169,629
Other financial assets	163,708	204,747
Investments in subsidiaries and associates	55,169	58,825
Intangible assets, Property, plant and equipment	191,595	216,487
Other assets	80,435	42,640
Total assets	11,107,048	11,727,053
Liabilities		
Financial liabilities measured at fair value through profit or loss	152,581	130,380
Financial liabilities measured at amortised cost	9,789,825	10,349,293
Amounts due to banks	2,027,667	1,960,262
Amounts due to customers	6,957,100	7,626,029
Repurchase liabilities	11,767	7,844
Issued debt securities	520,901	499,802
Subordinated debt	108,341	94,103
Other financial liabilities	164,049	161,253
Hedging derivative liabilities	17,018	20,250
Provisions	31,240	36,124
Other liabilities	93,013	81,404
Total liabilities	10,083,677	10,617,451
Equity		
Share capital	322,530	322,530
Reserves	700,841	787,072
Total equity	1,023,371	1,109,602
Total liabilities and equity	11,107,048	11,727,053

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Investors' contact person: Gergely Gózon

3.2.3 Shareholders' assets

in HUF million	Share capital	Share premium	Retained earnings	Other reserves	Accumulated other comprehensive income	Non-controlling interests	Total equity
On 1 January 2023	321,699	313,947	121,534	32,552	(21,357)	40,361	808,736
Profit/ (loss) for the year	-	-	176,679	-	-	6,511	183,190
Other comprehensive income for the year	-	-	-	-	57,554	359	57,913
Total comprehensive income	-	-	176,679	-	57,554	6,870	241,103
Share issue and share premium	-	-	-	-	-	-	-
Dividend	-	-	(25,093)	-	-	-	(25,093)
General reserve for the year	-	-	(11,832)	11,832	-	-	-
Changes from business combination - Takarékbank Zrt. merger	831	34,947	(39,578)	6,682	-	(3,108)	(226)
Other increases and decreases from business combinations	-	-	(277)	-	268	(1,140)	(1,149)
Transactions with owners	831	34,947	(76,780)	18,514	268	(4,248)	(26,468)
At 31 December 2023	322,530	348,894	221,433	51,066	36,465	42,983	1,023,371
At 1 January 2024	322,530	348,894	221,433	51,066	36,465	42,983	1,023,371
Profit/ (loss) for the year	-	-	104,673	-	-	4,122	108,795
Other comprehensive income for the year	-	-	-	-	(20,101)	(23)	(20,124)
Total comprehensive income	-	-	104,673	-	(20,101)	4,099	88,671
Dividend	-	-	(24,512)	-	-	(2,280)	(26,792)
General reserve for the year	-	-	-	-	-	-	-
Other correction	-	-	-	-	-	-	-
Equalisation reserve	-	-	(8,748)	8,748	-	-	-
Other increases and decreases from business combinations	-	-	-	-	-	21,607	21,607
Transactions with owners	-	-	(34,700)	8,748	(9)	23,521	(2,440)
At 30 June 2024	322,530	348,894	291,406	59,814	16,355	70,603	1,109,602

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3.3 Individual, non-audited financial statements of MBH Bank Nyrt. according to IFRS

3.3.1 Income statement

in HUF million	1H 2023	1H 2024
Interest and similar to interest income	501,820	518,265
Interest and similar to interest expense	(317,334)	(291,671)
Net interest income	184,486	226,594
Net income from commissions and fees	41,156	60,341
Results from financial instruments	(9,362)	12,034
Other operating income / (expense), net	6,769	(2,634)
(Impairment) / Reversal on financial and non-financial instruments	(25,942)	(13,743)
Dividend income	6,068	10,881
Operating expense	(149,230)	(179,569)
Profit before taxation	53,945	113,904
Income tax income / (expense)	(8,882)	(16,562)
PROFIT FOR THE YEAR	45,063	97,342
Other comprehensive income	21,120	(21,961)
TOTAL COMPREHENSIVE INCOME	66,183	75,381

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3.3.2 Balance sheet

in HUF million	YE 2023	2Q 2024
Assets		
Cash and cash equivalents	1,305,409	1,144,638
Financial assets measured at fair value through profit or loss	720,727	718,587
Loans and advances to customers mandatorily at fair value through profit or loss	490,802	518,739
Securities held for trading	1,017	967
Securities mandatorily at fair value through profit or loss	37,736	37,870
Derivative financial assets	191,172	161,011
Hedging derivative assets	73,012	71,228
Financial assets measured at fair value through other comprehensive income (Securities)	906,612	868,630
Financial assets measured at amortised cost	7,578,461	7,870,560
Loans and advances to banks	456,886	505,047
Loans and advances to customers	4,272,323	4,371,305
Repurchase assets	34,533	5,960
Securities	2,655,843	2,793,099
Other financial assets	158,876	195,149
Investments in subsidiaries and associates	262,074	349,726
Intangible assets, Property, plant and equipment	92,601	93,591
Other assets	69,725	28,731
Total assets	11,008,621	11,145,691
Liabilities		
Financial liabilities measured at fair value through profit or loss	141,377	119,596
Financial liabilities measured at amortised cost	9,763,018	9,870,344
Amounts due to banks	2,324,268	2,334,271
Amounts due to customers	6,850,774	6,996,837
Repurchase liabilities	68,752	51,274
Issued debt securities	254,068	269,592
Subordinated debt	113,679	99,953
Other financial liabilities	151,477	118,417
Hedging derivative liabilities	17,018	20,250
Provisions	30,794	33,927
Other liabilities	75,782	70,074
Total liabilities	10,027,989	10,114,191
Equity		
Share capital	322,530	322,530
Reserves	658,102	708,970
Total equity	980,632	1,031,500
Total liabilities and equity	11,008,621	11,145,691

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3.3.3 Shareholders' assets

in HUF million	Share capital	Share premium	Retained earnings	Other reserve	Accumulated other comprehensive income	Total equity
On 1 January 2023	321,699	313,947	148,792	32,552	(23,978)	793,012
Profit/ (loss) for the year	-	-	118,316	-	-	118,316
Other comprehensive income for the year	-	-	-	-	51,283	51,283
Total comprehensive income for the year	-	-	118,316	-	51,283	169,599
Issue of share capital and share premium	-	-	-	-	-	-
Dividend	-	-	(25,092)	-	-	(25,092)
General reserve for the year	-	-	(11,832)	11,832	-	-
Increase / decrease due to the merger	831	34,947	6,952	6,682	(6,299)	43,113
At 31 December 2023	322,530	348,894	237,136	51,066	21,006	980,632
Transfer of the previous year's profit to Retained earnings	-	-	(24,512)	-	-	(24,512)
Profit/ (loss) for the year	-	-	97,342	-	-	97,342
Other comprehensive income for the year	-	-	-	-	(21,961)	(21,961)
Total comprehensive income	-	-	72,830	-	(21,961)	50,868
Dividend	-	-	-	-	-	-
General reserve for the year	-	-	-	-	-	-
On 30 June 2024	322,530	348,894	309,966	51,066	(955)	1,031,500

*Due to the application of uniform accounting policy principles, the general reserve is separated in the other reserve.

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3.4 Other information

Consolidated companies

Name of Company	Country of incorporation	Brief description of activities	MKB's share of ownership, total, according to Credit Institutions Act (%)	MKB's share of voting right, total (%)
Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt.	Hungary	Other monetary intermediation services	77.74	77.74
Fundamenta-Lakáskassza Pénzügyi Közvetítő Kft.	Hungary	Other auxiliary financial activities	100.00	100.00
Fundamenta Értéklánc Ingatlanközvetítő és Szolgáltató Kft.	Hungary	Real estate agency activity	100.00	100.00
MBH DOMO Kft.	Hungary	Renting and operating of own or leased real estate	100.00	100.00
MBH Befektetési Alapkezelő Zrt.	Hungary, Czech Republic	Fund management	75.54	75.54
Budapest Lízing Zrt.	Hungary	Financial leasing	100.00	100.00
Euroleasing Ingatlan Zrt.	Hungary	Other credit granting	100.00	100.00
Euroleasing Zrt.	Hungary	Financial leasing	100.00	100.00
Budapest Eszközfinanszírozó Zrt.	Hungary	Renting and leasing of other machinery, equipment and tangible goods	100.00	100.00
MBH Ingatlanfejlesztő Kft.	Hungary	Renting and operating of own or leased real estate	100.00	100.00
MBH Bank MRP Szervezet	Hungary	Entity operating based on the ESOP Act	100.00	100.00
MBH Befektetési Bank Zrt.	Hungary	Credit institution, investment and Treasury service	80.56	100.00
MBH Duna Bank Zrt.	Hungary	Other monetary intermediation services	98.46	98.46
MBH Jelzálogbank Nyrt.	Hungary	Issuance of mortgage bonds, refinancing of mortgage loans	48.46	48.57
Takarék Faktorház Zrt.	Hungary	Other credit granting	100.00	100.00
Takinfo Kft.	Hungary	Formerly: computer facilities management activities,	52.38	52.38
TAKARÉK Ingatlan Zrt.	Hungary	Management of real estate on a fee or contract basis	100.00	100.00
MBH Blue Sky Kft.	Hungary	Asset management (holding)	100.00	100.00
MITRA Informatikai Zrt.	Hungary	Data processing, hosting and related activities	96.47	96.47
MBH Szolgáltatások Zrt.	Hungary	Renting and operating of own or leased real estate	100.00	100.00
Magyar Strat-Alfa Befektetési Zrt.	Hungary	Buying and selling of own real estate Renting and operating of own or leased real	50.00	50.00

List and presentation of owners with more than 5% participation (30.06.2024)

Name	Number of shares	Ownership share (%)	Voting rights (%)
Hungarian Bankholding Ltd.	318 883 966	98.87%	98.87%

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Full-time employees

FTE, end of period	30.06.2023	30.09.2023	31.12.2023	31.03.2024	30.06.2024
MBH Bank Nyrt.	8,371.01	8,141.71	7,603.77	7,804.48	7,864.36
MITRA Informatikai Zrt.	149.55	144.65	144.70	139.70	139.95
MBH Ingatlanfejlesztő Kft.	28.72	26.72	24.61	22.87	23.87
MBH DOMO Kft.	0.00	2.00	3.00	5.33	9.08
Eurolízing	347.75	350.63	350.45	353.45	343.90
Alapkezelő	44.00	43.00	44.00	44.00	42.00
Budapest Eszközfinanszírozó Zrt.	4.25	5.25	6.75	7.50	7.50
MBH Bank MRP Szervezet	2.00	2.00	2.00	2.00	2.00
MBH Duna Bank Zrt.	0.00	170.75	168.50	169.63	167.13
MBH Befektetési Bank Zrt.	386.38	356.55	411.56	209.53	192.93
MBH Jelzálogbank Nyrt.	16.20	16.50	16.50	16.50	16.50
Fundamenta-Lakáskassza Lakás-takarék	0.00	0.00	0.00	561.05	558.68
Fundamenta Értéklánc Ingatlanközvetítő	0.00	0.00	0.00	4.50	4.50
Takarék Faktorház Zrt.	3.50	0.15	0.15	0.15	0.15
Takarék Ingatlan Zrt.	1.00	0.00	0.00	0.25	0.25
Euroleasing Ingatlan Zrt.	0.50	0.50	0.00	0.00	0.00
MBH Szolgáltatások Zrt.	69.53	61.88	61.83	63.70	58.70
MATAKEL	0.00	0.00	0.00	0.00	0.00
Takarék Központi Követelés Kezelő Zrt.	0.00	0.00	0.00	0.00	0.00
MBH Group	9,424.38	9,322.28	8,837.82	9,404.63	9,431.49

Managers and strategic employees

Type ¹	Name	Position	Beginning of mandate	End/termination of mandate	Number of shares held
IT, SP	Dr. Zsolt Barna	Chairman and CEO	01.01.2021	31.12.2025	0
IT	István Sárvány	member	04.04.2022	12.31.2025	0
IT	Dr. Balázs Vinnai	member	05.04.2022	12.31.2025	0
IT	Marcell Tamás Takács	member	30.07.2020	29.07.2025	0
IT, SP	Ádám Egerszegi	member	04.04.2022	12.31.2025	0
IT, SP	Levente László Szabó	member	04.04.2022	12.31.2025	0
IT	Andrea Mager	member	01.09.2022	31.08.2024	0
FB	Dr. Andor Nagy	Chairman	04.04.2022	12.31.2025	0
FB	Zsigmond Járai	member	04.04.2022	12.31.2025	0
FB	Miklós Vaszily	member	04.04.2022	12.31.2025	0
FB	Dr. Géza Láng	member	01.09.2022	12.31.2025	0
FB	Rita Feodor	member	01.09.2022	12.31.2025	0
FB, SP	Kitti Dobi	member	26.07.2021	24.07.2026	0
FB	Balázs Bechtold	member	26.07.2021	06.07.2026	0
FB	Dr. Ilona Török	member	02.09.2022	31.03.2026	0
FB	Dr. Árpád Kovács	member	26.03.2024	12.31.2025	0
SP	Ildikó Ginzer	Deputy CEO	21.12.2016		0
SP	Ádám Egerszegi	Deputy CEO	10.12.2021		0
SP	Levente László Szabó	Deputy CEO	10.12.2021		0
SP	Péter Krizsanovich	Deputy CEO	02.02.2023		0
SP	Kitti Dobi	Deputy CEO	09.12.2021		0
SP	András Bakonyi	Deputy CEO	15.06.2023		0
SP	András Puskás	Deputy CEO	16.06.2023		0
SP	Dr. Beatrix Mészáros	Deputy CEO	10.02.2022		0

¹ Employee in strategic position (SP), Board of Directors member (IT), Supervisory Board member (FB)

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4 ANNEXES

4.1 Financial indicators

4.1.1 Adjusted KPIs on profit&loss

KPI	Short description	Formulation	Current cumulated figures
ROAE	Adjusted rate on average equities	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{139,010}{1,070,366} * \frac{366}{182} = 26.12\%$
ROMC	Adjusted rate on minimum capital	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{139,010}{707,576} * \frac{366}{182} = 39.51\%$
ROAA	Adjusted rate on average total assets	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{139,010}{11,600,896} * \frac{366}{182} = 2.41\%$
TRM	Adjusted total revenue margin	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{315,707}{11,600,896} * \frac{366}{182} = 5.47\%$
CIM	Adjusted core income margin	$\frac{\text{Annualised adjusted net interest + net fee (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(268,376 + 49,332)}{11,600,896} * \frac{366}{182} = 5.51\%$
NIM	Adjusted net interest income margin	$\frac{\text{Annualised adjusted Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{268,376}{11,600,896} * \frac{366}{182} = 4.65\%$
NFM	Adjusted net fee margin	$\frac{\text{Annualised adjusted Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{49,332}{11,600,896} * \frac{366}{182} = 0.86\%$
C/A	Adjusted cost to total assets	$\frac{\text{Annualised adjusted General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{137,006}{11,600,896} * \frac{366}{182} = 2.37\%$
C/I	Adjusted cost-income ratio	$\frac{\text{Adjusted General Admin. Expenses (HUF bln)}}{\text{Adjusted Gross Operating Income (HUF bln)}}$	$\frac{137,006}{315,707} = 43.40\%$
Risk%	Adjusted risk cost rate	$\frac{\text{Annualised adjusted provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{11,970}{5,568,325} * \frac{366}{182} = 0.43\%$
GOI/RWA	Adjusted RWA efficiency	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{315,707}{5,094,194} * \frac{366}{182} = 12.46\%$
EPS	Adjusted earnings per share	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{139,010}{319} * \frac{366}{182} = 876.65$

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4.1.2 KPIs on profit&loss as in financial statement (unadjusted)

KPI	Short description	Formulation	Current cumulated figures
ROAE	Rate on average equities	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{108,795}{1,070,366} * \frac{366}{182} = 20.44\%$
ROMC	Rate on minimum capital	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{108,795}{707,576} * \frac{366}{182} = 30.92\%$
ROAA	Rate on average total assets	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{108,795}{11,600,896} * \frac{366}{182} = 1.89\%$
TRM	Total revenue margin	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{315,707}{11,600,896} * \frac{366}{182} = 5.47\%$
CIM	Core income margin	$\frac{\text{Annualised net interest + net fee (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\left(\frac{268,376 + 49,332}{11,600,896} \right) * \frac{366}{182} = 5.51\%$
NIM	Net interest income margin	$\frac{\text{Annualised Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{268,376}{11,600,896} * \frac{366}{182} = 4.65\%$
NFM	Net fee margin	$\frac{\text{Annualised Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{49,332}{11,600,896} * \frac{366}{182} = 0.86\%$
C/A	Cost to total assets	$\frac{\text{Annualised General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{137,006}{11,600,896} * \frac{366}{182} = 2.37\%$
C/I	Cost-income ratio	$\frac{\text{General Admin. Expenses (HUF bln)}}{\text{Gross Operating Income (HUF bln)}}$	$\frac{137,006}{315,707} = 43.40\%$
Risk%	Risk cost rate	$\frac{\text{Annualised provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{-11,970}{5,568,325} * \frac{366}{182} = 0.43\%$
GOI/RWA	RWA efficiency	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{315,707}{5,094,194} * \frac{366}{182} = 12.46\%$
EPS	Earnings per share, IFRS	$\frac{\text{PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{108,795}{319} * \frac{366}{182} = 686.1$

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4.1.3 Volume KPIs

KPI	Short description	Formulation	Current cumulated figures
Provision/ Total Assets	Provision to Total Assets	Provision for customer loans (HUF bln)	291,638
		Total Assest (HUF bln)	11,727,054 = 2.49%
Securities rate	Securities to Total assets	Securities (HUF bln)	4,053,434
		Total Assest (HUF bln)	11,727,054 = 34.56%
CAR	Capital adequacy ratio	Regulatory capital (HUF bln)	1,024,953
		Total RWA (HUF bln)	5,301,243 = 19.33%
RWA/ Total Assets	Risk weighted assets to Total assets ratio	Total RWA (HUF bln)	5,301,243
		Total Assest (HUF bln)	11,727,054 = 45.21%
DPD coverage	Rate of loans past due for more than 90 days covered by provision	Provision for customer loans (HUF bln)	291,638
		Loans past due for more than 90 days (HUF bln)	104,379 = 279.40%
NPL rate	Rate of non-performing loans	Non-performing customer loans (HUF bln)	170,933
		Gross customer loans (HUF bln)	5,816,483 = 2.94%
Direct NPL coverage	Rate of non-performing loans covered directly by provision	Provision for non-performing customer loans (HUF bln)	98,430
		Non-performing customer loans (HUF bln)	170,933 = 57.58%
NPL coverage	Rate of non-performing loans covered by provision	Provision for customer loans (HUF bln)	291,638
		Non-performing customer loans (HUF bln)	170,933 = 170.62%
Total coverage	Rate of loans covered directly by provision	Provision for customer loans (HUF bln)	291,638
		Gross customer loans (HUF bln)	5,816,483 = 5.01%

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Investors' contact person: Gergely Gózon

4.2 Additional information to the 2Q 2024 report

- MBH Nyrt's information on its 2Q 2024 performance is based on data contained in the consolidated balance sheet and profit and loss statement prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The analysis of the Bank's activity was based on audited data as at 31st December 2022, audited data as at 31st December 2023 and unaudited data as at 30th June 2024.
- MBH Public Limited Company, according to the Act LIX of 2006, fully accounted the amount defined as a special tax on financial institutions for the year 2024 – as required by IFRS – in the first quarter of the year, as the amount determined by this law is not disputed and must be paid by the Bank till the end of 2024.
- The summary rows of the tables in the report do not necessarily sum to the subdivision rows, due to the application of the rounding formula.

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4.3 Abbreviations

MBH, MBH Bank, MBH Group	MBH Group
HNB, NBH, MNB	National Bank of Hungary (the central bank of Hungary)
y/y	Year on year
p/p	Period on period
bp	Basis point
CAGR	Compounded Annual Growth Rate
(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, A	Total assets
RWA	Risk weighted assets
Secured loans	Home Loans + Free-to-Use Mortgages
FVTOCI	Fair value through OCI
FVTPL	Fair value through P&L
FTE	Full time equivalent
NPL	Non performing loans
NPE	Non performing exposures
DPD90+	Days past due over 90 days
POCI	Purchased or Originated Credit Impaired Asset
ROE, ROAE	Return on average equity
ROMC	Return on minimum capital
ROA, ROAA	Return on average assets
C/I, CIR	Cost-to-income ratio
TRM	Total revenue margin
NIM	Net interest margin
NFM	Net fee margin
CIM	Core Income Margin
CAR	Capital adequacy ratio
LTD	Loans to deposits
EPS	Earning per share
AVA	Asset value adjustment – CRR specification
ÁKK	Price of government bond reference yields determined daily by the National Debt Management Center (ÁKK)
GDMA	Government Debt Management Agency
NHP	FGS, Funding for Growth Scheme
KSH	Hungarian Central Statistical Office
ESG	Environmental, Social, Governance

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