



DOCUMENTS

OF THE EXTRAORDINARY GENERAL MEETING

OF MKB BANK NYRT.

OF 23 JUNE 2022

Date of the General Meeting: 23 June 2022 10:00

Venue: Headquarters of MKB Bank Nyrt. (1056 Budapest, V. Váci u. 38.),
Meeting room No. 24 on the ground floor

The procedure for holding the General Meeting: Microsoft Teams meeting
(video conference) and presence in person

Important notice

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

Agenda of the general meeting

- 1.1. Approval of the interim balance sheet prepared by the management of MKB Bank Nyrt. for the balance sheet date of 31 March 2022, and the auditor's report on the interim balance sheet of the Company as of 31 March 2022 prepared in accordance with the International Financial Reporting Standards ('IFRS').....3**
- 1.2. Approval of the individual Financial Statement and Accounts prepared by the management of Budapest Bank Zrt. for the period 1 January 2022 - 31 March 2022 on termination of activity, decision on the appropriation of after-tax profit, and the auditor's report on the (individual) financial statements of the Company as of 31 March 2022 prepared in accordance with International Financial Reporting Standards ("IFRS").....11**
- 1.3. Approval of the individual Financial Statement and Accounts prepared by the management of Magyar Takarékközlő Bankholding Zrt. for the period 1 January 2022 - 31 March 2022 on termination of activity, decision on the appropriation of after-tax profit, and the auditor's report on the (individual) financial statements of the Company as of 31 March 2022 prepared in accordance with International Financial Reporting Standards ("IFRS").....32**
- 2.1. Approval of the balance sheet and inventory of the (closing) assets of MKB Bank Nyrt. as Acquiring Company prepared as of 31 March 202246**
- 2.2. Approval of the balance sheet and inventory of the (closing) assets of Budapest Bank Zrt. as Acquired Company prepared as of 31 March 2022.....50**
- 2.3. Approval of the balance sheet and inventory of the (closing) assets of Magyar Takarékközlő Bankholding Zrt. as Acquired Company prepared as of 31 March 202253**
- 2.4. Approval of the balance sheet and inventory of the (opening) assets of MKB Bank Nyrt. as Successor Company prepared as of 31 March 2022.....56**
- 2.5. Approval of the audit report of H K Adócontroll Könyvelő és Könyvvizsgáló Kft. prepared for the above balance sheets and asset inventories59**
- 3. Indemnification for the members of the Board of Directors and the Supervisory Board of Magyar Takarékközlő Bankholding Zrt. (as legal predecessor).....62**

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

Agenda item No. 1.1

APPROVAL OF THE INTERIM BALANCE SHEET PREPARED BY THE MANAGEMENT OF MKB BANK NYRT. FOR THE BALANCE SHEET DATE OF MARCH 2022, AND THE AUDITOR'S REPORT ON THE INTERIM BALANCE SHEET OF THE COMPANY AS OF 31 MARCH 2022 PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

MKB Bank Nyrt.
Statement of financial position for the period ending 31 March 2022

Data in HUF million

	31 March 2022	31 December 2021
<i>Assets</i>		
Cash reserves	1 011 075	831 434
Loans and advances to banks	83 068	61 814
Derivative financial assets	157 723	104 402
Derivative assets held for risk management	13 144	-
Securities	1 184 523	1 003 751
Loans and advances to customers	1 227 183	1 201 209
Non-current assets held for sale and discontinued operations	32	35
Other assets	24 606	18 810
Deferred tax assets	7 871	7 756
Investments in subsidiaries, jointly controlled entities and associates	54 035	49 563
Intangibles	26 754	27 388
Property and equipment	12 202	14 020
Total assets	3 802 216	3 320 182
<i>Liabilities</i>		
Amounts due to other banks	946 523	705 565
Deposits and current accounts	2 232 461	2 233 694
Derivate financial liabilities	73 904	41 528
Other liabilities and provisions	244 673	50 188
Current income tax liabilities	2 480	1 862
Issued debt securities	7 702	3 394
Subordinated debt	45 635	45 070
Total liabilities	3 553 378	3 081 301
<i>Equity</i>		
Share capital	100 000	100 000
Reserves	148 838	138 881
Total equity	248 838	238 881
Total liabilities and equity	3 802 216	3 320 182

MKB Bank Nyrt.**Separate equity matching table for the period ending 31 March 2022***Data in HUF million*

	Share capital	Share premium	Retained earnings	Revaluation on financial assets measured at FVTOCI	Total equity
At 1 January 2021	100 000	21 729	84 805	(3 560)	202 974
Profit for the year	-	-	55 916	-	55 916
Other comprehensive income for the year	-	-	-	(20 009)	(20 009)
At 31 December 2021	100 000	21 729	140 721	(23 569)	238 881
Profit for the year	-	-	22 648	-	22 648
Other comprehensive income for the year	-	-	-	(12 691)	(12 691)
31 March 2022	100 000	21 729	163 369	(36 260)	248 838

Reconciliation of share capital registered at registry court and share capital under IFRS as adopted by the EU	31 March 2022	31 December 2021
Share capital registered at the registry court	100 000	100 000
Instruments recognised as liabilities (-)	-	-
Share capital under IFRS as adopted by the EU	100 000	100 000

Schedule of the profit reserves available for dividend	31 March 2022	31 December 2021
Retained earnings (+/-)	163 369	140 721
Statutory other reserve (-)	19 305	17 040
Profit reserve available for dividend	144 064	123 681

MKB Bank Nyrt.**Annex I to the Interim Financial Statements: Statement of MKB Bank Nyrt. of Profit and Loss and Other Comprehensive Income for the period ending 31 March 2022***Data in HUF million*

	2022 first quarter	2021 year
<i>Statement of profit or loss</i>		
Interest income	43 419	82 330
Interest expense	27 825	32 472
Net interest income	15 594	49 858
Net income from commissions and fees	5 531	25 051
Other operating income / (expense), net	15 728	43 768
Impairment / (Reversal) and provision for losses	(3 643)	3 753
Operating expense	15 734	55 541
Profit before taxation	24 762	59 383
Income tax (income) / expense	2 114	3 467
PROFIT FOR THE YEAR	22 648	55 916
<i>Other comprehensive income:</i>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Revaluation on financial assets measured at FVTOCI	(12 691)	(20 009)
Other comprehensive income for the year net of tax	(12 691)	(20 009)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9 957	35 907
Profit / (Loss) attributable to:		
Shareholders of the bank	22 648	55 916
Non-controlling interests	-	-
Total comprehensive income attributable to:		
Shareholders of the bank	9 957	35 907
Non-controlling interests	-	-
Net income available to ordinary shareholders	22 648	55 916
Average number of ordinary shares outstanding (thousands)	100 000	100 000
Earnings per Ordinary Share (in HUF)		
Basic	226	559
Diluted	226	559

Auditor's report on the Company's separate interim balance sheet as at 31 March 2022 prepared in accordance with International Financial Reporting Standards ('IFRS')

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MKB Bank Nyrt.

Opinion

We have audited the interim balance sheet of MKB Bank Nyrt. (the „Company”) as at March 31, 2022 which shows total assets of thHUF 3,802,216 and profit after tax of thHUF 22,648.

In our opinion, the accompanying interim balance sheet has been prepared, in all material respects in accordance with Act C of 2000 on Accounting (the „Accounting Act”) effective in Hungary.

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "The Auditor's Responsibilities for the Audit of the Interim Balance Sheet" section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the "Rules of conduct (ethical rules) of the auditor profession and the disciplinary process" of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

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

Other Matters: Purpose and Basis of Interim Balance Sheet preparation

The attached interim balance sheet was exclusively prepared for the purpose of enabling the owner's decision on transformation of the Company under the provisions of Section 114/A of the Accounting Act. Review of the interim balance sheet is not a substitute for reading the Company's audited financial statements for the year ended December 31, 2021 and the accounting policies described in its supplementary notes, which was also observed for the purposes of the interim balance sheet. The interim balance sheet was prepared for the above purpose, but not to present or to give a true and fair view of the financial position of MKB Bank Nyrt. as of March 31, 2022 and its financial performance for the period then ended.

Other Matters: Restriction on Use

Our audit report is intended solely for the purpose of informing and making available to the Shareholders of MKB Bank Nyrt., not for any other purpose and it can not be used by another party, for other purposes or published without our prior written approval.

Responsibilities of Management and Those Charged with Governance for the Interim Balance Sheet

Management is responsible for the preparation and fair presentation of the interim balance sheet in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of interim balance sheet that are free from material misstatement, whether due to fraud or error.

In preparing the interim balance sheet, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern principle, and preparing the interim balance sheet using the going concern basis of accounting. Management must apply the going concern principle, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

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

The Auditor's Responsibilities for the Audit of the Interim Balance Sheet

Our objectives during the audit are to obtain reasonable assurance about whether the interim balance sheet as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the interim balance sheet.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

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

- Evaluate the overall presentation, structure and content of the interim balance sheet and whether the interim balance sheet represent the underlying transactions and events in a manner that achieves fair presentation.

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

Budapest, 1 June 2022

The original Hungarian version has been signed

Bálint Józán
Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.
Registration number: 000083

Zoltán Mádi-Szabó
Statutory registered auditor
Registration number: 003247

Proposed general meeting resolution:

Having received and considered the reports of the Supervisory Board and the Auditor, the General Meeting adopts the proposal of the Board of Directors on the separate interim financial statements of MKB Bank Nyrt. as at 31 March 2022, prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The General Meeting approves the separate interim financial statements of MKB Bank Nyrt. as of 31 March 2022, prepared in accordance with International Accounting Standards (IAS), with the following main figures:

BALANCE SHEET TOTAL: HUF 3,802,216 million

PROFIT AFTER TAX: HUF 22,648 million

Agenda item No. 1.2.

APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENT AND ACCOUNTS PREPARED BY THE MANAGEMENT OF BUDAPEST BANK ZRT. FOR THE PERIOD 1 JANUARY 2022 - 31 MARCH 2022 ON TERMINATION OF ACTIVITY, DECISION ON THE APPROPRIATION OF AFTER-TAX PROFIT, AND THE AUDITOR'S REPORT ON THE (INDIVIDUAL) FINANCIAL STATEMENTS OF THE COMPANY AS OF 31 MARCH 2022 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Budapest Bank Zrt.

Separate Business Report closing the financial year from 1 January 2022 to 31 March 2022

General presentation

Budapest Bank

Budapest Bank was established in 1987 as one of the first domestic commercial banks. It is one of the key players in the Hungarian banking market, one of the eight large domestic banks. The main members of the Budapest Bank Group are the 100 % owned subsidiaries of the Bank: Budapest Alapkezelő Zrt, a Budapest Lízing Zrt, and Budapest Eszközfinanszírozó Zrt.

On 29 June 2015, the Bank Group was transferred to state ownership: Corvinus Nemzetközi Befektetési Zrt purchased a 100 per cent stake in Budapest Bank Zrt from GE Capital.

In 2020 there was a change of owners at Budapest Bank. Corvinus Nemzetközi Befektetési Zrt proceeding on behalf of the State, contributed its 100% ownership of the Bank together with MKB Bank Nyrt. and MTB Zrt. into a joint holding company. The new 100% owner of the Budapest Bank became Magyar Bankholding Zrt., where the ownership of the Hungarian state through Corvinus Nemzetközi Befektetési Zrt is 30,35 %, the previous owners of MKB have 31,96 %, the owners of MTB have 37,69%.

The Magyar Bankholding performs strategical, prudential control and group management functions on behalf of the three banking groups and conducts the planned merger process which will optimize the operation of the banks.

On 15 December 2021, the main bodies of Budapest Bank, MKB Bank and Magyar Takarékszövetkezet Bankholding, which owns Takarékszövetkezet Bank Group, approved the first step in the merger schedule of MKB Bank, Budapest Bank and Takarékszövetkezet Bank Group. Accordingly, it is planned that on March 31, 2022, the two member banks of the banking group, Budapest Bank and MKB Bank will join to a merged bank, while Takarékszövetkezet Bank Group will join by the end of the second quarter of 2023. In January 2022, the NBH approved that Budapest Bank Zrt and the Magyar Takarékszövetkezet Bankholding Zrt, which owns Takarékszövetkezet Bank Group, will merge into MKB Bank on March 31, 2022. The merged bank will temporarily operate under the name MKB Bank. The merger did not change in the ownership structure of the banking group. The main owner of the banks participating in the merger will continue to be the Magyar Bankholding Zrt.

Managers of Budapest Bank

On November 3, 2021, the Magyar Bankholding approved the introduction of the MBH's unified management concept (Triple Hatting) in accordance with its fusion plans. According to the organizational structure defined in the single management concept, the position of Budapest Bank's Chief Executive and Executive Director of 16 November 2021 ceased and MBH's Chief Executive Officer and Executive Directors provide professional and labor law management within a plural employment contract or secondment.

Original leader	„Tripple Hatting” leader	Organisational unit	Position
Dr. Koppány Lélfa	Dr. Zsolt Barna From: 01.04.2022	Office of the Chief Executive	Chief Executive Officer and Chairman of the Board
Béla Csáki	Levente Szabó Ildikó Ginzer	Business service	Deputy Chief Executive Officer for Corporate and Retail Sale
András Puskás	Roland Pecsénye	Operation	Deputy Chief Executive for Operations, Risk, and IT
Dr. Krisztián Németh	Dr. Ákos Tisza Papp	Legal and Compliance	Head of Legal and Compliance
Dr. Kornél Barna	Dr. Ilona Török	Office of the Chief Executive	Head of Chief Executive’s Cabinet, Marketing Communications
Ferenc Alföldi	Roland Pecsénye	IT	Head of IT
Anita Kovács	Miklós Kádas	Operations	Head of Operations and Quality
Péter Polgár	Dr. Csaba Szomolai	Risk Management	Head of Risk Management
Ákos Almási	Csilla Ludvig	Internal Audit	Head of Internal Audit
Dr. Csaba Sándor	Kitti Dobi	HR and Communications	Head of HR and Communications
Keresztyénné Katalin Deák	Antal Martzy	Finance	Chief Financial Officer
	András Puskás	Office of the Chief Executive	Deputy Chief Executive Officer for Priorities and Communications
	Dr. Beatrix Mészáros	Office of the Chief Executive	Deputy Chief Executive Officer for Subsidiaries
	Ádám Egerszegi	Office of the Chief Executive	Deputy Chief Executive Officer for Transformation
László Somodi	Zsolt Kisvárdai	Bank Security and Facility Management	Head of Bank Security and Facility Management

Bank's auditor for 2021: KPMG Hungária Kft and István Henye as registered chartered auditor. As the auditor of the merged MKB bank Nyrt. for 2022 has not yet been appointed, the interim report closing in 31 March 2022 was audited by KPMG Hungária Kft. In addition to the half-yearly and annual audits, KPMG performed the following audit jobs during the course of 2021 and the first quarter of 2022: mandatory compliance audit of mortgage loans offered for refinancing.

Results of 2022 business year

Budapest Bank continued its self financing business model in 2022. At the end of March 2021, the deposit portfolio accounted for 64% of the Bank Group's total funding, while refinancing funding (including deposits from banks) accounted for 27%. Total assets increased 2%, deposits decreased by 2%, and offsetting this the refinancing funding increased by 4%.

Customer deposits account for 94% of total deposits. Other deposits are comprised of the Fund management deposit portfolios, the Investment services settlement accounts and NFA deposits (NFA: National Land Fund Management Organisation, which provides deposits temporarily for the Bank). Within corporate deposits the percentage of sight deposits slightly increased by half a percentage point.

Also the composition of refinancing funding has changed. The NBH's long-term loan appeared in 2020 as a new item, within refinancing sources, it decreased another 1% point. The weight of the Growth Credit Programme ("NHP") the weight of funding source and the weight of mortgage financing is still 28%. The proportion of mortgage refinancing and interbank and other refinancing sources increased in parallel. (2-2)

In this quarter, the retail lportfolio of the banking group remained unchanged. The mortgage loan increased by 2%and the Baby expecting by 1% compared to the end of the year. The receivables sales and portfolio cleaning business continued in the bank in 2022 as well.

On the retail side, the main focus in the first quarter was on mergers. In addition, the sale of insurance as a member bank of the Hungarian Bankolding was placed on a new foundation at Budapest Bank, which resulted in a strategic cooperation agreement with the CIG Pannonia Group in the first quarter of 2022.

As of January 1, 2022, the brand name Euroleasing will continue to operate with integrated, unified management of MKB-Euroleasing, Budapest Leasing, Takaréék Leasing and Budapest Bank's Automotive business. Leasing companies are already one of the dominant players in the Hungarian market, and, in total, they have a market share of more than 20 percent on the basis of the newly placed leasing stock. They have an even higher market share in automotive and agricultural machine leasing segments, above 30 percent.

The Bankcontinues to make emphasis on technological innovations. Following the launch of the Budapest Financial Assistant in 2020, in December 2021 the BUPA blog was launched, which provided relevant content and its own Facebook site to small entrepreneurs.

Customers love this application, the mobile application of BUPA will be launched soon and a goal is to be able to connect the BUPA to the MKB and to the Saving Bank Netbank.

The focus remains on improving the quality of the customer experience in connection with the services provided by the bank, thus positively distinguishing itself on the market. The cash transfer policy of the European Union (PSD2) created the opportunity to introduce a number of innovative digital services simpler and safer. The cash transfer policy of the European Union (PSD2) created the opportunity to introduce a number of innovative digital services simpler and safer. Based on these, it is possible to replace strict customer identification by an intelligent, innovative system, which was introduced at the Budapest Bank from October 7, 2021, which frequently monitors repetitive Internet bank card purchases. In this way, trustworthy traders already identified, will no more be required for repeated strict customer authentication. All this makes the online credit card payment process more comfortable.

At the end of last year, Budapest Bank Group's network consisted of 92 branches. The branches located in the territory of Budapest qualify as establishments, while the branches operating outside of Budapest qualify as branch offices.

In accordance with the statutory regulations, a Works Council is operational at the Bank Group. Employment policy decisions are always made in agreement with the Works Council.

Asset quality and portfolio

In the first quarter of 2022 the Bank Group's total assets increased from HUF 2493 billion to HUF 2537 billion. Cash, low risk government securities and loans to banks amounted to HUF 1344 billion on 31 March 2022, representing 52% of the total assets.

The net portfolio of loans provided for customers has not changed significantly and amounted to HUF 1160 billion by the end of 31 March 2022. During 2022 the Bank continued to place the main business emphasis on the portfolio of small and medium-sized enterprises. Similarly to prior year, the Bank achieved second place among large banks in the number of newly opened SME accounts, by taking advantage of the cross selling opportunities offered by MFB points. The Bank's corporate credit portfolio placed with small and medium sized enterprises, calculated without impairment, amounted to HUF 647 billion which demonstrates the key role of this segment in the Bank's strategy.

Also the Bank's consumer portfolio reached HUF 498 billion, without impairment.

During the first quarter of 2022, the amount of loan impairments decreased slightly, from HUF 50 billion to HUF 48 billion mostly due to the loan moratory. On the whole, it represented a 3,9% impairment / gross receivables coverage ratio at the end of 31 March 2022.

The Bank made all the required impairment allowances and provisions.

Asset-liability structure and liquidity

The Bank's foreign currency based assets and liabilities decreased significantly in 2015 due to the mandatory statutory forint conversion of mortgage and automobile loans.

15% of the total assets are denominated in foreign currency (15% in 2021); the majority of foreign currency assets are denominated in EUR, USD and CHF.

17% of the total liabilities (17% in 2021) are denominated in foreign exchange; the majority of foreign liabilities, too, are denominated in EUR, USD and CHF.

Due to the Bank's risk averse business policy, foreign exchange fluctuations can affect the Bank only to a moderate degree in the absence of material open foreign exchange positions. The Bank did not have material open foreign exchange positions at the end of the year.

The Bank continues to have an outstandingly highly liquid asset portfolio, and as a result, it is in a long term interbank lending position on the Hungarian money market. Its total assets maturing within a year amounted to HUF 961 billion, by contrast, liabilities maturing within a year amounted to HUF 1146 billion.

By using a risk avoiding pricing and portfolio management, the Bank managed interest rate risks, arising from the different repricing of assets and liabilities, at a predefined level. The Bank continuously monitors interest rate risks on a transactional level for the entire balance sheet and assesses them with stress tests. Since 2016, in order to reduce the interest rate risks of the increasing portfolio of fixed interest assets (both securities and individual loans), the Bank has concluded interest rate swap transactions.

Overall, Budapest Bank maintained a strong liquidity, cash flow and interest rate management practice throughout the year.

Capital position

In 2020 there was a change of owners at Budapest Bank. Corvinus Nemzetközi Befektetési Zrt proceeding on behalf of the State, contributed its 100% ownership of the Bank together with MKB Bank Nyrt. and MTB Zrt. into a joint holding company called Magyar Bankholding Zrt. The change of owners did not affect the Bank Group's stable capital position; its issued capital amounted to HUF 19 396 million. At the end of 31 March 2022, the Bank Group's equity amounted to HUF 179 666 million.

The Bank has created a general reserve of HUF 9 048 million from its profits as required by the Hungarian legislation in recent years. In 2021 and 2022 the Bank did not pay dividends to its owner which helped the Bank's strong capital position and business growth potential.

The Bank Group's capital adequacy ratio is 19,36%, which is above the 12,86% required by the central bank as a mandatory requirement. The capital I. ratio is 15.32%. The minimum level of equity capital is 10.36%.

The interim result of 2022 has not been included in the above percentages. In 31 March 2022, the Basel III IFRS-based capital in accordance with supervisory rules was HUF 191 555 million

(HUF 172 440 million in 2021). The change in the regulatory capital (+19 115 HUF million) is due to the decrease in reserve growth (- HUF 1 909 million), an increase in the deduction of intangible assets (+ FUF 1 041 million), the use of subordinated loan capital (+ HUF 20 000 million) and the changes in assessment correction (- HUF 17 million). The Group continues to monitor the development of each capital items in an ongoing capital management process.

The risk-weighted assets, including operational and market risk, increased with 4,68% from HUF 945 330 million to HUF 989 539 million at the end of 2021 The increase in risk-weighted assets was primarily caused by credit risk (+ HUF 36 518 million) and the increase in CVA (+HUF 7 511 million) driven by growing lending activity and market interest rates, respectively. Exposures from market risk (+ HUF 63 million) and operational risk (HUF + 117 million) are dropped.

Profitability

Income statement	data in HUF M	
	31.03.2022	31.12.2021
Net interest income	19 551	56 190
Dividend income	2 900	2 200
Net fee and commission income	9 606	36 695
Profit/loss of financial instruments	2 530	6 695
Other revenues/expenditures, net	(3 420)	(6 898)
Operating expenses	(19 906)	(74 184)
Modification result	(36)	(644)
Impairment	774	(7 583)
Impairment for subsidiaries	39	(260)
Income (profits) tax	(1 156)	(2 572)
Profit for the year	10 882	9 639

The change is not presented in this spreadsheet, as last year's 12 month is not comparable to this year's 3 months. Primarily the following items were responsible for changes in the profit/loss lines

- The net interest income of the banking group improved by HUF 6,5 billion compared to the previous quarter, due to the higher prime rate in the market, a card moratorium change in the fourth quarter.
- The dividend revenue of 2022 comes from Budapest Alapkezelő Zrt and Budapest Lízing Zrt.
- Net commission ratios have not changed significantly.
- The profit of financial instruments is from a profit of nearly one billion on the first quarter of 2022 on interest SWAP transactions.
- The HUF 780 million deterioration of net expenses in the first quarter is caused by the bank tax that is fully accounted for at the beginning of the year.

- A small increase in our operating costs is caused by a higher amount of the bank tax subsidy.
- In the first quarter of 2022, the favorable direction of impairment was caused by overlay disabilities due to a more favorable portfolio. .

In the first quarter of 2022, the Bank achieved HUF 10,882 billion profit after tax .

Budapest Bank Zrt.**Statement of separate (unconsolidated) financial position for the period ended on 31 March 2022 (Balance Sheet)***Data in HUF million*

Description	Comments	31.03.2022	31.12.2021
Cash and cash equivalents	4.1	289 758	294 821
Derivative financial assets	4.2	62 968	41 247
Securities	4.3	743 714	565 214
Loans and advances to banks	4.4	247 778	387 137
Loans and advances to customers	4.5 & 3.1	1 160 962	1 163 932
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(37 361)	(25 542)
Investments in subsidiaries, joint ventures and associates	4.6	7 674	7 634
Property, plant and equipment	4.7	21 630	22 561
Intangible assets	4.7	18 193	19 234
Actual income tax receivables	4.8	101	172
Deferred tax receivables	4.8	526	374
Other assets	4.9	21 734	13 426
TOTAL ASSETS		2 537 677	2 490 210
Derivative financial liabilities	4.2	26 060	18 016
Deposits from banks	4.10	717 294	672 941
Deposits from customers	4.11	1 573 289	1 601 715
Provisions	4.12 & 3.1	3 390	3 325
Actual income tax liabilities	4.8	44	411
Deferred tax liabilities	4.8	-	-
Other liabilities	4.13	37 934	23 466
Total liabilities		2 358 011	2 319 874
Share capital	4.14	19 396	19 396
Reserves	4.15	160 270	150 940
Total equity		179 666	170 336
TOTAL EQUITY AND LIABILITIES		2 537 677	2 490 210

Budapest Bank Zrt.
Separate (non-consolidated) income statement as at 31 March 2022

Data in HUF million

	Comments	31.03.2022	2021 end of year
Interest income		23 399	64 831
- of which lease interest not accounted for with effective interest rate method		2 142	7 191
Interest expense		(3 848)	(8 641)
Net interest income	5.1	19 551	56 190
Dividend income		2 900	2 200
Fee and commission income		12 095	46 358
Fee and commission expense		(2 489)	(9 663)
Net fee and commission income	5.2	9 606	36 695
Net gains/(losses) arising from derecognition of financial assets (valued at not FVTPL)	5.3	115	1 273
Net trading income/(losses)	5.4	2 255	602
Net income/(loss) from (non-trading) financial instruments valued at FVTPL	5.5	(678)	(2 196)
Net foreign exchange gain/(loss)		838	7 016
Other operating income	5.6	1 537	4 744
Other operating expenses	5.6	(4 957)	(11 642)
Personnel expenses	5.7	(6 936)	(30 225)
Other administrative expenses	5.7	(10 285)	(34 411)
Depreciation and amortisation	5.8	(2 685)	(9 548)
Modification of financial assets gain/(loss)		(36)	(644)
Impairment and provisions or reversal of impairment and provisions	5.9	774	(7 583)
Impairment or reversal of impairment losses on subsidiaries		39	(260)
Profit before income tax		12 038	12 211
Income tax expense	5.10	(1 156)	(2 572)
PROFIT FOR THE YEAR		10 882	9 639
WHICH: - Attributable to minority interests		-	-
- Attributed to the owners of the parent company		10 882	9 639

Budapest Bank Zrt.

Separate (non-consolidated) statement of comprehensive income as at 31 March 2022

Data in HUF million

	31.03.2022	2021 end of year
PROFIT FOR THE YEAR	10 882	9 639
Other comprehensive income to be reclassified to profit/loss	(1 705)	(5 098)
Change in net fair value of securities valued at fair value through other comprehensive income	(1 705)	(4 925)
Net amount reclassified to profit/loss of securities valued at fair value through other comprehensive income	-	(173)
Income tax related to items to be reclassified to profit or loss	153	459
OTHER COMPREHENSIVE INCOME. NET OF TAX	9 330	(4 639)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9 330	5 000
OF WHICH: - Attributable to non-controlling interest	-	-
- Attributable to the owners of the Bank	9 330	5 000

Budapest Bank Zrt.**Separate (unconsolidated) statement of changes in equity for the period ended on 31 March 2022***Data in HUF million*

	SHARE CAPITAL	RESERVES breakdown			RESERVES	TOTAL EQUITY
		Valuation reserve	Retained earnings	Statutory reserves		
Balance as at 1 January 2021	19 396	2 089	136 855	6 996	145 940	165 336
<i>Total comprehensive income</i>						
Profit for the year	-	-	9 639	-	9 639	9 639
Other comprehensive income	-	(4 639)	-	-	(4 639)	(4 639)
Total comprehensive income	-	(4 639)	9 639	-	5 000	5 000
<i>Transactions with equity holders</i>						
Share issuance	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-
<i>Other transactions</i>						
Transfer of retained earnings to statutory reserve	-	-	(964)	964	-	-
Total other transactions	-	-	(964)	964	-	-
Balance as at 31 December 2021	19 396	(2 550)	145 530	7 960	150 940	170 336
Balance as at 1 January 2022	19 396	(2 550)	145 530	7 960	150 940	170 336
<i>Total comprehensive income</i>						
Profit for the year	-	-	10 882	-	10 882	10 882
Other comprehensive income	-	(1 552)	-	-	(1 552)	(1 552)
Total comprehensive income	-	(1 552)	10 882	-	9 330	9 330
<i>Transactions with equity holders</i>						
Share issuance	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-
<i>Other transactions</i>						
Transfer of retained earnings to statutory reserve	-	-	(1 088)	1 088	-	-
Total other transactions	-	-	(1 088)	1 088	-	-
Balance as at 31 December 2022	19 396	(4 102)	155 324	9 048	160 270	179 666

There are no non-controlling interests in the Bank or in its subsidiaries.

Budapest Bank Zrt.
Statement of separate (unconsolidated) cash flows as at 31 March 2022

	<i>Data in HUF million</i>	
	31.03.2022	31.12.2021
Operating cash flow		
Profit before income tax	12 038	12 211
<i>Adjustments</i>		
Depreciation (+). Amortisation (+)	2 685	9 548
Modification of financial assets gain/loss (+/-)	36	644
Release of impairments & provision loss (+)	(774)	7 583
Non-realised foreign exchange gains/losses (+/-)	(39)	260
Deferred tax	487	(705)
Fair value changes of securities (+/-)	1	11
Net interest income (-)	(19 551)	(56 190)
Dividend income (-)	(2 900)	-
Change in derivative financial assets (- increase. + decrease)	(21 721)	(36 543)
Change in portfolio of FVTPL securities (- increase. + decrease)	2	1 409
Change in loans and advances to banks (- increase. + decrease)	140 199	(214 912)
Change in loans and advances to customers (- increase. + decrease)	4 337	(153 311)
Change in other assets (- increase. + decrease)	6 444	27 714
Change in deposits from banks. non-refinancing	20 729	28 723
Change in deposits from customers (+ increase. - decrease)	(31 284)	201 863
Change in derivative financial liabilities (+ increase. - decrease)	8 044	8 980
Change in other liabilities (+ increase. - decrease)	15 443	5 055
Interest received (+)	23 195	62 350
Interest paid (-)	(5 064)	(7 726)
Dividends received from subsidiaries (+)	-	-
Corporate tax paid	(1 451)	(2 142)
Net cash flows from operating activities	150 855	(105 178)
Investment cash flow		
Investments in subsidiaries. joint ventures and associates	-	-
Investments in other enterprises	-	-
Acquisitions of property. plant and equipment	(551)	(3 039)
Proceeds from sale of property. plant and equipment. other derecognitions	176	77
Acquisitions of intangible assets	(338)	(5 943)
Proceeds from sale of intangible assets. other derecognitions	-	9
Purchase of non-FVTPL securities	(412 242)	(178 934)
Disposal of non-FVTPL securities	232 124	229 052
Dividends received from investments	-	-
Net cash flows used in investing activities	(180 831)	41 222
Financing cash flow		
Dividends paid	-	-
Increase of deposits from banks. refinancing	66 000	392 102
Decrease of deposits from banks. refinancing	(62 468)	(353 099)
Increase subordinated loan capital	20 000	20 000
Decrease subordinated loan capital	-	-
Payments to shareholders other than dividends	-	-
Net cash flows from financing activities	23 532	59 003
Net change in cash and equivalents	(6 444)	(3 543)
Foreign currency revaluation on cash and equivalents	1 381	6 543
Cash and equivalents at the beginning of year	294 821	291 821
Cash and equivalents at the end of period	289 758	294 821

Auditor's Report on the Company's separate (unconsolidated) financial statements as at 31 March 2022 under International Financial Reporting Standards ("IFRS")

Independent Auditors' Report

To the shareholders of Budapest Hitel- és Fejlesztési Bank Zrt.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the 2022 separate financial statements of Budapest Hitel- és Fejlesztési Bank Zrt. ("the Bank"), which comprise the separate statement of financial position as at 31 March 2022, with total assets of MHUF 2,537,677, the separate statement of profit or loss, with profit for the year of MHUF 10,882, and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Bank as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRSs") and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Bank for the purposes of our audit of the separate financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 6.10, which describes that the Bank was terminated with legal succession because of merging with MKB Bank Nyrt. as at 31 March 2022. Our opinion is not modified in respect of this matter

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Budapest Hitel- és Fejlesztési Bank Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Budapest Hitel- és Fejlesztési Bank Zrt. - K31 - 2022.03.31.

Key Audit Matters

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

Impairment of loans and advances to customers

As at 31 March 2022, Loans and advances to customers: HUF 1,160,962 million, accounting for 46% of total assets, related impairment losses: HUF 47,790 million.

The key audit matter	How the matter was addressed in our audit
<p>Impairment allowances represent management's best estimate of the expected credit losses ("ECLs") within loans and advances to customers ("loans", "exposures") at amortized cost at the reporting date. We focused on this area as the measurement of impairment allowances requires the Bank to apply significant judgement and make complex assumptions in arriving at the amounts of any such impairment.</p> <p>Impairment losses on individually significant non-performing loans are based on the Bank's estimates of the present value of expected future cash flows from the loan, which are inherently uncertain. The estimate is influenced by, among other things, the value of any related collateral and the applied discount ("haircut") factor thereon, the length of the recovery process and the cost of liquidation or sale process.</p> <p>Collective impairment, applied in respect of the loans not covered by the individual assessment, is determined by modelling techniques, relying on key parameters such as the client rating, staging classification, probability of default ("PD") and loss given default ("LGD"). These modelling techniques also consider historical experience, identification of exposures with a significant increase in credit risk, forward-looking information and other areas of judgement.</p> <p>COVID-19 measures taken by the government and the consequential changes in the regulatory prudential framework regarding default and forbearance add to the complexity of estimating ECLs. Identification of exposures at default in the current economic environment is also associated with increased estimation uncertainty. When underlying assumptions or data within the</p>	<p>Our audit procedures in the area, performed, where applicable, with the assistance from our own financial risk management, information technology (IT) and valuation specialists, included the following, among other things:</p> <ul style="list-style-type: none"> – We inspected the Bank's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards. As part of the above, we challenged the Bank on whether the level of the methodology's sophistication is appropriate based on an assessment of the customer-level factors; – We tested the design, implementation and operating effectiveness of selected controls over impairment calculations, customer ratings, monitoring and collateral recording. We also tested selected IT-based controls over the days past due calculation, and also tested settings for the indicators of default; – We assessed relevance and reliability of data used in the ECL estimates; – We assessed whether the definition of default and staging criteria were applied consistently and in accordance with relevant requirements of the financial reporting standards; – We evaluated whether in its loan staging and ECL measurement the Bank appropriately considered the effects of the market disruption resulting from the COVID-19 pandemic. As part of the procedure, we assessed the monitoring processes related to clients under moratorium and the appropriateness of alternative factors used to measure the significant increase in credit risk; <p>For impairment allowances calculated individually, for a risk-based sample of the loans, we:</p>

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Budapest Hitel- és Fejlesztési Bank Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Budapest Hitel- és Fejlesztési Bank Zrt. - K31 - 2022.03.31.

<p>Bank's ECL models do not reflect current circumstances, events or conditions, overlays/post model adjustments may also be necessary.</p> <p>In the wake the above factors and complexities, we considered impairment of loans and advances to customers to be associated with a significant risk of material misstatement in the separate financial statements which required our increased attention in the audit and as such was determined to be a key audit matter.</p>	<ul style="list-style-type: none"> – inspected borrower loan files, including correspondence with the borrower and its latest available debt service and financial information, and made related inquiries of credit risk managers; – challenged the key assumptions within the Bank's estimates of the present value of expected future cash flows from the loan, as follows: <ul style="list-style-type: none"> • future debt recovery scenarios - by reference to risk committee analysis and decisions, with different elements and assumptions challenged by reference to the history of the exposure and our experience with the debtor's industry, and also current and expected economic conditions; • collateral values - by reference to asset valuations by experts engaged by the Bank, whose experience, competence and objectivity we independently assessed. <p>For collective impairment allowance, we:</p> <ul style="list-style-type: none"> – obtained the relevant forward-looking information and macroeconomic projections used in the Bank's ECL assessment. We independently assessed the information by means of inquiry of the Head of modelling and inspecting publicly available information; – challenged the collective LGD and PD parameters used by the Bank, by reference to historical realized losses on those defaults, and also considering any required adjustments to reflect expected changes in circumstances; – assessed the appropriateness of any postmodel adjustments made to account for risks and uncertainties not captured by the Bank's ECL models, including those resulting from the COVID-19 outbreak. <p>For loans and advances in totality, we: examined whether the Bank's loan impairment and credit risk-related disclosures in the separate financial statements appropriately describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.</p>
--	---

Other Information

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Budapest Hitel- és Fejlesztési Bank Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Budapest Hitel- és Fejlesztési Bank Zrt. - K31 - 2022.03.31.

The other information comprises the business report of the Bank for the period between 1 January 2022 and 31 March 2022. Management is responsible for the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements, if any.

Our opinion on the separate financial statements expressed in the Opinion section of our report does not cover the business report.

In connection with our audit of the separate financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements and expressing an opinion on this and whether the business report is consistent with the separate financial statements.

With respect to the business report, based on the Act on Accounting, we are also responsible for checking that the information referred to in Section 95/C of the Act on Accounting has been provided in the business report.

In our opinion the business report of the Bank for the period between 1 January 2022 and 31 March 2022 is consistent, in all material respects, with its separate financial statements for the period between 1 January 2022 and 31 March 2022 and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report, therefore, we do not express an opinion in this respects.

We confirm that the information referred to in Section 95/C of the Act on Accounting has been provided in the business report.

In addition, in light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the business report, and if so, the nature of such misstatement. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with EU IFRSs and for the preparation of the financial statements in accordance with provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of the Act on Accounting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Budapest Hitel- és Fejlesztési Bank Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Budapest Hitel- és Fejlesztési Bank Zrt. - K31 - 2022.03.31.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders' meeting on 22 March 2022 to audit the separate financial statements of the Bank for the financial year ended 31 March 2022. Our total uninterrupted period of engagement is twenty six financial years, covering the periods ending 31 December 1997 to 31 March 2022.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Bank dated 26 May 2022;
- we have not provided to the Bank prohibited non-audit services (NASs) as set out by Article 5(1) of Regulation (EU) No 537/2014 and in terms of the member state derogations by the Act LXXV of 2007 on the

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Budapest Hitel- és Fejlesztési Bank Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Budapest Hitel- és Fejlesztési Bank Zrt. - K31 - 2022.03.31.

Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors in force in Hungary. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is the signatory of this report.

Budapest, 1 June 2022

KPMG Hungária Kft.

Registration number: 000202

István Herye

Partner, Professional Accountant

Registration number: 005674

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Budapest Hitel- és Fejlesztési Bank Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Budapest Hitel- és Fejlesztési Bank Zrt. - K31 - 2022.03.31.

Budapest Bank Zrt.
Proposal of the Board of Directors of the successor MKB Bank Nyrt for the appropriation of profit for 2022

According to Budapest Bank's individual statement of changes in equity, a general reserve of HUF 1,088 million (10% of the profit after tax) is set aside from the profit after tax, as required by the Hpt., and is recorded separately within the retained earnings.

Data in HUF million

	Profit/loss reserve	Valuation reserve	Legal reserve
Opening balance	145,530	-2,550	7,960
Profit after tax	10,882		
Other comprehensive income			
Comprehensive income for the year		-1,552	
Reserves	-1,088		1,088
Closing balance	<u>155,324</u>	<u>-4,102</u>	<u>9,048</u>

Proposal to the General Meeting

The Board of Directors proposes to transfer the entire profit after tax to the retained earnings.

Proposed general meeting resolution:

Having received and understood the reports of the Supervisory Board and the Auditor, the General Meeting approves the Separate Business Report and Financial Statements of Budapest Bank Zrt. closing its activities in the financial year from 1 January 2022 to 31 March 2022, prepared by the management of MKB Bank Nyrt., the legal successor of Budapest Bank Zrt., and the proposal of the Board of Directors of MKB Bank Nyrt., the legal successor of Budapest Bank Zrt., for the appropriation of the profit after tax and the auditor's report on the (separate) financial statements of Budapest Bank Zrt. as at 31 March 2022 in accordance with International Financial Reporting Standards ("IFRS").

The General Meeting approves the separate (unconsolidated) financial statements of Budapest Bank Zrt. for the financial year from 1 January 2022 to 31 March 2022, prepared in accordance with International Financial Reporting Standards, with the following main figures:

BALANCE SHEET TOTAL: HUF 2,537,677 million

PROFIT AFTER TAX: HUF 10,882 million

The General Meeting resolves that the profit after tax of Budapest Bank Zrt. shall be transferred to the retained earnings of the successor MKB Bank Nyrt.

Agenda item No. 1.3

**APPROVAL OF THE SEPARATE BUSINESS REPORT AND ACCOUNTS OF
MAGYAR TAKARÉK BANKHOLDING ZRT. PREPARED BY THE MANAGEMENT
OF MAGYAR TAKARÉK BANKHOLDING ZRT. FOR THE FINANCIAL YEAR
FROM 1 JANUARY 2022 TO 31 MARCH 2022, DECISION ON THE
APPROPRIATION OF THE PROFIT AFTER TAX, APPROVAL OF THE AUDITOR'S
REPORT ON THE (SEPARATE) FINANCIAL STATEMENTS OF THE COMPANY
AS AT 31 MARCH 2022 IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS ("IFRS")**

Magyar Takarék Bankholding Zrt.

Separate Business Report closing the financial year from 1 January 2022 to 31 March 2022

The purpose of operation of the Company

Magyar Takarék Bankholding Zártkörűen Működő Részvénytársaság (hereinafter the 'Company') was established by Magyar Bankholding Zrt. (hereinafter 'Bankholding') on 9 July 2021 with a capital of HUF 4,100 mln (HUF 2,000 mln subscribed capital, HUF 2,100 mln registered capital). The Company commenced effective operations on 9 August 2021, following its registration at the Companies Court.

The Company's owner, Magyar Bankholding, was established on 26 May 2020 to explore and prepare the ground for the creation of a Hungarian-owned banking group with a significant market share. Magyar Bankholding is the majority shareholder of three commercial banks that have a substantial share in the Hungarian banking sector: Magyar Külkereskedelmi Bank Nyrt, Budapest Bank Zrt. and Magyar Takarékszövetkezeti Bank Zrt. During 2021, the three banks continued to operate independently but in a coordinated manner as part of the banking group. According to the Bank Group's strategic plan, the three institutions will merge as one bank in the next two years, becoming one of the most important players in the domestic banking sector.

The Company's mission is to ensure that the Bank Group's major investments and subsidiaries contribute to the realisation of this plan in the most optimal group structure. The Company performs this task as a financial holding company providing financial services, including asset management as its main activity.

As part of the Bank Group's strategic plan, Bankholding has decided to contribute shares of Magyar Takarékszövetkezeti Bank Zrt. (hereinafter MTB Zrt) representing 99% of the votes (as a contribution in kind) to the Company as a non-cash contribution on 13 October 2021.

On 15 December 2021, the highest bodies of MKB Bank, Budapest Bank and Magyar Takarék Bankholding Zrt., which owns the Takarék Group, approved the first step of the merger timetable of Budapest Bank, MKB Bank and the Takarék Group. According to the plan, the two member banks of the banking group, Budapest Bank and MKB Bank, and Magyar Takarék Bankholding merged on 31 March 2022. The merged bank temporarily operates under the name MKB Bank Nyrt. The third major member of the Bank Group, the Takarék Group, will join the merged bank by the end of the second quarter of 2023. The MNB approved the proposed merger in January 2022. The merger does not imply any change in the ownership structure of the bank group, the dominant shareholder of the banks involved in the merger process will remain Magyar Bankholding Zrt.

Profitability

The Company closed the first quarter of 2022 with a loss of HUF 22 million. The loss was the net result of operating expenses of HUF 25 million and interest income of HUF 3 million. The Company did not pursue any profitable operating activities other than asset management.

Business Plan

By mid-2023, Magyar Bankholding will create an integrated bank with unified management, through a merger of the Bankholding's banks and the Company. The merged bank will build on the undeniable strengths and outstanding market positions of Budapest Bank, MKB Bank and Takarékbank in each of their respective segments, while remaining resilient in the face of challenges such as rapidly changing customer needs, unprecedented speed of technological development, increasing market competition and even the current pandemic.

The following key strategic objectives and directions have been set:

- To become the most customer-centric bank in Hungary, offering value to all Hungarian citizens and businesses.
- It actively contributes to the development of the Hungarian economy by supporting segments of national economic importance, such as young people, SMEs and the agricultural sector, while remaining committed to local communities.
- It will create the most advanced banking technology platform and digital channels in the Central and Eastern European region.
- In the long term, it will remain the largest branch network in Hungary, providing nationwide coverage while contributing to quality, value-based customer service through efficient operations.
- It is building an innovative organisation and corporate culture, with a strong focus on its people, continuous capability development and a state-of-the-art corporate culture.

Corporate social responsibility

Responsible thinking is applied at all levels of Magyar Bankholding Group's activities. Our Corporate Social Responsibility (CSR) strategy is defined by responsible behaviour and operations throughout our operating environment, and by a commitment to our customers, employees and civil society. A key element is the development of a financial culture, a commitment to community values, volunteering, ensuring equal opportunities and protecting the environment.

Magyar Takaréék Bankholding Zrt.**Statement of separate (unconsolidated) financial position for the period ended on 31 March 2022 (Balance Sheet)***Data in HUF million*

	Note	31 March 2022	31 December 2021
Assets			
Cash, account balances with banks, and other sight deposits	7	4 062	4 094
Investments into subsidiaries	8	98 100	98 100
Total assets		102 162	102 194
Liabilities			
Financial liabilities valued at amortised cost	12	0	8
Other liabilities	13	11	13
Total liabilities		11	21
Equity			
Subscribed capital	14	30 220	30 220
Payment above face value (premium)	14	256 080	256 080
Profit reserve		-184 127	0
Loss of the financial year		-22	-184 127
Total equity		102 151	102 173
Total liabilities and equity		102 162	102 194

Magyar Takaréknál Bankholding Zrt.
Separate (non-consolidated) income statement as at 31 March 2022

Data in HUF million

	Note	1 January 2022 - 31 March 2022	9 July 2021-31 December 2021
Interest income	4	3	3
Interest expense	4	0	0
Net interest income		3	3
Fee and commission income		0	0
Profit/loss of foreign currency transactions	5	0	0
Net business (trading) profit or loss		0	0
Gross operating profit/loss		3	3
Operating expenses	5,6	-25	-30
Impairment of participations	8	0	-184 100
Loss before tax		-22	-184 127
Income tax		0	0
Loss of the reporting year		-22	-184 127

Magyar Takaréknál Bankholding Zrt.
Separate (non-consolidated) statement of other comprehensive income as at 31 March 2022

Data in HUF million

	Note	1 January 2022 - 31 March 2022	9 July 2021-31 December 2021
Loss of the financial year		-22	-184 127
Other overall profit/loss		0	0
Items not to be reclassified into P&L		0	0
Items that can be reclassified to P&L		0	0
Total comprehensive income for the reporting year		-22	-184 127

Magyar Takarékszövetkezet Zrt.
Separate (unconsolidated) statement of changes in equity for the period ended on 31 March 2022
Data in HUF million

	Note	Subscribed capital	Payment above face value (premium)	Accumulated other comprehensive income	Retained earnings	Other reserves	Total equity
1 January 2022 - opening bal.		30 220	256 080	0	-184 127	0	102 173
Capital increase as contribution in kind		0	0	0	0	0	0
Loss of the financial year		0	0	0	-22	0	-22
31 March 2022 - closing bal.		30 220	256 080	0	-184 149	0	102 151

Magyar Takaréknál Bankholding Zrt.
Statement of separate (unconsolidated) cash flows as at 31 March 2022

Data in HUF million

	Note	1 January 2022 - 31 March 2022	9 July 2021-31 December 2021
Cash flows of the business activities			
Loss of the reporting year		-22	-184 127
Effects on net profit of non-cash items:			
Depreciation and amortisation		0	0
Impairment	8	0	184 100
Business profit or loss before changes in operating assets		-22	-27
Decrease /(-) increase in operating assets			
Other assets	11	0	0
Decrease / (-) increase in operating liabilities		-8	8
Other liabilities	13	-2	13
Net cash flow from operation		-32	-6

Magyar Takarékszövetkezet Zrt.**Statement of individual (non-consolidated) cash flows for the year ended 31 March 2022 (continued)***Data in HUF million*

	Note	1 January 2022 - 31 March 2022	9 July 2021-31 December 2021
Cash flows of investing activities			
Purchase of property, plant and equipment and intangible assets	9	0	0
Net cash flows of investing activities		0	0
Cash flows of financing activities			
Establishment of the company		0	4 100
Net cash flows of financing activities		0	4 100
Net increase and decrease of cash and cash equivalents		-32	4 094
Balance of cash and cash equivalents at the beginning of the year		4 094	0
Balance of cash and cash equivalents at the end of the year		4 062	4 094
Composition of cash and cash equivalents:			
Demand bank account receivables	8	4 062	4 094
Bank accounts maturing in less than 90 days	8	0	0
Balance of cash and cash equivalents at the end of the year		4 062	4 094
Supplementary information			
Interests received	4	3	3
Interests paid	4	0	0

The separate cash flow statement is not affected by the capital increase, as the shares were contributed as contribution in kind

Auditor's Report on the Company's separate (unconsolidated) financial statements as at 31 March 2022 under International Financial Reporting Standards ("IFRS")

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Magyar Takarékszövetkezet Bankholding Zrt.

Opinion

We have audited the activity closing separate financial statements of Magyar Takarékszövetkezet Bankholding Zrt. (the „Company”) for March 31, 2022 which comprise the statement of separate financial position as at March 31, 2022 – which shows a total assets of mmHUF 102.162 –, and the related statement of recognized income, statement of comprehensive income – which shows a net loss for the year of mmHUF 22 –, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying activity closing separate financial statements give a true and fair view of the financial position of the Company as at March 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS”), and the separate financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (the „Accounting Act”) relevant to the entities preparing separate financial statements in accordance with EU IFRS.

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "The Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the "Rules of conduct (ethical rules) of the auditor profession and the disciplinary process" of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

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

Emphasis of Matter

We draw attention to Note 1 of the activity closing separate financial statements (Presentation of the Company), according to that note the Company was merged into MKB Bank Nyrt. on March 31 2022. Accordingly, the Company prepared activity closing separate financial statements for the financial year ending as at March 31 2022. Our opinion is not qualified on this issue.

Other Information: The Business Report

Other information includes the business report of the Company for 2022. Management is responsible for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the activity closing separate financial statements provided in the section of our independent auditor's report entitled „*Opinion*” does not apply to the business report.

Our responsibility in connection with our audit of the activity closing separate financial statements is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the activity closing separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the business report is consistent with the activity closing separate financial statements.

In our opinion, the business report of the Company for 2022 corresponds to the activity closing separate financial statements of the Company for 2022 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the activity closing separate financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of activity closing separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

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

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

Budapest, 1 June 2022

The original Hungarian version has been signed.

Molnár Gábor
on behalf of Deloitte Auditing and Consulting Ltd.
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.
Registration number: 000083

Registration number of statutory registered auditor: 007239

Magyar Takaréknál Bankholding Zrt.

Proposal of the Board of Directors of the successor MKB Bank Nyrt for the appropriation of profit for 2022

Data in HUF million

	Profit/loss reserve
Opening balance	-184,127
Profit after tax	-22
Closing balance	<u>-184,149</u>

Proposal to the General Meeting

The Board of Directors proposes to transfer the after-tax loss to the retained earnings.

Proposed general meeting resolution:

Having received and understood the reports of the Supervisory Board and the Auditor, the General Meeting approves the Separate Business Report and Financial Statements of Magyar Takarékszövetkezet Zrt. closing its activities in the financial year from 1 January 2022 to 31 March 2022, prepared by the management of MKB Bank Nyrt., the legal successor of Magyar Takarékszövetkezet Zrt., and the proposal of the Board of Directors of MKB Bank Nyrt., the legal successor of Magyar Takarékszövetkezet Zrt., for the appropriation of the profit after tax and the auditor's report on the (separate) financial statements of Magyar Takarékszövetkezet Zrt. as at 31 March 2022 in accordance with International Financial Reporting Standards ("IFRS").

The General Meeting approves the separate (unconsolidated) financial statements of Magyar Takarékszövetkezet Zrt. for the financial year from 1 January 2022 to 31 March 2022, prepared in accordance with International Financial Reporting Standards, with the following main figures:

BALANCE SHEET TOTAL: HUF 102,162 million

LOSS AFTER TAX: HUF 22 million

The General Meeting resolves that the loss after tax of Magyar Takarékszövetkezet Zrt. shall be transferred to the retained earnings of the legal successor MKB Bank Nyrt.

Agenda item No. 2.1.

**APPROVAL OF THE BALANCE SHEET AND INVENTORY OF THE (CLOSING)
ASSETS OF MKB BANK NYRT. AS ACQUIRING COMPANY PREPARED AS OF
31 MARCH 2022**

Reasoning:

According to the management of MKB Bank Nyrt., Budapest Bank Zrt. and Magyar Takarékhelyettesítő Intézet Zrt. the merger of the companies would provide an opportunity to exploit significant synergies, the main elements of which are as follows:

Business synergies: the Company, as the receiving company, can reach the customer base of the merging companies, cross-selling can help achieve higher profitability per customer, and the business size-proportionate reserves of the business (e.g. liquidity reserves, capital reserves, risk reserves) can be optimised, thus ensuring more efficient use of capital. Innovative customer relationship management IT improvements allow new customers to be reached and sales channels to be streamlined.

IT synergies: the size and complexity of the IT structure required by the Company as the receiving company is significantly smaller than the combined infrastructure currently used by the merging companies separately. Improvements resulting from the merger will allow the introduction of more efficient IT tools compared to the status quo, both in terms of banking operations and customer relations.

Organisational synergies: the IT improvements and process standardization will reduce the resources devoted to customer activities in proportion to business, as well as the control and other service areas.

Other cost synergies: external professional, marketing and legal costs can be significantly reduced for the Company as the receiving company following the merger, and real estate costs can be rationalised for a proportionately smaller organisation. The optimised sales network also has an impact on real estate and vehicle costs.

From a legal point of view, the creation of unified corporate governance and the necessary internal rules and regulations for the receiving company will help to realise economic synergies in order to maximise the value of the company.

On the basis of the above economic rationale, the management boards of the merging companies have prepared the merger plan on the basis of which Budapest Bank Zrt. and Magyar Takarékhelyettesítő Intézet Zrt. as the acquired companies will merge with the Company as the receiving company by way of a merger. The management boards of the merging companies have prepared all the documents necessary for the merger in order to enable the highest bodies of the merging companies to decide on the merger (fusion) on one occasion on 15 December 2021 pursuant to Section 8 (1) of Act CLXXVI of 2013 on the Transformation, Merger and Demerger of Legal Persons (the '**Transformation Act**'). Pursuant to Resolution No. 13/2021 (15 December) of the General Meeting on the merger, the draft balance sheets and asset inventories of the merging companies were submitted to the court of registration as annexes to the merger agreement.

Pursuant to Section 141 of Act C of 2000 on Accounting (hereinafter 'Accounting Act'), a final balance sheet and inventory of assets and liabilities shall be prepared within 90 days after the date of the transfer (31 March 2022). It must be deposited with the court of registration for both the transforming company and the company resulting from the transformation.

Pursuant to the referenced section of the Accounting Act, the management has prepared balance sheets for the merging entities as of 31 March 2022: Budapest Bank Zrt. ("BB") - the merging entity, Magyar Takarékszövetkezet Zrt. ("MTBH") - the merging entity, MKB Bank Nyrt. ("MKB") - the acquiring entity, and the consolidated entity (also "MKB") - the successor company. The supporting documents for the balance sheets are the asset inventories.

This General Meeting proposal has been prepared for the adoption of the (closing) separate balance sheet and inventory of assets and liabilities of **MKB Bank Nyrt.** as the acquiring company, with a balance sheet total of HUF 3,802,216 million and equity of HUF 248,838 million.

Proposed general meeting resolution:

The General Meeting approves the (closing) balance sheet and the inventory of assets and liabilities of MKB Bank Nyrt. as the acquiring company as of 31 March 2022, prepared by the management of MKB Bank Nyrt. and audited by the independent auditor, as attached as Annex 4 to the written proposal.

The General Meeting approves the (final) separate balance sheet of the assets and liabilities of MKB Bank Nyrt. as the acquiring company, as audited by an independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 3,802,216 MILLION

EQUITY: HUF 248,838 MILLION

Agenda item No. 2.2

**APPROVAL OF THE BALANCE SHEET AND INVENTORY OF THE (CLOSING)
ASSETS OF BUDAPEST BANK ZRT. AS ACQUIRED COMPANY PREPARED AS
OF 31 MARCH 2022**

Reasoning:

Pursuant to Resolution No. 13/2021 (15 December) of the General Meeting on the merger, the draft balance sheets and asset inventories of the merging companies were submitted to the court of registration as annexes to the merger agreement.

Pursuant to Section 141 of Act C of 2000 on Accounting (hereinafter 'Accounting Act'), a final balance sheet and inventory of assets and liabilities shall be prepared within 90 days after the date of the transfer (31 March 2022). It must be deposited with the court of registration for both the transforming company and the company resulting from the transformation.

Pursuant to the referenced section of the Accounting Act, the management has prepared balance sheets for the merging entities as of 31 March 2022: Budapest Bank Zrt. ("BB") - the merging entity, Magyar Takarékszövetkezet Bankholding Zrt. ("MTBH") - the merging entity, MKB Bank Nyrt. ("MKB") - the acquiring entity, and the consolidated entity (also "MKB") - the successor company. The supporting documents for the balance sheets are the asset inventories.

This General Meeting proposal has been prepared for the adoption of the (closing) separate balance sheet and inventory of assets and liabilities of **Budapest Bank Zrt.** as the merging company, with a balance sheet total of HUF 2,537,677 million and equity of HUF 179,666 million.

Proposed general meeting resolution:

The General Meeting approves the (closing) balance sheet and the inventory of assets and liabilities of Budapest Bank Zrt. as the merging company as of 31 March 2022, prepared by the management of MKB Bank Nyrt., as the legal successor, and audited by the independent auditor, as attached as Annex 5 to the written proposal.

The General Meeting approves the (closing) separate balance sheet of Budapest Bank Zrt. as the merging company, as audited by an independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 2,537,677 MILLION

EQUITY: HUF 179,666 MILLION

Agenda item No. 2.3

**APPROVAL OF THE BALANCE SHEET AND INVENTORY OF THE (CLOSING)
ASSETS OF MAGYAR TAKARÉK BANKHOLDING ZRT. AS ACQUIRED
COMPANY PREPARED AS OF 31 MARCH 2022**

Reasoning:

Pursuant to Resolution No. 13/2021 (15 December) of the General Meeting on the merger, the draft balance sheets and asset inventories of the merging companies were submitted to the court of registration as annexes to the merger agreement.

Pursuant to Section 141 of Act C of 2000 on Accounting (hereinafter 'Accounting Act'), a final balance sheet and inventory of assets and liabilities shall be prepared within 90 days after the date of the transfer (31 March 2022). It must be deposited with the court of registration for both the transforming company and the company resulting from the transformation.

Pursuant to the referenced section of the Accounting Act, the management has prepared balance sheets for the merging entities as of 31 March 2022: Budapest Bank Zrt. ("BB") - the merging entity, Magyar Takarék Bankholding Zrt. ("MTBH") - the merging entity, MKB Bank Nyrt. ("MKB") - the acquiring entity, and the consolidated entity (also "MKB") - the successor company. The supporting documents for the balance sheets are the asset inventories.

This General Meeting proposal has been prepared for the adoption of the (closing) separate balance sheet and inventory of assets and liabilities of **Magyar Takarék Bankholding Zrt.** as the merging company, with a balance sheet total of HUF 102.162 million and equity of HUF 102,151 million.

Proposed general meeting resolution:

The General Meeting approves the (closing) balance sheet and the inventory of assets and liabilities of Magyar Takarékközlési Bank Zrt. as the merging company as of 31 March 2022, prepared by the management of MKB Bank Nyrt., as the legal successor, and audited by the independent auditor, as attached as Annex 6 to the written proposal.

The General Meeting approves the (closing) separate balance sheet of Magyar Takarékközlési Bank Zrt., as the merging company, as audited by an independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 102,162 MILLION

EQUITY: HUF 102,151 MILLION

Agenda item No. 2.4

**APPROVAL OF THE BALANCE SHEET AND INVENTORY OF THE (OPENING)
ASSETS OF MKB BANK NYRT. AS SUCCESSOR COMPANY PREPARED AS OF
31 MARCH 2022**

Reasoning:

Pursuant to Resolution No. 13/2021 (15 December) of the General Meeting on the merger, the draft balance sheets and asset inventories of the merging companies were submitted to the court of registration as annexes to the merger agreement.

Pursuant to Section 141 of Act C of 2000 on Accounting (hereinafter 'Accounting Act'), a final balance sheet and inventory of assets and liabilities shall be prepared within 90 days after the date of the transfer (31 March 2022). It must be deposited with the court of registration for both the transforming company and the company resulting from the transformation.

Pursuant to the referenced section of the Accounting Act, the management has prepared balance sheets for the merging entities as of 31 March 2022: Budapest Bank Zrt. ("BB") - the merging entity, Magyar Takarékszövetkezet Bankholding Zrt. ("MTBH") - the merging entity, MKB Bank Nyrt. ("MKB") - the acquiring entity, and the consolidated entity (also "MKB") - the successor company. The supporting documents for the balance sheets are the asset inventories.

This General Meeting proposal has been prepared for the adoption of the (closing) separate balance sheet and inventory of assets and liabilities of **MKB Bank Nyrt.**, as the **legal successor company**, with a balance sheet total of HUF 6,446,224 million and equity of HUF 715,719 million.

In the consolidated balance sheet, the individual assets and liabilities of the merging entities are aggregated and the differences column reflects the consolidation between the 3 entities (derivative transactions between BB and MKB), the treatment of accounting policy consolidations, the capital increase of HUF 185 billion made by Magyar Bankholding Zrt. to MKB Bank Nyrt. as the acquiring company under the merger agreement and the relevant General Meeting resolution. The column for the equity capital adjustment shows the capital adjustments in accordance with the draft balance sheet. The registered capital of the successor company registered by the Companies Court is HUF 311,319,983,000.

Proposed general meeting resolution:

The General Meeting approves the (opening) balance sheet and the inventory of assets and liabilities of MKB Bank Nyrt. as the legal successor company as of 31 March 2022, prepared by the management of MKB Bank Nyrt. and audited by the independent auditor, as attached as Annex 7 to the written proposal.

The General Meeting approves the (opening) separate balance sheet of the assets and liabilities of MKB Bank Nyrt. as the legal successor company, as audited by an independent auditor, with the following main figures:

BALANCE SHEET TOTAL: HUF 6,446,224 MILLION

EQUITY: HUF 715,719 MILLION

Agenda item No. 2.5

**APPROVAL OF THE AUDIT REPORT OF H K ADÓCONTROLL KÖNYVELŐ ÉS
KÖNYVVIZSGÁLÓ KFT. PREPARED FOR THE ABOVE BALANCE SHEETS AND
ASSET INVENTORIES**

Reasoning:

Pursuant to Resolution No. 13/2021 (15 December) of the General Meeting on the merger, the draft balance sheets and asset inventories of the merging companies were submitted to the court of registration as annexes to the merger agreement.

Pursuant to Section 141 of Act C of 2000 on Accounting (hereinafter 'Accounting Act'), a final balance sheet and inventory of assets and liabilities shall be prepared within 90 days after the date of the transfer (31 March 2022). It must be deposited with the court of registration for both the transforming company and the company resulting from the transformation.

Pursuant to the referenced section of the Accounting Act, the management has prepared balance sheets for the merging entities as of 31 March 2022: Budapest Bank Zrt. ("BB") - the merging entity, Magyar Takarékszövetkezet Bankholding Zrt. ("MTBH") - the merging entity, MKB Bank Nyrt. ("MKB") - the acquiring entity, and the consolidated entity (also "MKB") - the successor company. The supporting documents for the balance sheets are the asset inventories.

The balance sheet and the inventories of assets and liabilities were audited by H K Adókontroll Könyvelő és Könyvvizsgáló Kft., Dr. Mihály Hegedűs, with an unqualified audit opinion issued for the audit.

Proposed general meeting resolution:

The General Meeting approves the independent audit report on the audit of the merging companies' balance sheets and inventories of assets and liabilities carried out by the auditor, H K ADÓCONTROLL Könyvelő és Könyvvizsgáló Kft. (registered office: 6055 Felsőlajos, Hársfa utca 10., Hungary; registered by the Court of Registration of the Budapest Capital and Regional Court under Cg.03-09-109816) and in person by Mihály Hegedűs, registered auditor (address: 6050 Lajosmizse, Batthyány utca 9., Hungary, mother's maiden name: Ilona Varga), attached to the written proposal as Annex 8.

Agenda item No. 3

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

Reasoning:

In the present proposal, we propose that the General Meeting issues the hold harmless warrant to all members of the Board of Directors and the Supervisory Board of the Company with membership rights during the period from the establishment of the predecessor Magyar Takarékközpont Zrt. (the 'Company') (9 July 2021) until the termination of the Company by merger (31 March 2022), in accordance with Section 3:117 (1) of the Civil Code, applying a uniform procedure with regard to the merger:

Magyar Takarékközpont Zrt. - Board of Directors		
	Start of membership	Termination of membership
Dr. Zsolt Barna, Chairman	09.07.2021.	31.03.2022.
dr. Koppány Tibor Lélfa	09.07.2021.	31.03.2022.
Levente László Szabó	01.01.2022.	31.03.2022.
dr. Ádám Balog	09.07.2021.	31.03.2022.
dr. Attila Tamás Tajthy	09.07.2021.	31.03.2022.
József Vida	09.07.2021.	12.31.2021.

Magyar Takarékközpont Zrt. - Supervisory Board		
	Start of membership	Termination of membership
Dr. Zsolt Rózsa, Chairman	09.07.2021.	31.03.2022.
dr. Erzsébet Beáta Bánkúti	09.07.2021.	31.03.2022.
Dr László Ipacs	09.07.2021.	31.03.2022.
Zoltán Váradi	09.07.2021.	31.03.2022.
Rita Inámi-Bolgár	09.07.2021.	31.03.2022.

Pursuant to Section 3:117 (1) of the Civil Code¹ the highest organ of the company (i.e. the General Meeting of the legal successor MKB Bank Nyrt.) can establish the adequacy of the management activities of the members of the Board of Directors and the control activities of

¹ **Section 3:117** [Liability of executive officers to the business association for damages]

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

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

the members of the Supervisory Board during the effective term of their legal relationship by granting them the hold-harmless warrant.

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

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

Granting the hold-harmless warrant falls within the exclusive competence of the General Meeting.

Proposed general meeting resolution:

The General Meeting concludes that the management activities of the members of the Board of Directors and the Supervisory Board of the legal predecessor Magyar Takaréknál Bankholding Zrt. were satisfactory during the following period therefore grants the hold-harmless warrant to them pursuant to Section 3:117 of Act V of 2013 on the Civil Code.

Magyar Takaréknál Bankholding Zrt. - Board of Directors

dr. Zsolt Barna: 09.07.2021-31.03.2022

dr. Koppány Tibor Lélfa: 09.07.2021-31.03.2022

Levente László Szabó: 01.01.2022-31.03.2022

dr. Ádám Balog: 09.07.2021-31.03.2022

dr. Attila Tamás Tajthy: 09.07.2021-31.03.2022

József Vida: 09.07.2021-31.12.2021

Magyar Takaréknál Bankholding Zrt. - Supervisory Board

dr. Zsolt Rózsa: 09.07.2021-31.03.2022

dr. Erzsébet Beáta Bánkúti: 09.07.2021-31.03.2022

dr. László Ipacs: 09.07.2021-31.03.2022

Zoltán Váradi: 09.07.2021-31.03.2022

Rita Inámi-Bolgár: 09.07.2021-31.03.2022

ANNEXES

1. Interim Financial Statements of MKB Bank Plc as at 31 March 2022; Auditor's Report on the Interim Financial Statements of MKB Bank Nyrt. as at 31 March 2022 in accordance with International Financial Reporting Standards ("IFRS") (Annex to Agenda Item 1.1)
2. Separate Business Report and Accounts of Budapest Bank Zrt. closing the activities of the financial year from 1 January 2022 to 31 March 2022; Auditor's report on the (separate) financial statements of Budapest Bank Zrt. as at 31 March 2022 in accordance with the International Financial Reporting Standards ("IFRS") (Annex to Agenda item 1.2)
3. Separate Business Report and Accounts of Magyar Takarékbankholding Zrt. closing the activities of the financial year from 1 January 2022 to 31 March 2022; Auditor's report on the (separate) financial statements of Magyar Takarékbankholding Zrt. as at 31 March 2022 in accordance with the International Financial Reporting Standards ("IFRS") (Annex to Agenda item 1.3)
4. (Closing) Balance Sheet and Inventory of Assets and Liabilities of MKB Bank Nyrt. as the Acquiring Company as of 31 March 2022 (Annex to Agenda Item 2.1)
5. (Closing) Balance Sheet and Inventory of Assets and Liabilities of Budapest Bank Zrt. as the Merging Company as at 31 March 2022 (Annex to Agenda Item 2.2)
6. (Closing) Balance Sheet and Inventory of Assets and Liabilities of Magyar Takarékbank Holding Zrt. as the Merging Company as at 31 March 2022 (Annex to Agenda Item 2.3)
7. (Opening) Balance Sheet and Inventory of Assets and Liabilities of MKB Bank Nyrt. as the Legal Successor Company as of 31 March 2022 (Annex to Agenda Item 2.4)
8. Independent audit report of H K ADÓCONTROLL Könyvelő és Könyvvizsgáló Kft. on the certification of the final balance sheet and the final inventory of assets and liabilities of BUDAPEST Hitel- és Fejlesztési Bank Zrt. and Magyar Takarékbankholding Zrt. merging into MKB Bank Nyrt. (Annex to agenda item 2.5.)