



1Q 2021 MKB Group

Flash Report presentation

26 May 2021



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

For definition and calculation methodology of alternative performance measurement indicators please refer to 1Q Flash Report chapter 4.1 – Financial indicators.

This presentation is to support the understanding of the underlying financial performance of MKB Group and it is a close and inseparable part of the 1Q 2021 Flash Report.

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Increased business activity in 2020 turned into fruition in 1Q 2021:

- **HUF 28.9 bln** adjusted profit booked, as rising yield environment have had a favourable effect on banking book portfolio
- Continuously increasing net interest income
- **Total assets expanded near to HUF 3,000 bln:** +7.7% p/p, +47.6% y/y: deposit inflow continued in 1Q after a temporary drop in January. Customer loan volumes increase continued in relevant segments
- **Stable capital buffer:** CAR significantly outperforms regulatory minimum, despite of the decreasing revaluation reserve put pressure on regulatory capital
- **Sound liquidity position**
- **Risk costs** (unadjusted) release of HUF 0.8 bln was booked: excellent underlying portfolio quality maintained by thorough monitoring of loans (especially under moratorium)

- COVID-19 3rd wave measures hinders revenue generation of the banking sector in 1Q. Turnover related fee and FX incomes affected by general lockdown of non-essential stores and services
- Inflation growth expectations resulted in slightly increased yields in 1Q
- Normal branch operation had been upheld in 1Q despite the 3rd wave of Covid-19
- Government and Central Bank economic stimulus programs were still in the focus of lending in 1Q
- Steady moratorium participation rate: 55% of all eligible exposures in MKB Bank are under moratorium as 61% of eligible clients participated in 1Q

Adjusted figures*			
PAT		Total Assets	
↑	HUF 28.93 bln	↑	HUF 2,996.5 bln
	264.4% ; -		47.6% ; 7.7%
ROAE		CIM	
↑	53.08%	↓	2.54%
	36.7%-pt ; 54.6%-pt		-0.8%-pt ; -0.5%-pt
GAE		CIR	
↑	HUF 12.08 bln	↓	28.03%
	21.9% ; -10.7%		-28.9%-pt ; -70.5%-pt
Risk%		NPL%	
↑	-0.07%	↓	2.54%
	0.3%-pt ; -0.1%-pt		-1.4%-pt ; -0.1%-pt
CAR		Securities to TA	
↑	18.92%	↑	45.22%
	1.0%-pt ; -1.6%-pt		8.2%-pt ; 3.0%-pt

(↓ y/yYTD; p/p ↑)

*For PAT adjustments see page 11, for unadjusted figures see 1Q 2021 Flash report, paragraph 3.1.2

Retail



- Digital queue management become available in 1Q across the entire branch network
- Subsidized Home Renovation Loan and also NBH Qualified Consumer-Friendly Personal Loan is available for customers since March
- MKB World Elite Metal and MKB Platinum Metal Cards are available for customers

Corporate



- Continuous demand for FGS GO!, EXIM and Széchenyi loans (above the total corporate market share of MKB) contributed to y/y increase in the loan portfolio
- Interest-Free Restart Quick Loan Program started in March with strong demand at MFB points
- Stable market share of non-financial corporate loans with a slightly increasing stock in 1Q (+1.9% p/p)

Leasing



- MKB-Euroleasing celebrates it's 30th anniversary in 2021. In terms of turnover, the company is today the second largest player in the leasing market
- In terms of new disbursements MKB Group has a stable position among the three largest actors in the sector
- As of March 2021, around 21% of the eligible leasing volumes are under the moratorium
- Massive y/y growth in retail car financing both in new disbursements and stock

Easing after the 3rd wave of COVID-19:

- From 7th April (2.5 mln vaccinated) all stores are reopened, under area based rules
- From 19th April kindergartens and elementary schools re-admits children under 10 years
- From 24th April (3.5 mln vaccinated) the terraces and garden areas of the restaurants could be opened
- From 1st May (4.0 mln vaccinated) stores can be open till 11 pm, leisure facilities (zoos, museums, theatres, cinemas, libraries, gyms, pools) can be visited for people having immunity certificate. Holders of an immunity certificate can return to the country without a quarantine obligation, and the same applies to citizens of countries with which Hungary has signed an international agreement
- From 23th May (5.0 mln vaccinated) curfew is terminated, stores can be opened without any limitation on opening hours, events can be held under headcount and venue based rules

**Moratorium**

The moratorium will be extended until the end of August in its current form. By the end of August, customers should indicate if they wish to continue participating in the moratorium, which will last until the end of June 2022.



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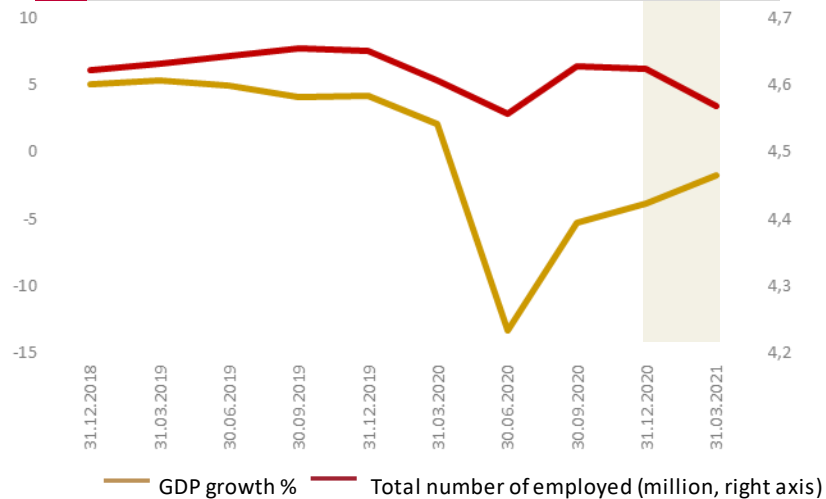
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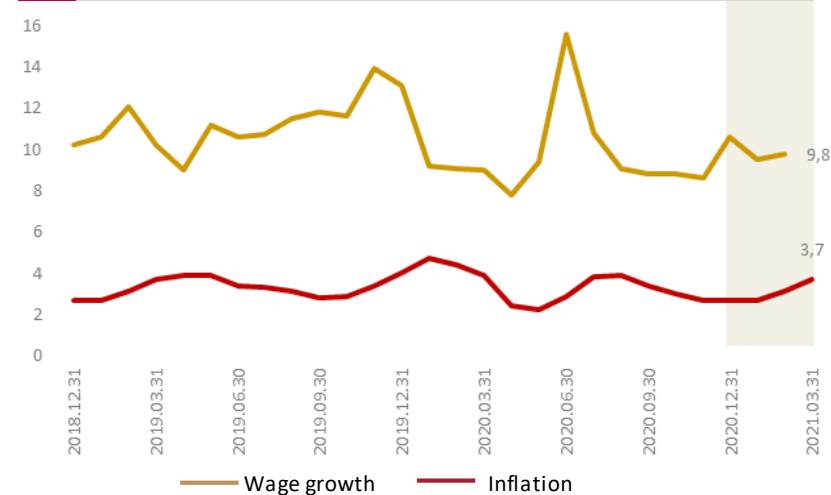
- Retail and corporate savings increased further as the moratorium was extended and COVID-19 3rd wave lockdown still limits retail sector spending
- EUR/HUF exchange rate has been stabilized around 360 HUF since late 2020, as inflation worries intensified

* Includes only loans to domestic non-financial corporations, in line with the definition of NBH statistics . Hungarian GAAP data includes held for sale assets according to IFRS.

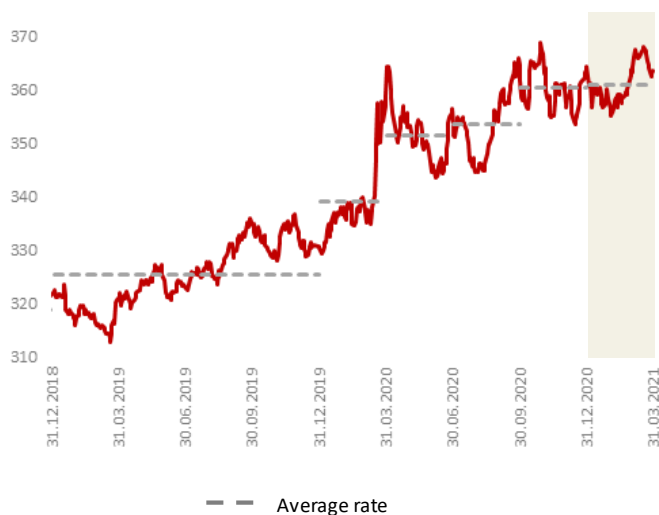
GDP growth (y/y %) and employment



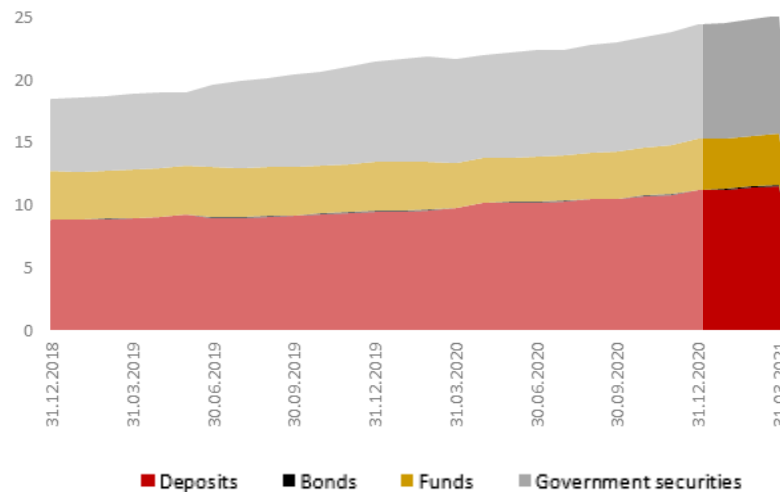
Average inflation and wage growth (y/y %)



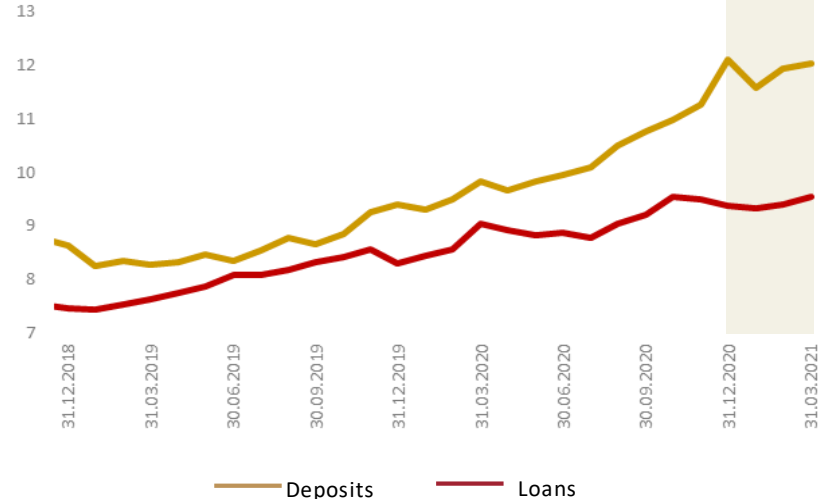
EUR/HUF rate



Household savings (HUF thous. bln)

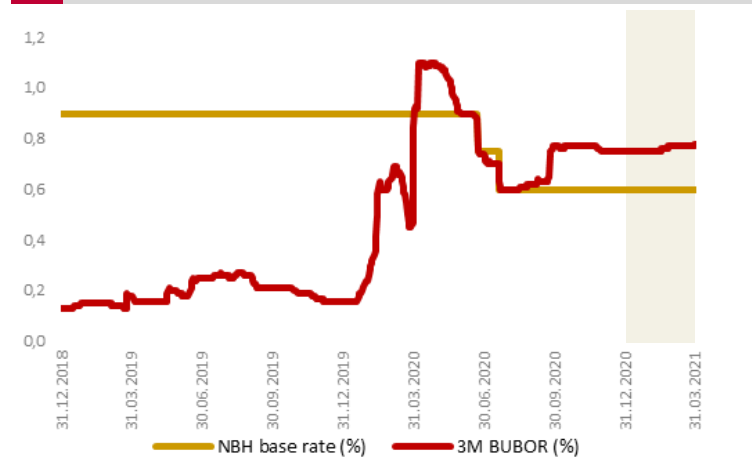


Corporate volumes* (HUF thous. bln)

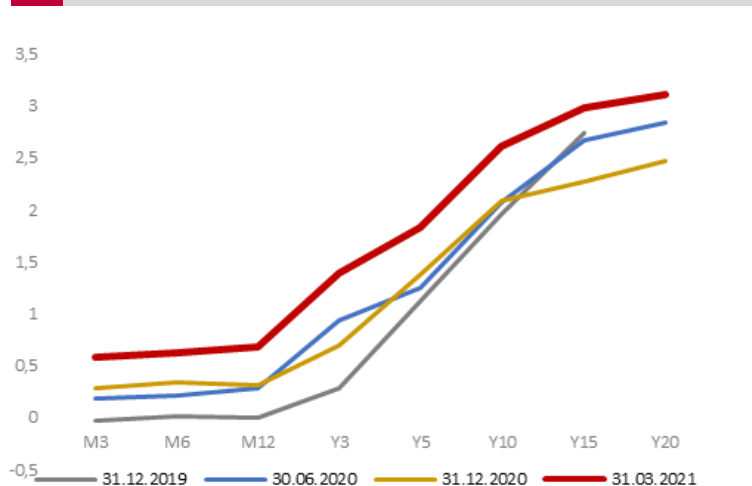


- Increasing interest rate environment in 1Q. Government bond yields increased modestly, while long term swap yields increased with more than 100 bps, further decreasing the asset-swaps spread
- Uncertainty in the interest rate trends intensified in 2Q. Easing inflation fears led to an initial yield decrease in April, while the higher than expected inflation data and the NBH Deputy Governor's statement about a possible base rate increase led to further yield increase in May
- As money market trends are important drivers in MKB's results, the increasing interest rates significantly affected the Bank's P&L (interest and fair value) and OCI levels

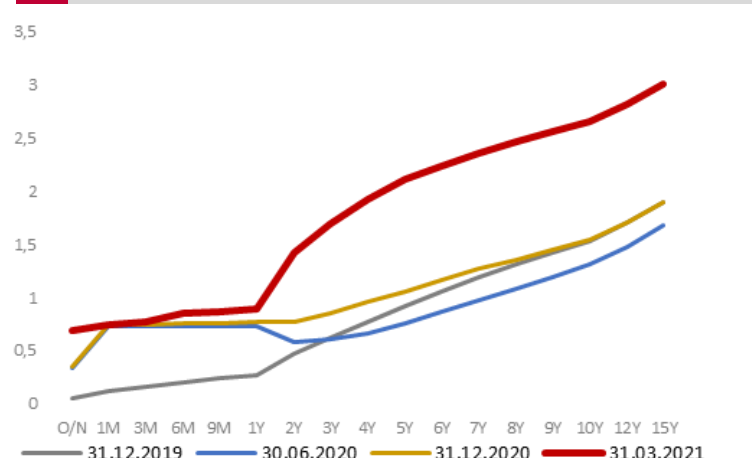
NBH base rate and 3M BUBOR



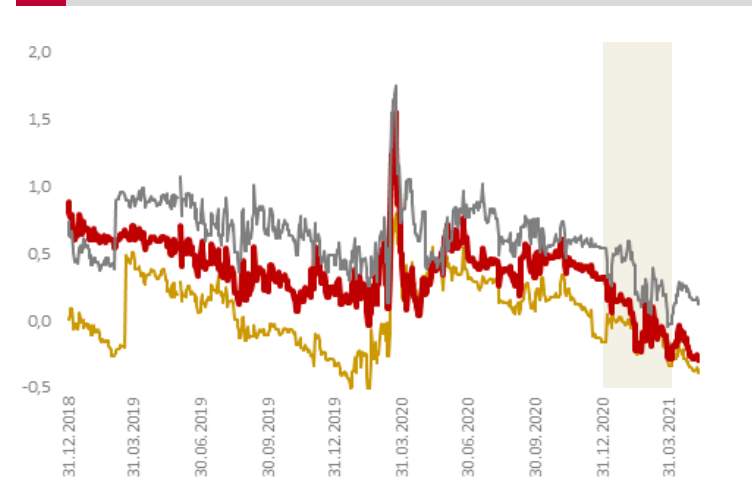
End of quarter ÁKK benchmark yields



End of quarter SWAP yield curves (%)



ÁKK-SWAP spread (%-pts)





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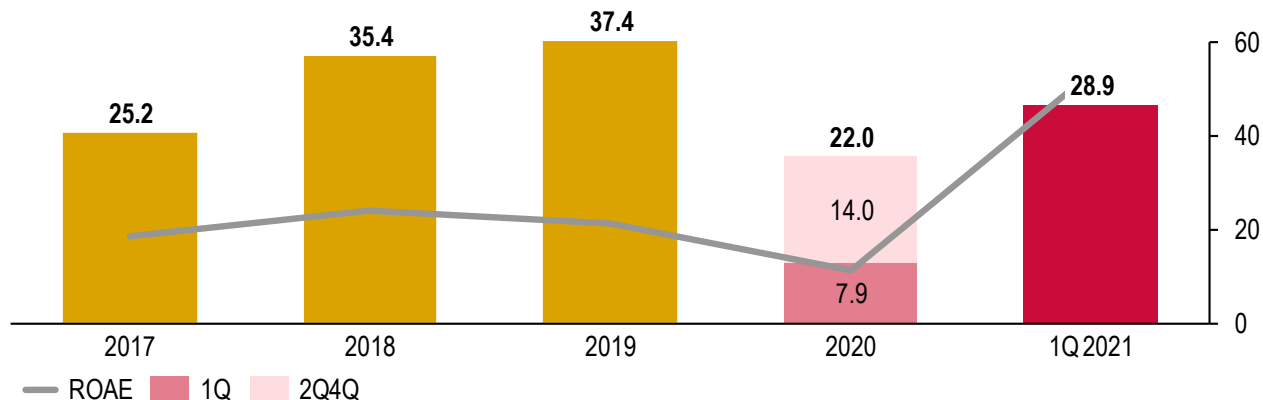
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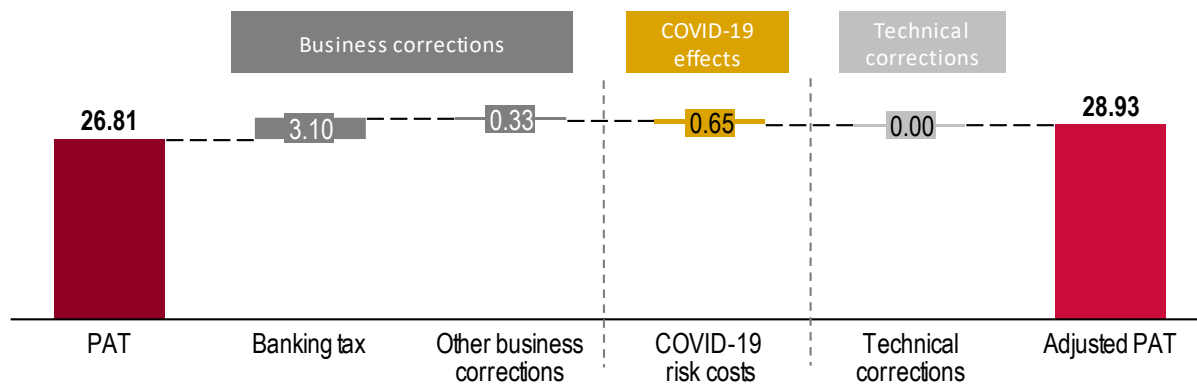
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Adjusted Profit after tax (HUF bln, YTD) and ROAE (%)



1Q 2021 adjusted Profit After Tax breakdown (HUF bln)



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

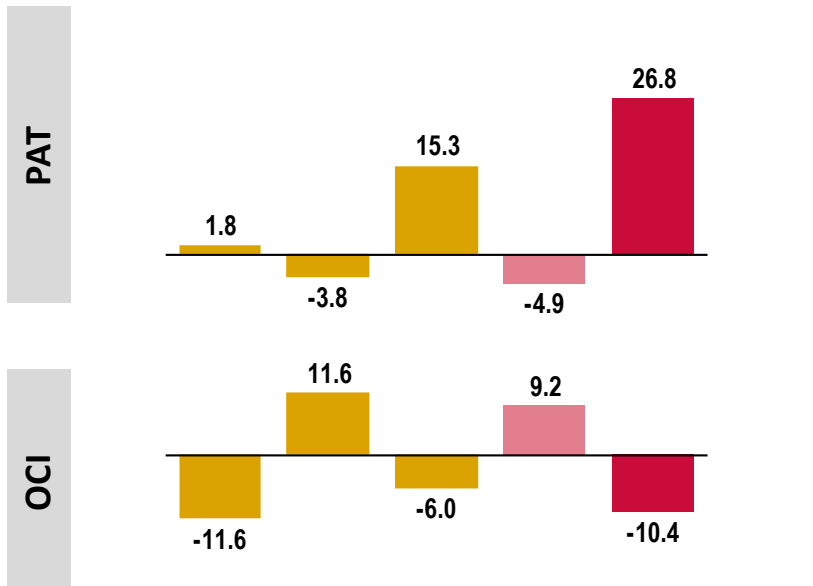
Business corrections applied to emphasize the underlying business performance by eliminating effects of non-core business related accounting items

COVID-19 adjustments are used to eliminate the distortion effect of the pandemic:

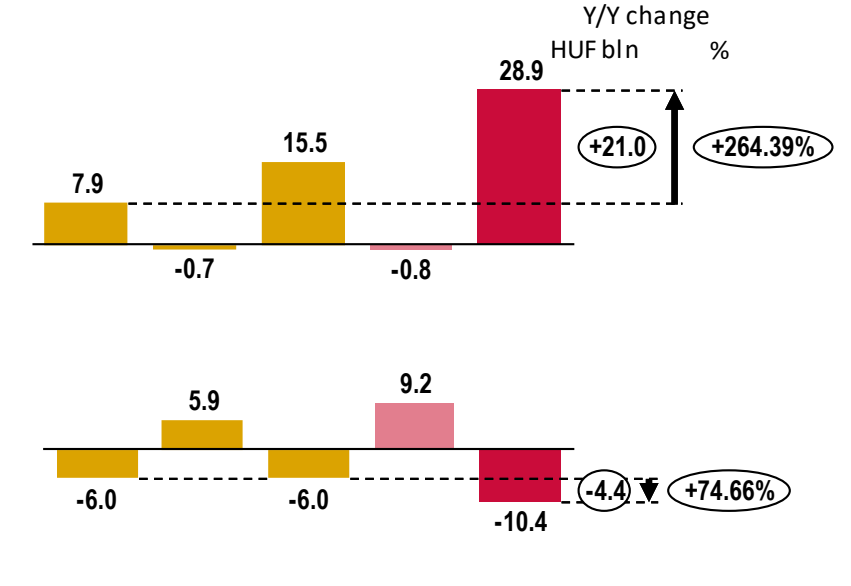
- COVID-19 risk costs include the modification gain&loss effect of the moratorium and the effect of the EBA guideline on loans under moratorium

Technical corrections are required for biased p/p and y/y comparison

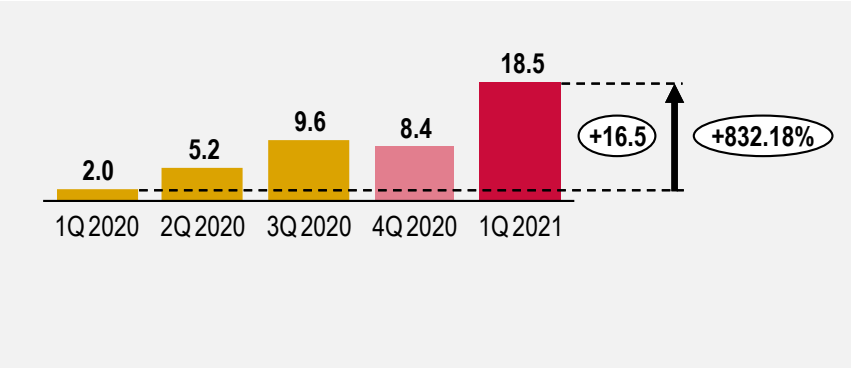
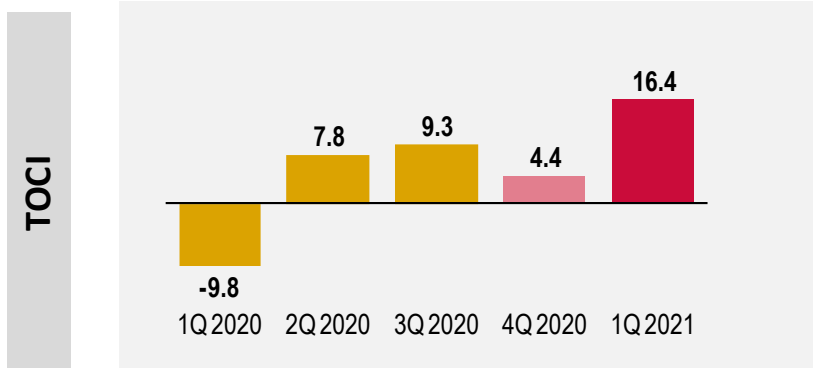
Total Comprehensive Income (HUF bln)



Adjusted Total Comprehensive Income (HUF bln)



- **HUF 28.9 bln adjusted 1Q PAT** (HUF +21.0 bln y/y) signals results of improved business activity together with positive money market trends. Customer related and banking book portfolios have had both strong revenue contribution while costs kept under control
- Positive FV result was partly offset by HUF -10.4 bln OCI resulting in HUF 18.5 bln **adjusted total comprehensive income (TOCI)**





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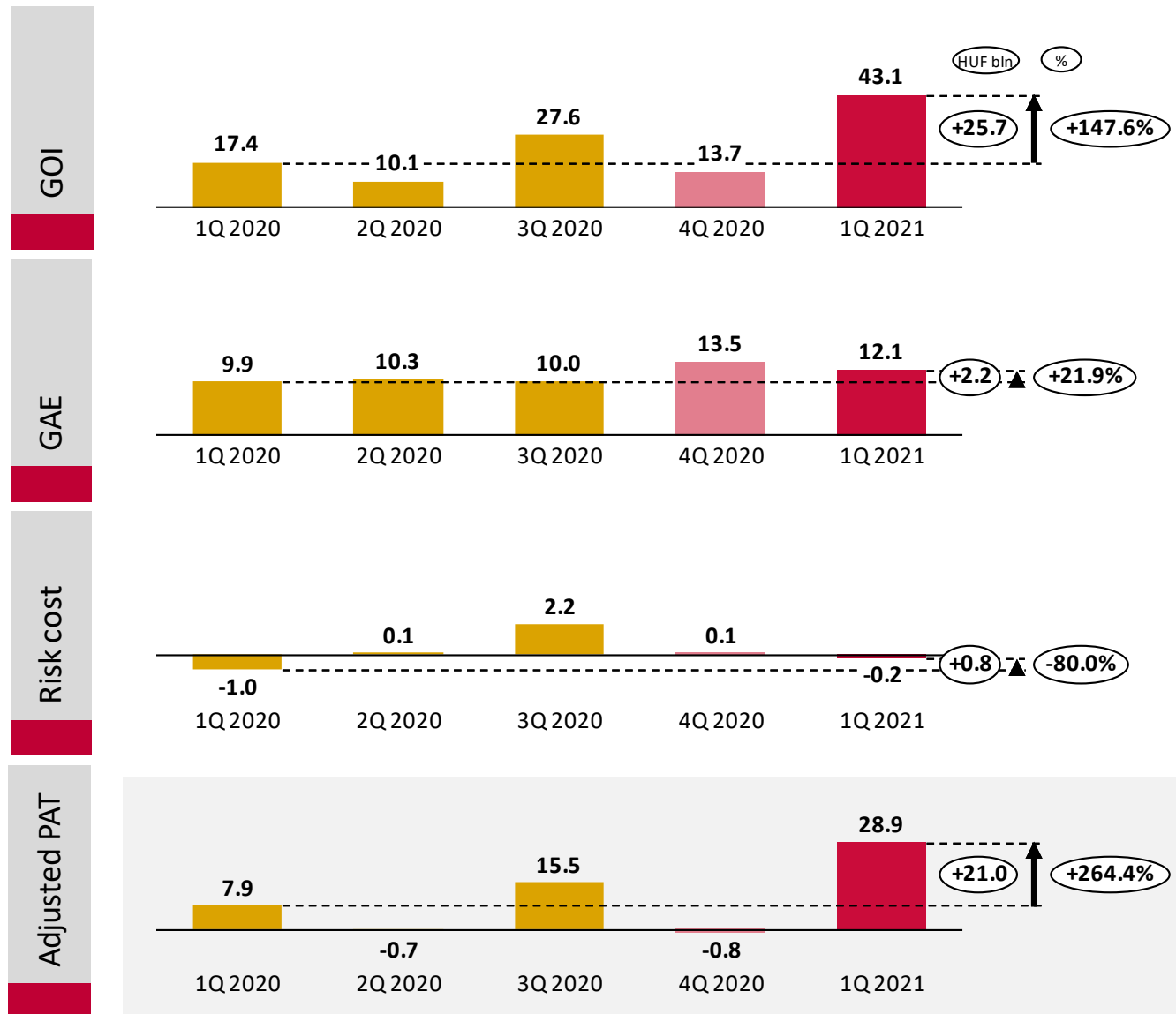
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Adjusted P&L (HUF bln)	2019		2020		2021	Y/Y (Y) %	P/P %	Y/Y (P) %
	4Q(Y)	1Q	4Q	4Q(Y)	1Q			
<i>Net operating income</i>	39.5	7.5	0.2	25.0	31.0	-	-	-
Gross operating income	80.7	17.4	13.7	68.8	43.1	147.57%	214.15%	147.57%
Net interest income	40.8	7.8	10.6	36.1	11.5	47.82%	7.79%	47.82%
Net fee income	27.3	6.0	6.4	23.6	5.5	-8.11%	-13.84%	-8.11%
Other Income ¹	12.5	3.7	-3.3	9.1	26.1	-	-	-
General admin. Expenses	-41.2	-9.9	-13.5	-43.7	-12.1	21.95%	-10.65%	21.95%
Provisions	-2.9	1.1	0.0	-1.0	0.3	-76.49%	-	-76.49%
Provision for losses on loans	-3.1	1.0	-0.1	-1.4	0.2	-79.95%	-243.40%	-79.95%
Other provisions and impairments	0.15	0.03	0.10	0.43	0.04	55.40%	-59.35%	55.40%
Adjusted PBT	36.6	8.6	0.2	24.0	31.3	264.79%	-	264.79%
Taxation	0.78	-0.63	-0.96	-2.05	-2.33	269.78%	143.22%	269.78%
Adjusted PAT	37.4	7.9	-0.8	22.0	28.9	264.39%	-	264.39%
Adjusted revaluation on non HFC financial assets (OCI)	-3.3	-6.0	9.2	3.2	-10.4	74.66%	-212.66%	74.66%
Adjusted Total Comprehensive Income	34.1	2.0	8.4	25.1	18.5	-	120.01%	-
Adjustments total on PAT ²	-6.8	6.1	4.1	13.5	2.1	-65.39%	-47.79%	-65.39%
Profit after tax (PAT, unadjusted)	44.1	1.8	-4.9	8.4	26.8	-	-	-
Revaluation on non HFC financial assets (OCI, unadjusted)	-3.3	-11.6	9.2	3.2	-10.4	-10.69%	-212.66%	-10.69%
Unadjusted Total Comprehensive Income	40.9	-9.8	4.4	11.6	16.4	-266.99%	276.43%	-266.99%

¹ Contains FX+FV result
² The 3.1 chapter of the Flash report contains the list of adjustments



- Impressive quarterly **gross operating income HUF 43.1 bln** was caused mainly by favourable net interest income and massive FV result due to the increasing interest rate environment in 1Q. The 15.9% y/y increase of core income* (HUF 18.4 bln in 1Q 2021; -5.8% p/p) echoes the strong business activity in last year through net interest income (+47.8% y/y) and the fruitful management of liquidity surplus of the Bank. Revenue potential from turnover related incomes (fee, FX) were limited by the COVID-19 3rd wave lockdown throughout the banking sector
- **HUF 12.1 bln GAE:** Y/y HUF 2.2 bln increase is the result of increasing headcount, costs related to MBH activity in favour of the merger procedure and IT investment capitalizations in 2020
- **HUF -0.2 bln adjusted risk cost release:** the quality of the non-moratorium loan portfolio allows for slight risk cost release
- **HUF 28.9 bln** (HUF +29.7 bln p/p; HUF +21.0 bln y/y) **adjusted profit after tax**

*Core income: net interest income + net fee income + FX, see pg. 24

Balance sheet (HUF bln)	2019 4Q	2020 1Q	2020 4Q	2021 1Q	Y/Y %	P/P %
Financial assets	117.8	132.8	377.7	425.9	220.74%	12.74%
Trading portfolios	20.7	60.2	34.0	44.0	-26.87%	29.51%
Securities	594.7	729.0	1,163.3	1,341.0	83.94%	15.27%
Customer Loans (net)	930.3	1,014.0	1,114.0	1,091.5	7.64%	-2.01%
Customer Loans (gross)	976.7	1,060.9	1,159.9	1,136.3	7.11%	-2.03%
Provision for Customer loans	-46.4	-46.8	-46.0	-44.8	-4.37%	-2.53%
Total Other assets	96.3	93.9	92.6	94.1	0.26%	1.64%
Total Assets	1,759.8	2,029.9	2,781.6	2,996.5	47.62%	7.73%
Interbank liabilities	195.8	313.3	575.1	821.0	162.03%	42.76%
Deposits & C/A	1,226.5	1,370.4	1,862.3	1,816.6	32.56%	-2.45%
Other liabilities	99.6	114.3	89.7	87.7	-23.27%	-2.29%
Subordinated debt	39.4	43.3	44.7	45.0	4.12%	0.69%
Shareholders' Equity	198.5	188.6	209.8	226.2	19.91%	7.82%
Total Liabilities & Equity	1,759.8	2,029.9	2,781.6	2,996.5	47.62%	7.73%
Customer off balance items	357.7	331.4	425.3	507.5	53.13%	19.34%

MKB Group's balance sheet reached almost HUF 3 ths bln in 1Q (+7.7% p/p; +47.6% y/y):

- Slight p/p decrease of **customer deposits** (-2.5%) as steady deposit inflow during 1Q mitigated the drop in January (partially withdrawal of the end-of-2020 placements)
- MKB continued its active participation in the economic stimulus programs which resulted in a favourable growth of **corporate loans**. **Retail loan** growth rate was maintained in 1Q (+1.1% p/p). Maturing special financing facility is accountable for gross customer loan decrease (-2.0% p/p)
- **Interbank liabilities** (42.8% p/p) growth was caused by liabilities from NBH liquidity boosting facilities, FGS GO! refinancing and short term borrowings
- **Banking book securities portfolio increase** (+15.3%; HUF +177.7 bln p/p) is driven by the Bank's liquidity surplus and the growth of the BGS bond portfolio

KPIs based on adjusted PAT	2018 4Q(Y)	2019 4Q(Y)	1Q	2020 4Q	4Q(Y)	2021 1Q	Y - Y (Y) %-pt	P - P %-pt	Y - Y (period) %-pt
Profitability									
TRM - Total revenue margin	3.89%	4.31%	3.67%	2.12%	3.09%	5.97%	2.3%-pt	3.8%-pt	2.3%-pt
NIM - Net income margin	2.02%	2.18%	1.64%	1.64%	1.62%	1.59%	0.0%-pt	-0.1%-pt	0.0%-pt
NFM - Net fee margin	1.29%	1.46%	1.27%	0.99%	1.06%	0.76%	-0.5%-pt	-0.2%-pt	-0.5%-pt
CIM - Core income margin	3.96%	4.18%	3.35%	3.01%	3.12%	2.54%	-0.8%-pt	-0.5%-pt	-0.8%-pt
GOI/RWA - RWA efficiency	8.06%	8.85%	7.33%	5.43%	6.90%	17.01%	9.7%-pt	11.6%-pt	9.7%-pt
Risk% - Risk cost rate	-0.19%	0.31%	-0.41%	0.05%	0.14%	-0.07%	0.3%-pt	-0.1%-pt	0.3%-pt
Efficiency									
CIR - Cost-Income ratio	57.57%	51.05%	56.90%	98.54%	63.60%	28.03%	-28.9%-pt	-70.5%-pt	-28.9%-pt
C/TA - Cost to total assets	2.24%	2.20%	2.09%	2.09%	1.96%	1.67%	-0.4%-pt	-0.4%-pt	-0.4%-pt
Cost/(income+OCI)	69.35%	53.22%	86.46%	58.91%	60.78%	36.94%	-49.5%-pt	-22.0%-pt	-49.5%-pt
ROAE - Return on average equity	23.73%	21.20%	16.41%	-1.54%	11.06%	53.08%	36.7%-pt	54.6%-pt	36.7%-pt
ROMC - Return on minimum capital	28.98%	29.05%	22.00%	-2.21%	15.03%	78.19%	56.2%-pt	80.4%-pt	56.2%-pt
ROAA - Return on average total asset	1.76%	1.99%	1.68%	-0.12%	0.99%	4.01%	2.3%-pt	4.1%-pt	2.3%-pt
Share information									
EPS - Earning per share (HUF, annualized)	353.7	373.6	317.6	-32.0	219.6	1,157.14	839.6	1,189.2	839.6

KPIs based on (unadjusted) financial statements	2018 4Q(Y)	2019 4Q(Y)	1Q	2020 4Q	4Q(Y)	2021 1Q	Y - Y (Y) %-pt	P - P %-pt	Y - Y (period) %-pt
Profitability									
TRM - Total revenue margin	3.83%	4.34%	2.55%	1.86%	2.79%	5.86%	3.3%-pt	4.0%-pt	3.3%-pt
NIM - Net income margin	2.06%	2.18%	1.62%	0.90%	1.33%	1.59%	0.0%-pt	0.7%-pt	0.0%-pt
NFM - Net fee margin	1.29%	1.46%	1.27%	0.99%	1.06%	0.76%	-0.5%-pt	-0.2%-pt	-0.5%-pt
CIM - Core income margin	4.00%	4.18%	3.33%	2.27%	2.83%	2.54%	-0.8%-pt	0.3%-pt	-0.8%-pt
GOI/RWA - RWA efficiency	7.93%	8.92%	5.09%	4.77%	6.24%	16.73%	11.6%-pt	12.0%-pt	11.6%-pt
Risk% - Risk cost rate	-0.12%	-0.38%	-0.38%	1.07%	0.79%	-0.30%	0.1%-pt	-1.4%-pt	0.1%-pt
Efficiency									
CIR - Cost-Income ratio	68.87%	53.21%	94.31%	109.32%	72.38%	34.19%	-60.1%-pt	-75.1%-pt	-60.1%-pt
C/TA - Cost to total assets	2.63%	2.31%	2.41%	2.03%	2.02%	2.01%	-0.4%-pt	0.0%-pt	-0.4%-pt
Cost/(income+OCI)	67.46%	55.45%	2520.60%	61.90%	68.86%	45.30%		-16.6%-pt	
ROAE - Return on average equity	16.87%	25.06%	3.73%	-9.38%	4.24%	49.19%	45.5%-pt	58.6%-pt	45.5%-pt
ROMC - Return on minimum capital	20.59%	34.33%	5.01%	-13.43%	5.76%	72.45%	67.4%-pt	85.9%-pt	67.4%-pt
ROAA - Return on average total asset	1.25%	2.36%	0.38%	-0.75%	0.38%	3.71%	3.3%-pt	4.5%-pt	3.3%-pt
Share information									
EPS - Earning per share (HUF, IFRS)	251.3	441.5	18.1	-48.6	84.2	268.07	250.0	316.7	250.0

	2019 4Q	2020 1Q	2020 4Q	2021 1Q	Y - Y	P - P
Volume KPIs						
LTD - Loan to deposit ratio	79.63%	77.41%	62.29%	62.55%	-14.9%-pt	0.3%-pt
Securities ratio	34.07%	37.04%	42.21%	45.22%	8.2%-pt	3.0%-pt
Provision to total assets	2.63%	2.31%	1.65%	1.49%	-0.8%-pt	-0.2%-pt
RWA/TA - RWA/total assets	49.45%	50.73%	36.12%	34.09%	-16.6%-pt	-2.0%-pt
CAR - Capital adequacy ratio	22.59%	17.89%	20.49%	18.92%	1.0%-pt	-1.6%-pt
Portfolio quality						
DPD90+ rate	2.59%	2.35%	1.31%	1.23%	-1.1%-pt	-0.1%-pt
DPD90+ coverage	183.37%	188.23%	302.55%	321.77%	133.5%-pt	19.2%-pt
NPL rate	4.30%	3.91%	2.60%	2.54%	-1.4%-pt	-0.1%-pt
NPL coverage (indirect)	110.31%	112.97%	152.20%	155.06%	42.1%-pt	2.9%-pt
NPL direct coverage	71.97%	74.07%	71.05%	71.84%	-2.2%-pt	0.8%-pt
Stage 1 loans (HUF bln)	855.7	938.3	1,023.9	882.9	-55.3	-141.0
Stage 2 loans (HUF bln)	73.9	75.5	99.4	218.2	142.8	118.9
Stage 2 loans w/o EBA reclassification (HUF bln)	73.9	75.5	99.4	92.2	16.8	-7.1
Stage 3 loans (HUF bln)	37.8	38.2	29.2	27.9	-10.3	-1.3
POCI (HUF bln)	7.9	7.6	6.4	6.4	-1.3	-0.1

- Despite the slight y/y increase of GAE, boosting total assets led to decreasing **C/TA** significantly to 1.67% (-0.4%-pts y/y)
- **NPL rate:** 2.5%, (-137 bps y/y) and **DPD90+ rate** 1.2%; (-112 bps y/y) decreased. Sharp increase in stage 2 loans is related to EBA moratorium stage reclassification requirements. Without the effect of reclassification stage2 volume slightly decreased
- **RWA efficiency** (GOI/RWA) 17.0% increased in-line with outstanding gross operating income (+11.6%-pts p/p; +9.7%-pts y/y)
- **RWA density** (RWA/TA) decreased to **34.1%** in 1Q (-16.6%-pts y/y) together with the increasing securities ratio

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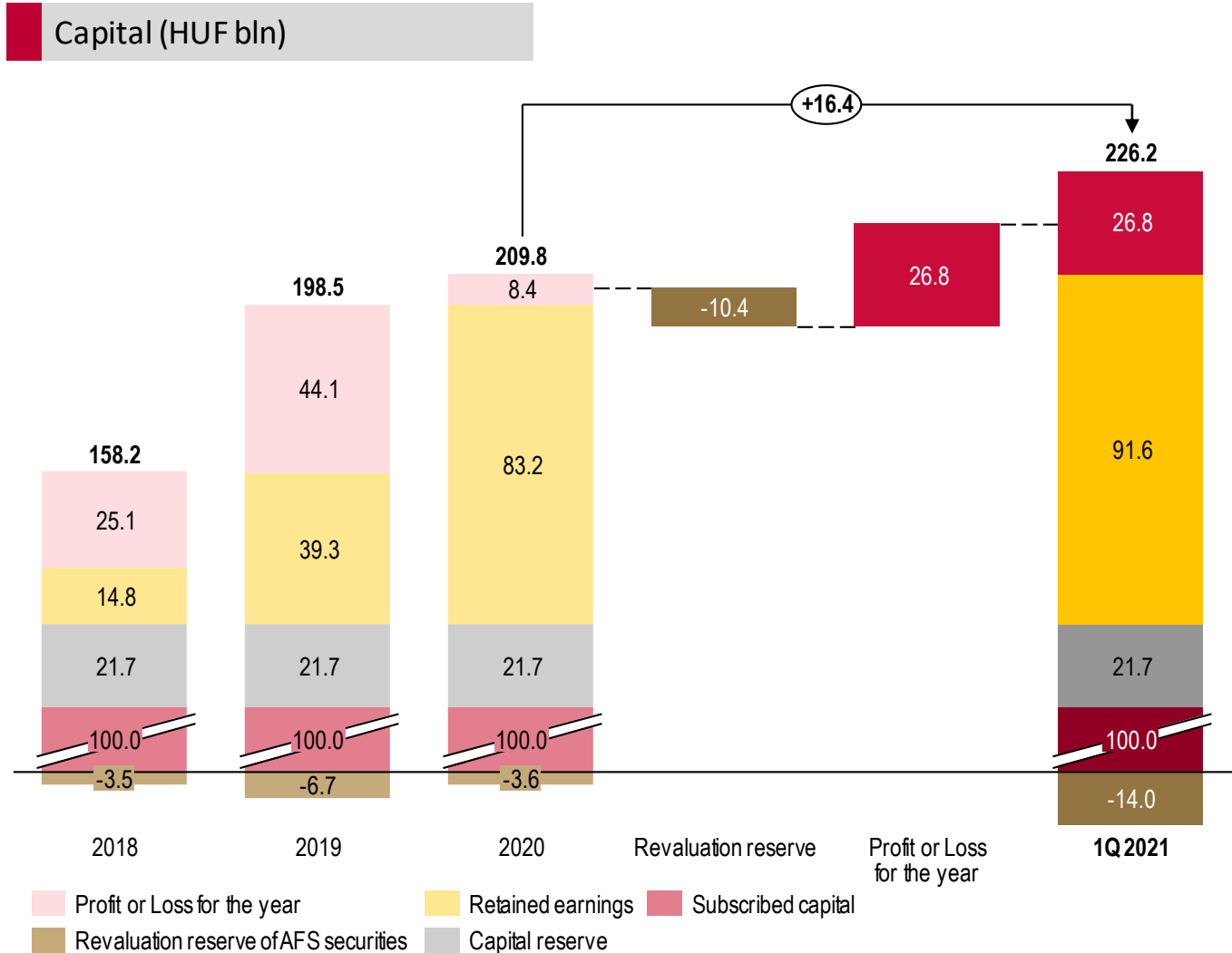
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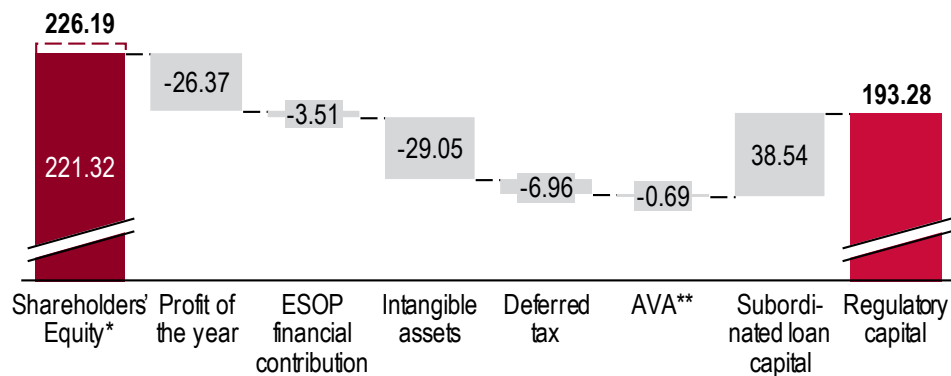
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HUF 16.4 bln capital accumulation in 1Q 2021 results in HUF 226.2 bln capital:

- Increased business activity in 2020 and positive money market trends strongly supported unadjusted PAT (HUF 26.8 bln) and thus capital accumulation
- Although revaluation reserves decreased by HUF 10.4 bln, net capital addition was over HUF 15 bln

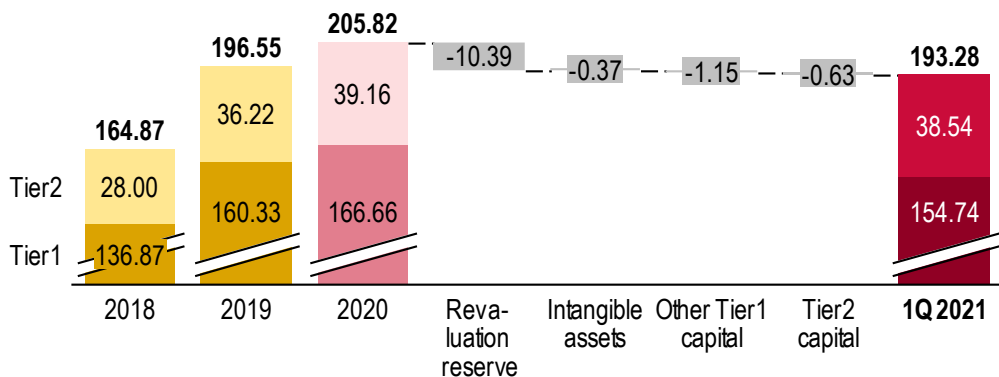
Regulatory capital formulation (HUF bln)



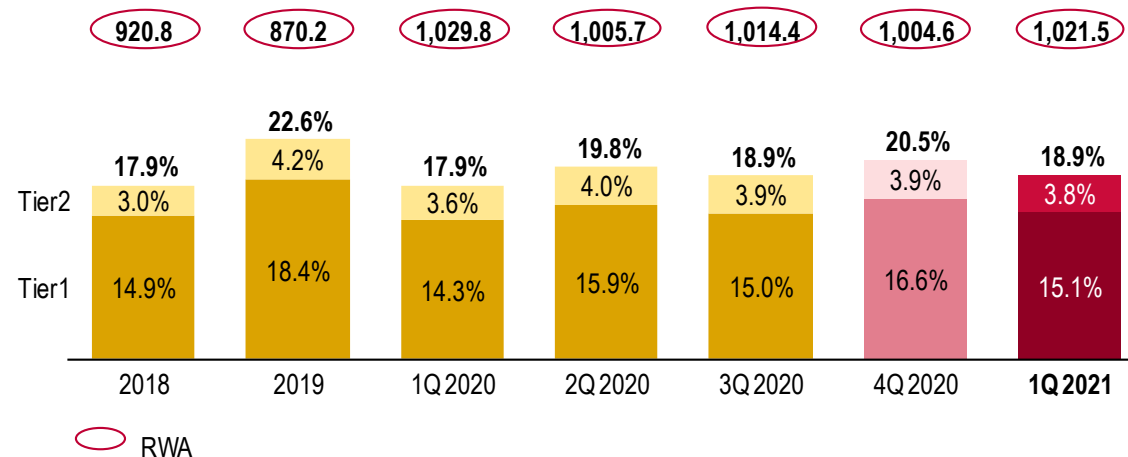
* Equity under IFRS and prudential consolidation differ due to differences in the range of firms included in the calculation
 ** AVA = Asset value adjustment – CRR specification

- **Sound, 18.9% CAR ratio (+1.0%-pts y/y):** capital adequacy ratio is well above the regulatory minimum and provides a considerable capital buffer for the operation of the MKB Group and supports the implementation of the Hungarian Bankholding goals
- **P/p regulatory capital decrease (-6.1%, HUF -12.5 bln p/p)** was mainly attributable to negative, HUF -10.4 bln OCI, as the profit for the year would be considered in the regulatory capital after the yearly financial audit
- **HUF 1,021.5 bln RWA:** slight RWA increase in 1Q (HUF +16.8 bln p/p) in line with core gross loan and BGS bond volume growth. RWA density (RWA/TA) decreased to 34.1% in 1Q (-16.6%-pts y/y)

Evaluation of regulatory capital (HUF bln)



CAR (%) and RWA (total, HUF bln)



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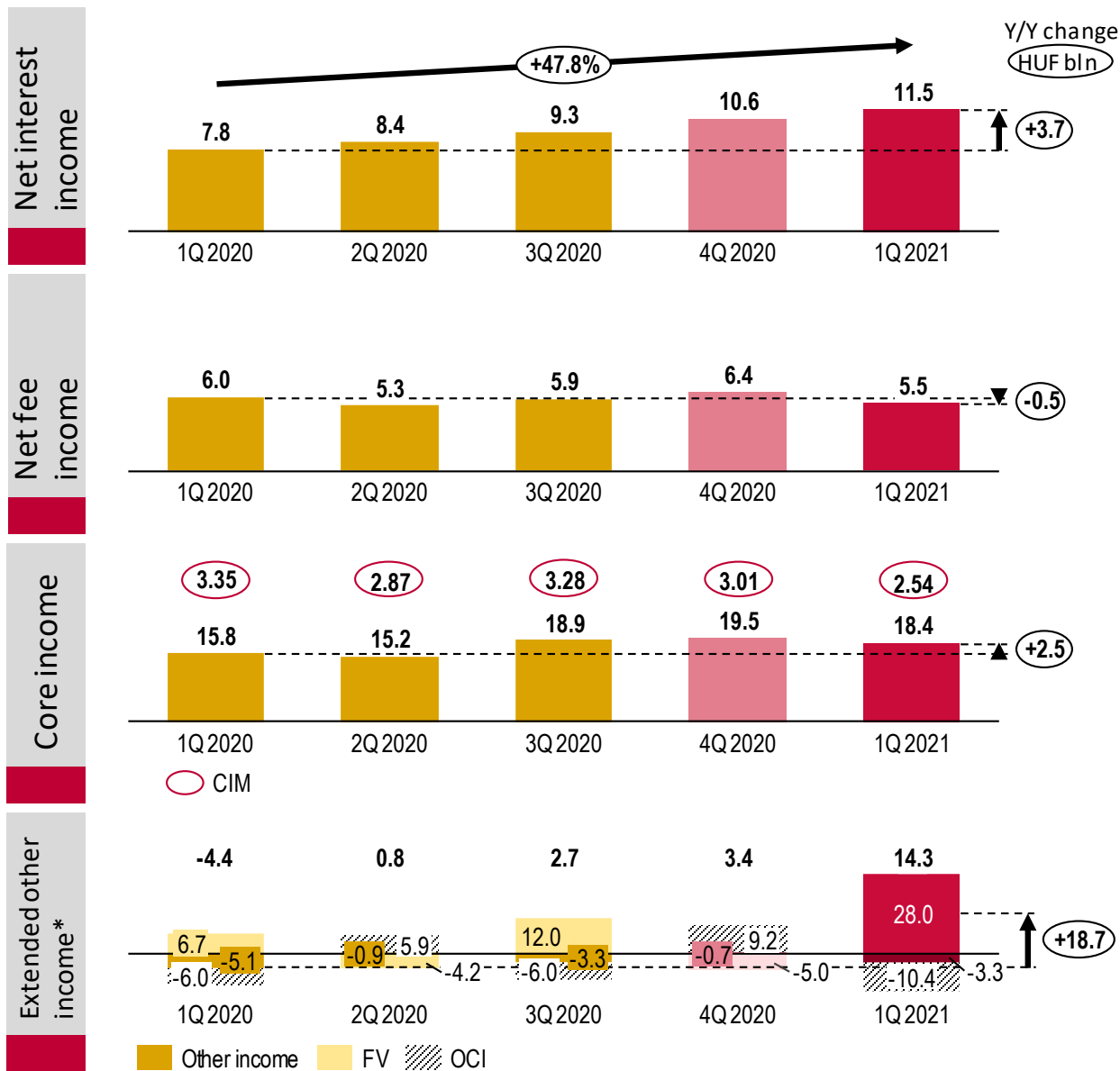
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- **HUF 11.5 bln net interest income in 1Q (+7.8% p/p; +47.8% y/y):** Stable net interest margin due to the boosting customer volumes, growing stock of securities and flourishing net interest income
- **HUF 5.5 bln quarterly net fee income:** after a sharp upturn in 4Q supported by the holiday season, net fee income stabilizes around HUF 5.5 bln as COVID-19 3rd wave lockdown hinders turnover related income generation capabilities of the whole banking sector
- Moderate FX result caused **slight (-5.8%) p/p core income decrease**, whilst yearly increase (+15.9%; HUF +2.5 bln) is supported by improving net interest income on expanding portfolio
- **HUF 17.6 bln net fair value results (FV+OCI) in 1Q** as long term yields moved upwards accompanied by ever shrinking asset-swap margins. The increasing yield's negative (HUF -10.4 bln) FVTOCI effect on the banking book securities portfolio was over-compensated by the ALM portfolio's HUF +28.0 bln FVTPL gains

*other income + FV + OCI

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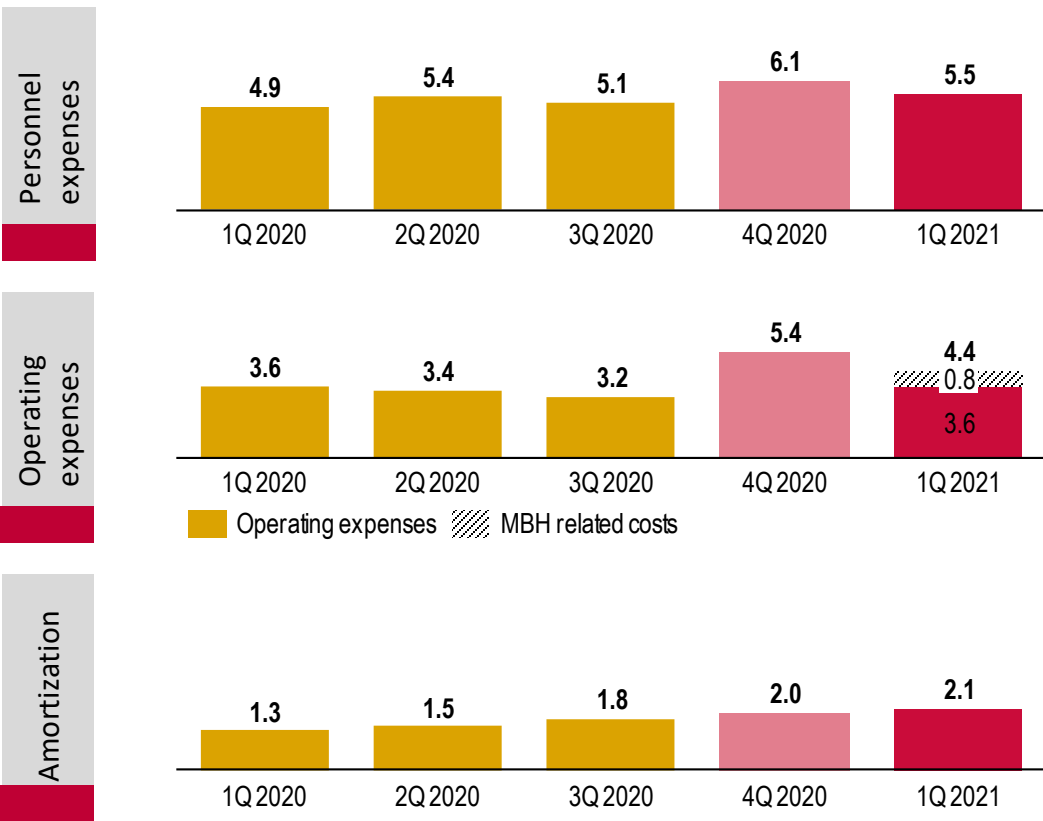
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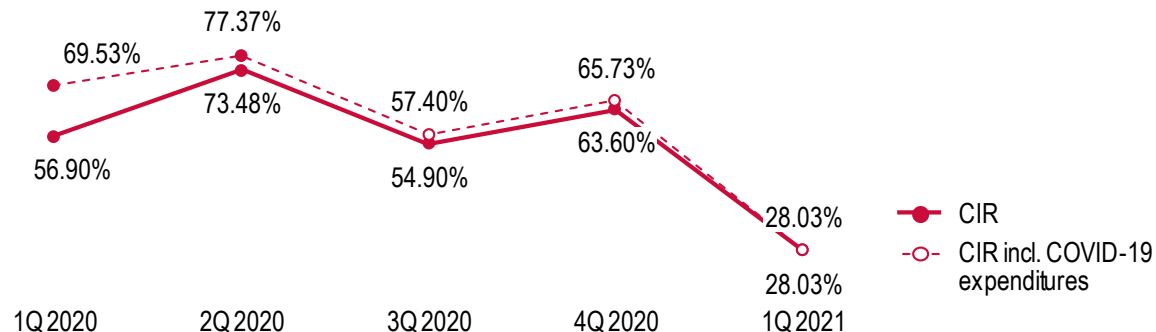
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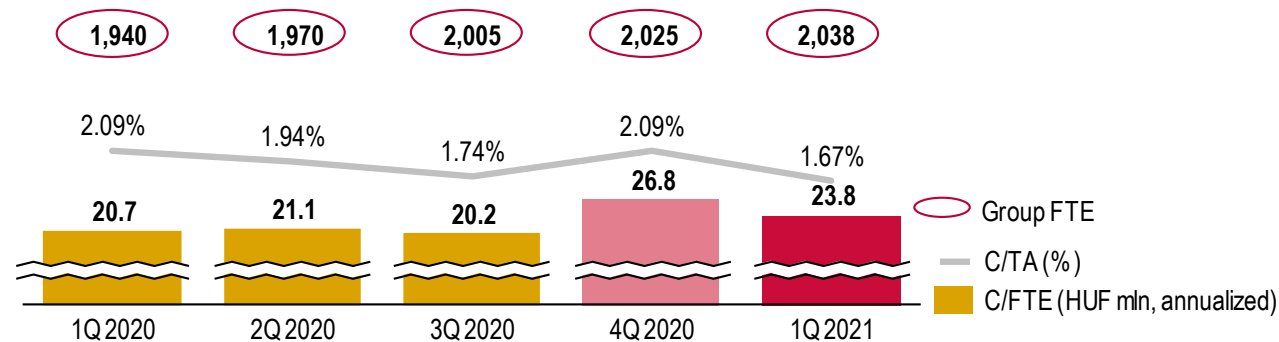
Breakdown of GAE (HUF bln)



Adjusted cost-income ratio (cumulated, %)



Cost efficiency (period) and headcount (FTE)



- **1.67% adjusted Cost-to-Assets ratio** (-42 bps y/y; -42 bps p/p) as a result of rapid balance sheet growth and under control costs
- Increase in PEREX is the carry-over effect of headcount increase in 2020 (+97.4 FTE; +5.0% y/y). Merger related costs add further growth
- MBH related costs have been booked in 1Q 2021 OPEX
- Digital and regulatory IT investments in 2020 are attributable to higher amortisation



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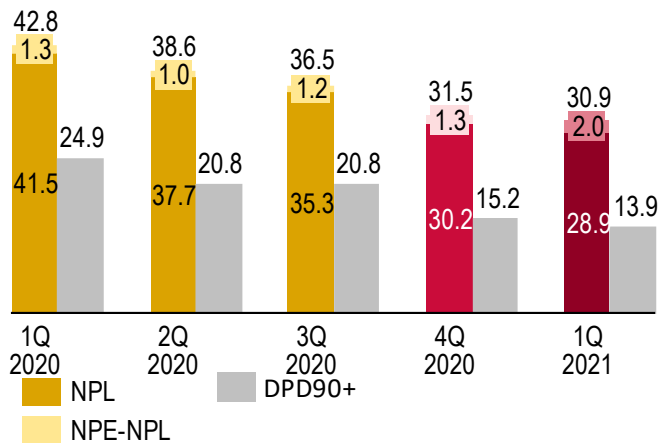
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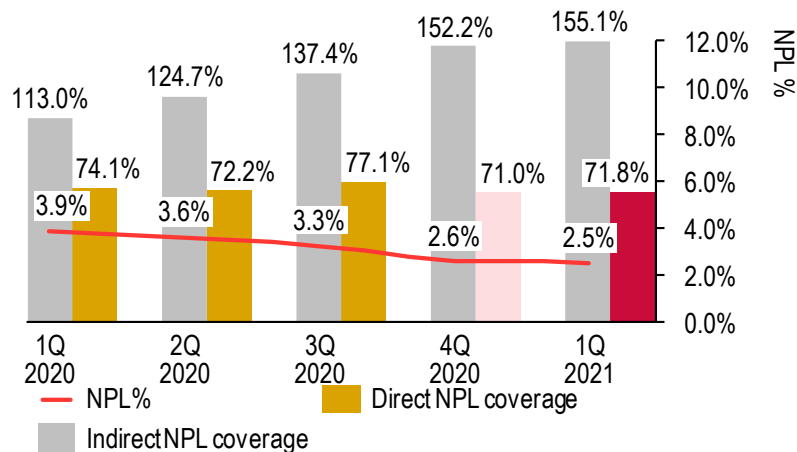
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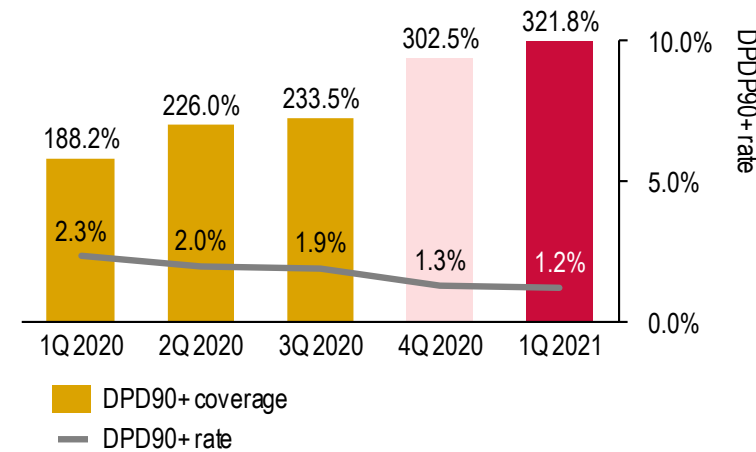
NPL, NPE and DPD90+ portfolio (HUF bln)



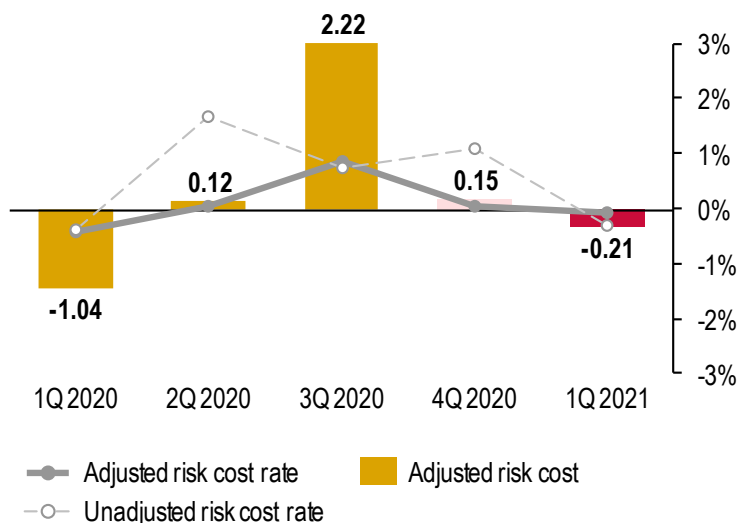
NPL coverage and NPL rate (IFRS*)



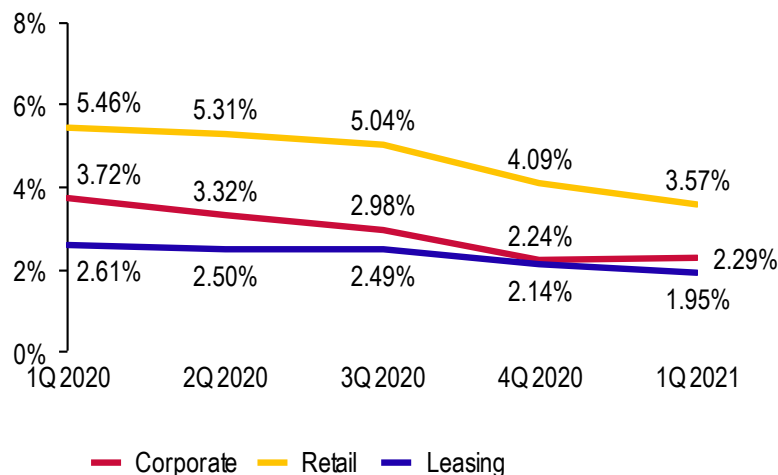
DPD90+ coverage and DPD90+ rate



Adjusted risk cost (HUF bln) and rate (%)



Segment NPL rates



P/p stable NPL volumes combined with boosted balance size resulted in **decreasing NPL rate**

- HUF 0.2 bln risk cost (adjusted) release in 1Q
- NPL volume: -30.3%; HUF -12.6 bln y/y. Stable 1Q volume shows excellent underlying portfolio quality
- NPL rate: 2.5% (-137 bps y/y)
- Moratorium also a factor behind stable NPL rates throughout the banking sector

*According to IFRS held for sale and FVTPL portfolio not included



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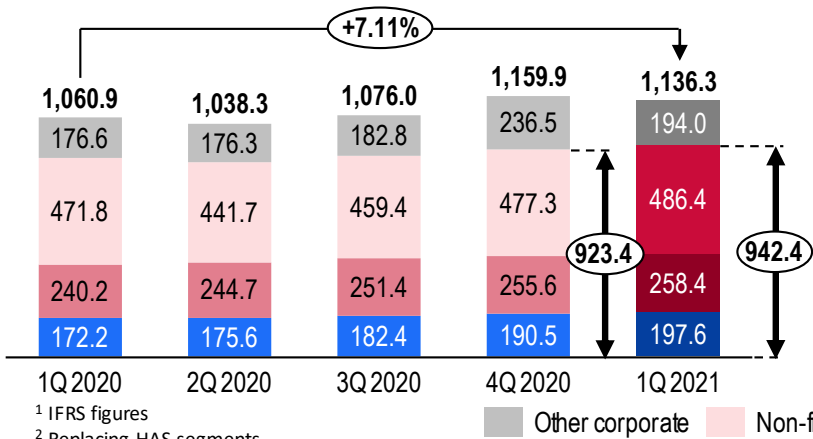
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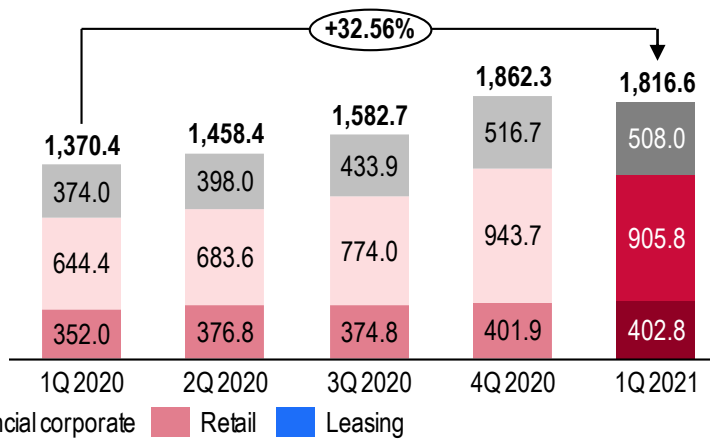
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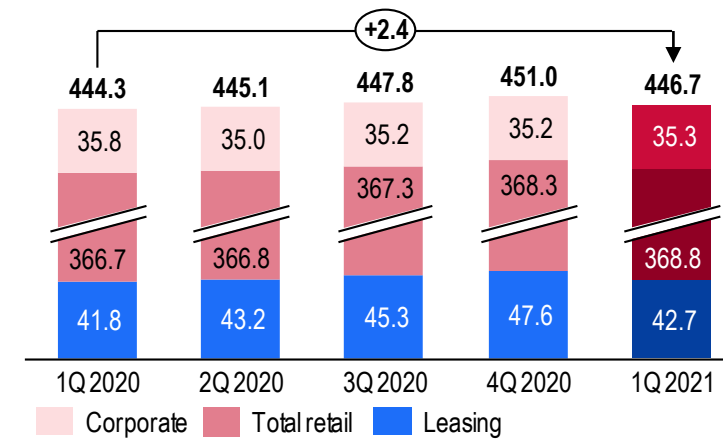
Breakdown of gross customer loans¹
(HUF bln)



Breakdown of deposits^{1,2}
(HUF bln)



Number of clients
(thousand)



Gross customer loans: HUF +75.5 bln (+7.1%) y/y; HUF -23.6 bln p/p

- y/y increase in every strategic segment was driven by the strong push to enhance customer lending relations and to actively participate in Government and Central Bank economic stimulus programs
- Slight (-4.7%) p/p decrease in corporate loan stock due to maturing special financing facility

Customer deposits: +32.6% (HUF +446.2 bln) y/y, HUF -45.7 bln p/p:

- Corporate deposits grew by +38.8% (HUF +395.4 bln) y/y while slightly decreased p/p -3.2% (HUF -46.6 bln) after a drop in January, deposit inflow continued in 1Q
- Retail deposits also grew by +14.4% on yearly and +0.2% on p/p basis. Yearly increase was mostly due to the moratorium resulted in higher household saving rates

Number of clients increased y/y by 2.4 thousands:

- Continuous growth in customer base both in retail (+2.1 thousand y/y) and leasing (+0.9 thousand y/y) business, steady overall client number
- P/p leasing client number slightly decreased as a result of start of the year revision of clientele



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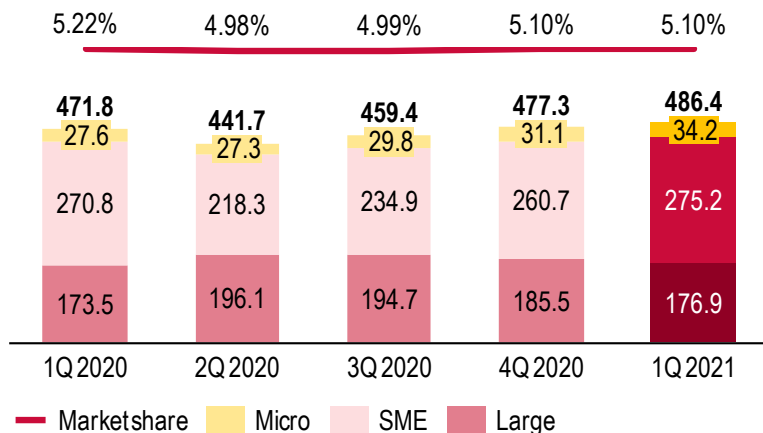
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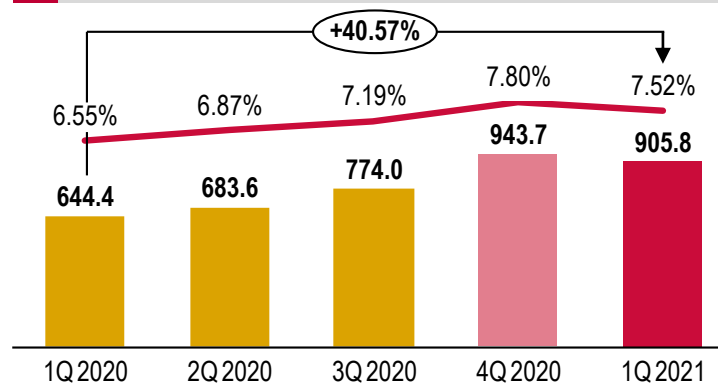
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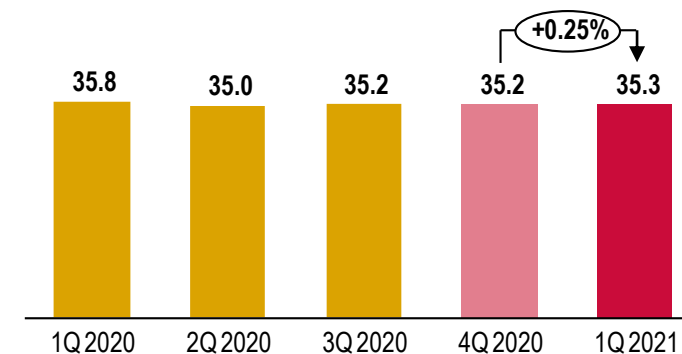
Gross corporate loans* breakdown (HUF bln) and market share** (%)



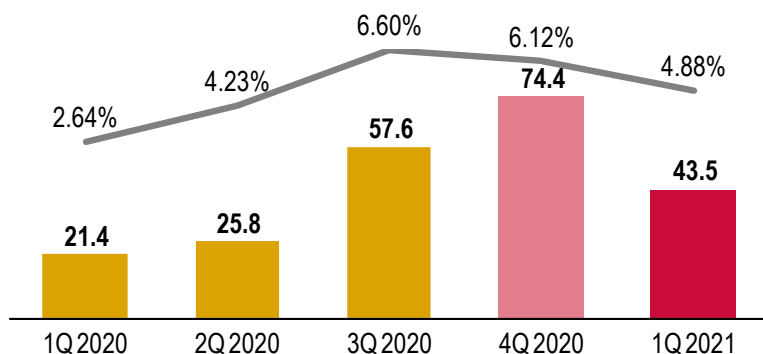
Corporate deposit* (HUF bln) and market share** (%)



Corporate client numbers (in thousands)



Corporate loan disbursement* (HUF bln) and market share** (%)



- **Remarkable y/y customer deposit expansion:** HUF +261.4 bln increase since 1Q 2020, HUF -37.9 bln p/p decrease was caused by temporary client withdrawal in January. Market share is 7.52% (+97 bps y/y)
- **Corporate loans:** continuous demand for FGS GO!, EXIM and Széchenyi loans contributed to the increase in the loan portfolio (volume increase HUF +9.1 bln p/p)
- **Disbursement in 1Q doubled** compared to same period of last year. Stimulus loan products have contributed significantly to the increase in disbursements, but the majority of disbursements accounted by classic MKB loan products. Market share is 4.88%, (+224 bps y/y), 1Q market share of Széchenyi loans disbursement is 4.4%

* Includes only loans to domestic non-financial corporations, in line with the definition of NBH statistics (w/o FGS). Hungarian GAAP data includes held for sale assets according to IFRS. The breakdown of historical data by company size has been changed minimally due to the refinement of methodology.

** Source: NBH statistics



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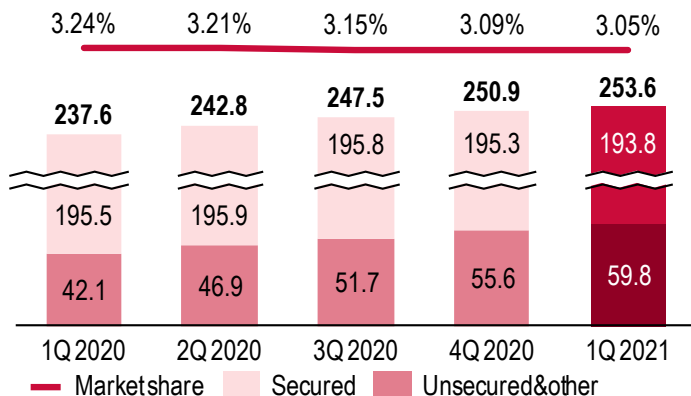
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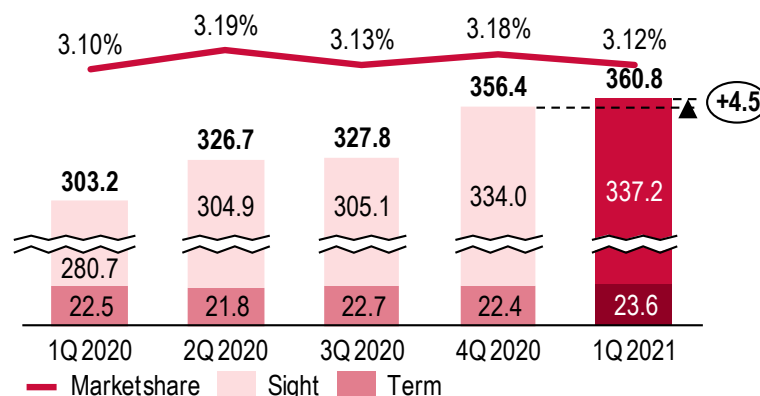
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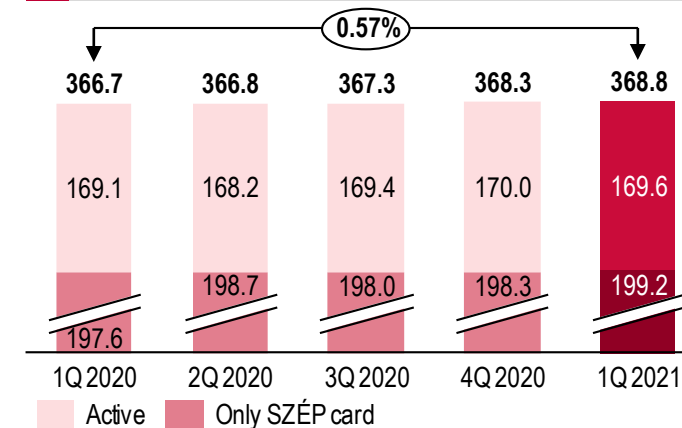
Retail gross loans¹ (HUF bln) and market share² (%)



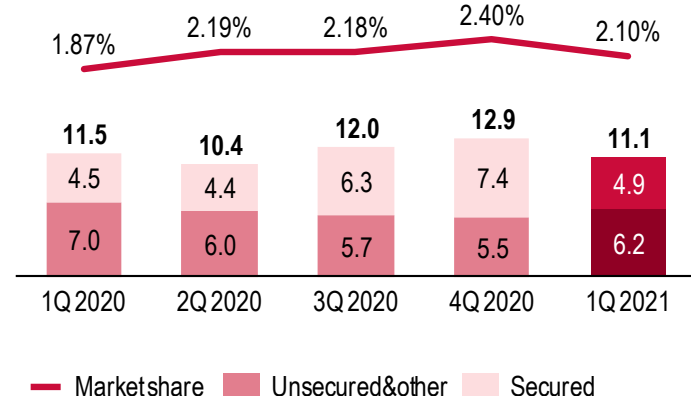
Deposits¹ (HUF bln) and market share² (%)



Total retail client number (in thousands)



Loan disbursement¹ (HUF bln) and market share² (%)



HUF 253.6 bln retail gross loan: (HUF +2.7 bln p/p) HUF +16.1 bln y/y increase, mainly due to the 2019 introduced, long-term „Babaváró” loans

- **Secured loan disbursements** were HUF 4.9 bln, which marks -2.5 bln p/p decrease, but a +0.4 bln y/y improvement
- **Unsecured loan disbursements** increased in 2021 1Q (HUF +0.8 bln p/p) due to strong marketing activity and emphasis on personal loans
- **Flow market share of loans** decreased -30 bps p/p, meanwhile increased +23 bps y/y

HUF 360.8 bln deposits (HUF +57.6 bln y/y; HUF +4.5 bln p/p) the yearly increase was mostly due to the moratorium induced higher household saving rates

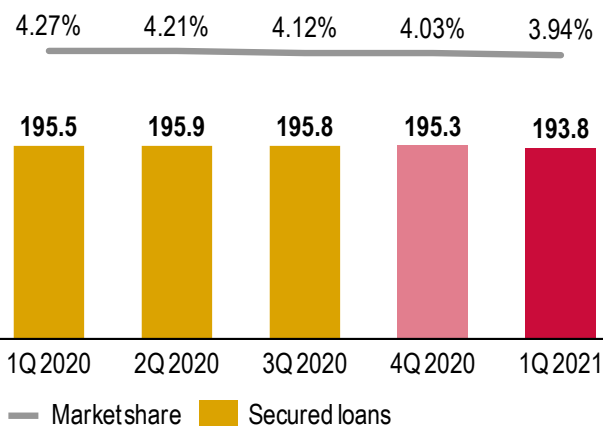
Premium customer³ focused strategy in 2021: client number increased by 6.9% p/p reaching 8,200 in 1Q

¹ The segments are formed according to the requirements to be used in the reports prepared for NBH for comparison which may involve discrepancy between calculated gross volume vs. segment volume. Hungarian GAAP data includes held for sale assets according to IFRS.

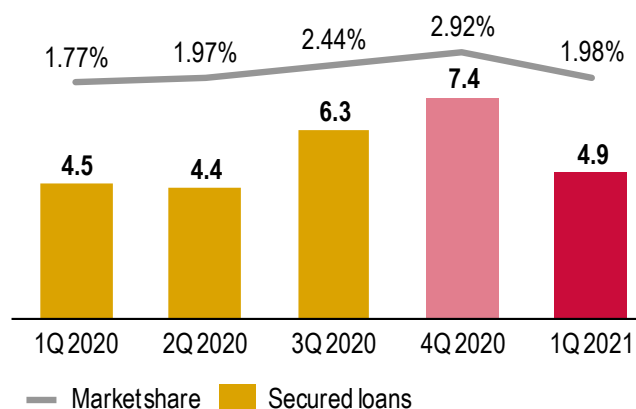
² Source: NBH statistics.

³ Customers having contract concluded for a premium service and the sum of assets on the accounts included in the service reach HUF 10 million

Volumes (HUF bln) and market share (%)

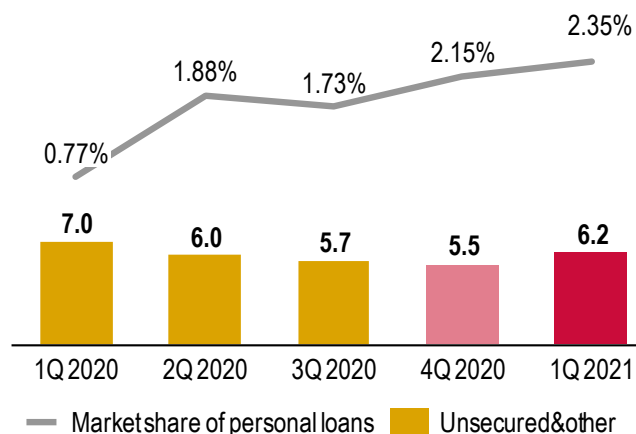
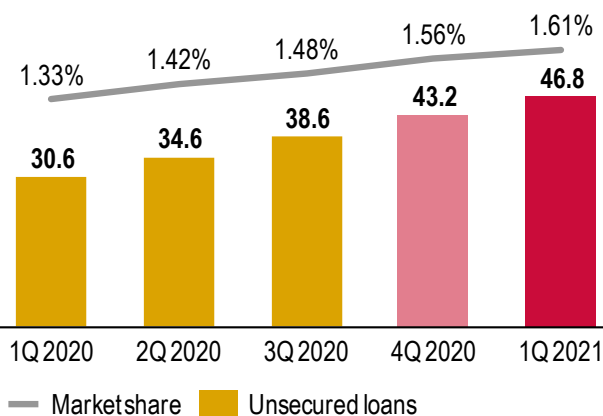


New disbursement (HUF bln) and market share (%)



- **Secured loan volumes** decreased in 1Q 2021 (HUF -1.5 bln p/p) as repayment increased
- **Disbursements** decreased to HUF 4.9 bln in 1Q (HUF +0.4 bln y/y; HUF -2.5 bln p/p) due to seasonality, but from March demand for Secured loans started to grow again
- **Flow market share** decreased to 1.98% (+21 bps y/y and -94 bps p/p), while **stock** market share slightly decreased p/p, by 8 bps

Unsecured loans



- **Unsecured loans volumes** are continuously growing and reaching HUF 46.8 bln (HUF +3.6 bln p/p) due to increasing demand for Personal loans
- New **disbursements** increased +0.7 bln p/p and reached HUF 6.2 bln, due to government subsidies on housing, strong marketing appearance and competitive pricing of personal loans
- **Flow market share** (2.35%) increases: +158 bps y/y and +20 bps p/p, while **stock** market share also increased steadily by 27 bps y/y and 5 bps p/p



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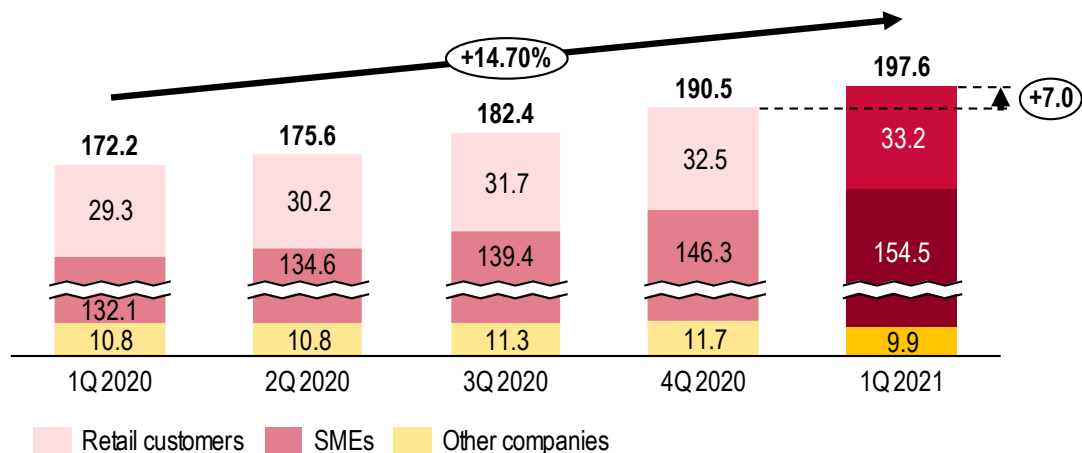
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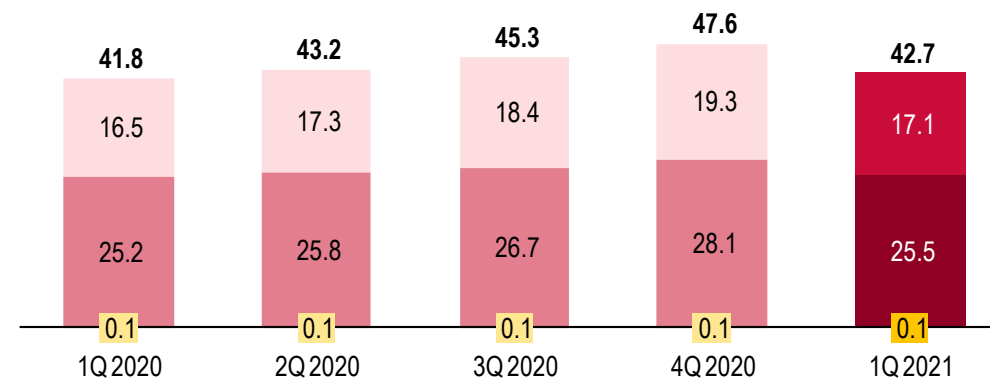
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Gross volumes by customers (HUF bln)

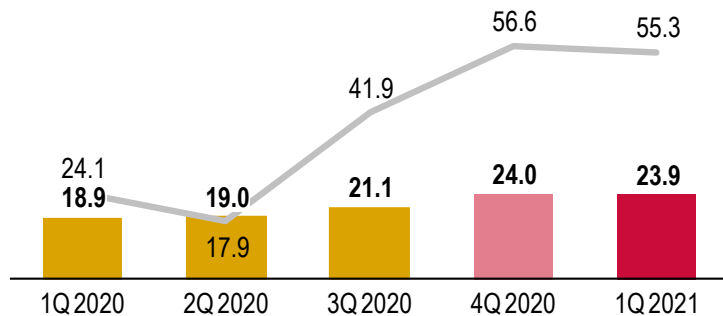


Active clients (in thousands)



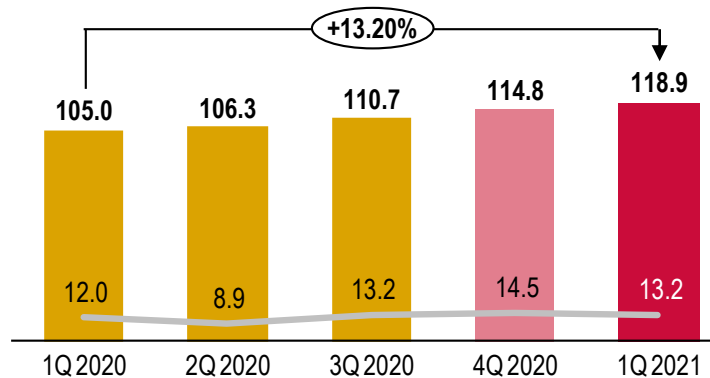
- **Steady market position in terms of new disbursement** (3rd among leasing companies, based on Hungarian Leasing Association data)
- **Continuous, quick portfolio growth: +14.7%; HUF +25.3 bln y/y.** Loan portfolio increased by HUF 7.0 bln p/p in 1Q 2021
- **Growing share of SME clientele:** MKB Group participates in the distribution of the available “FGS Go!” funding according to its market share, and is involved in other state launched programs
- Active client number slightly decreased as a result of start-of-the-year revision of clientele

Stock financing (HUF bln)

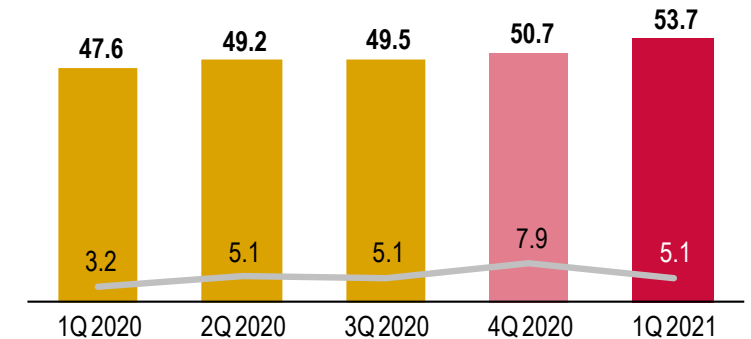


— New disbursements ■ Gross volume

Car financing (HUF bln)



Wholesale, agricultural and machine financing (HUF bln)



- **Vehicle financing portfolio growth outpaced market:** +13.2%; HUF +13.9 bln y/y. Slight increase in average ticket sizes: higher new car sales prices are a strong contributing factor
- Growth in car stock (dealer) financing: HUF +5.0 bln y/y
- Remarkable growth in agricultural machinery and vehicle financing: +12.7%; HUF +6.0 bln y/y
- Based on the moratorium eligible volume at the end of March 2021, about 21% of customer loan volumes are under the moratorium, which indicates a favourable risk situation.



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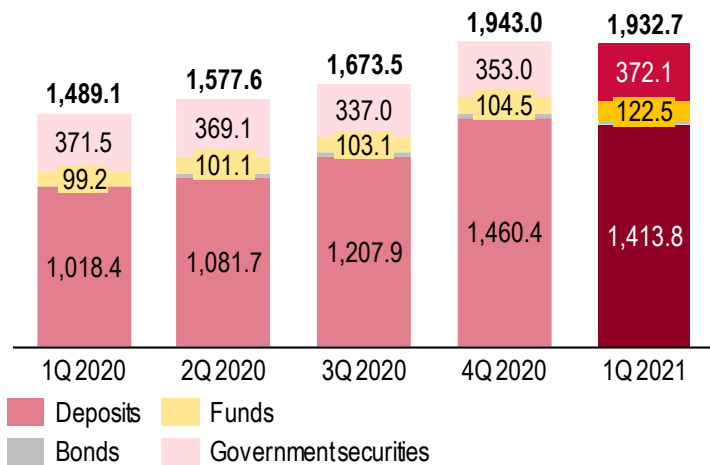
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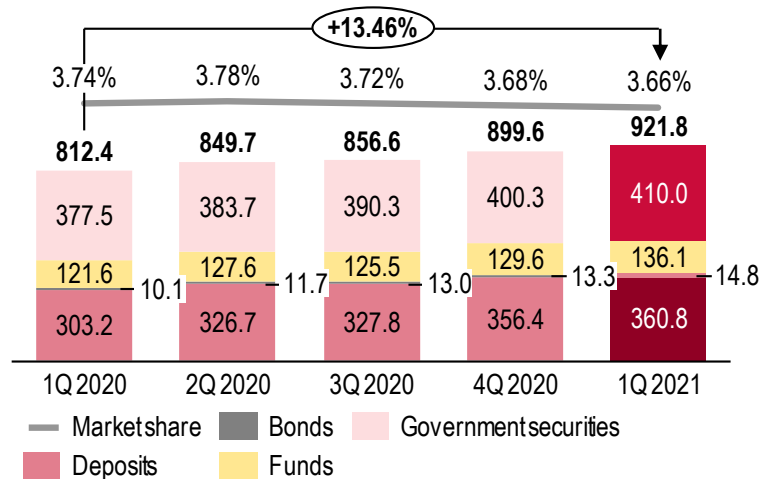
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Corporate* savings (HUF bln)

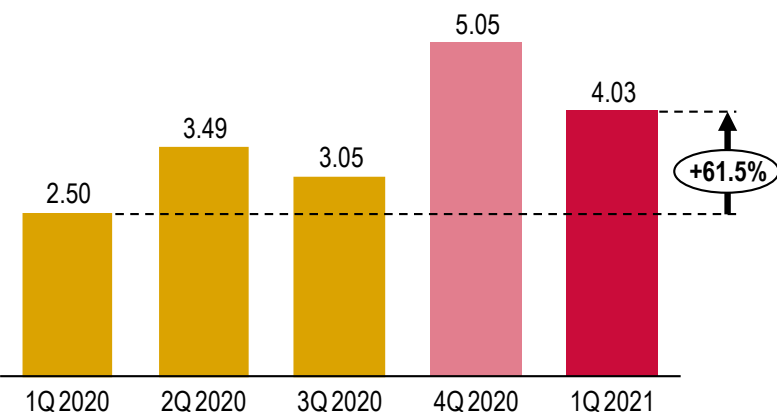


Retail savings (HUF bln) and market share** (%)



- **Total corporate savings increased by +29.8% y/y (HUF +443.6 bln y/y)** as a result of heavy deposit inflow, supported by government programs and partially by the moratorium induced lack of repayments
- **Retail savings grew by HUF +109.4 bln y/y.** Lack of spending opportunities together with the effect of moratorium allowed for higher savings rate for retail customers. Deposits (HUF +57.6 bln y/y) soaked up the majority of the excess liquidity, albeit government securities (HUF +32.5 bln y/y) increased at a steady rate

Treasury sales*** and trading income (HUF bln)



* Non-financial and financial corporates
 ** Source: NBH;
 *** Treasury products and securities distribution;

Stable customer related treasury results in 1Q:

- The volume of customer related stock market transactions and the resulting fee and custody incomes continued to grow
- Retail customer's government securities portfolio increase resulting in higher commission income
- The p/p decrease is partly attributable to the lower turnover of customer's foreign exchange conversions
- The increasing yield environment had a minor positive FVTPL revaluation impact on the profitability of the proprietary trading portfolio

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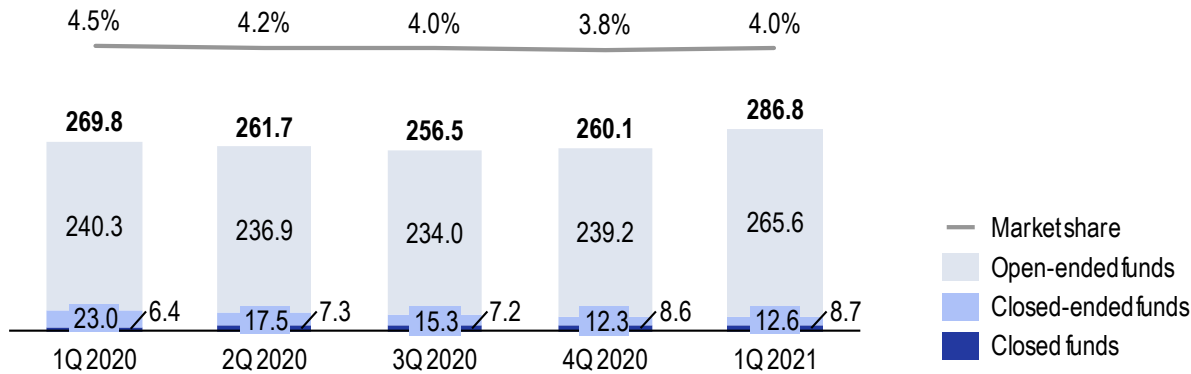
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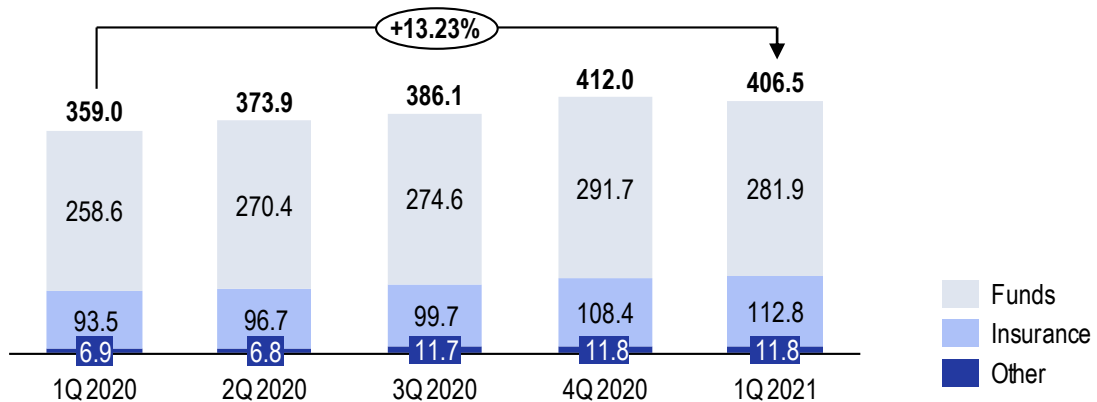
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Breakdown of investment funds (HUF bln)



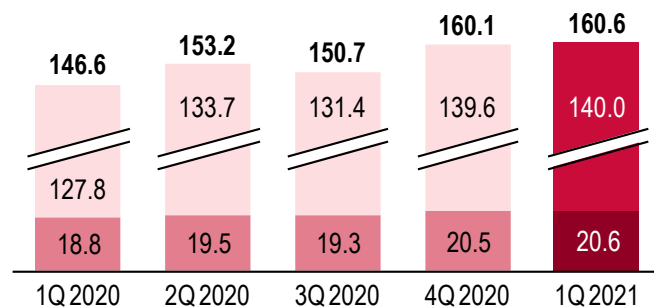
Breakdown of managed portfolios (HUF bln)



- MKB-Pannónia's AUM and market share showed signs of a turnaround after many quarters of slow deterioration. The AUM was helped by both the market performance and considerable-sized client inflows as well
- The AUM of the managed portfolios increased by 13.2% y/y to HUF 406 bln in 1Q. The y/y change is attributable to the favourable market movements
- In 1Q there was a slight outflow from the managed pension funds, which were slightly compensated by the positive investment performance of the portfolios

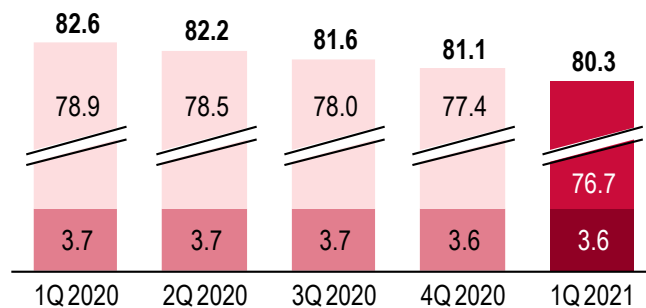


Breakdown of total fund assets (HUF bln)



Voluntary Pension Fund Private Pension Fund

Number of members (thousand pax)



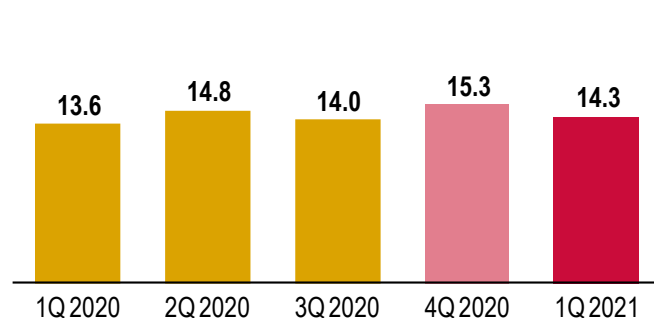
MKB Voluntary Pension Fund had a membership count of 76.7 thousand persons, while its funds on the personal accounts reached HUF 140 bln by the end of March 2021

Based on the total assets under management, MKB Voluntary Pension Fund succeeded in maintaining its stable 5. ranking with 9 percent market share

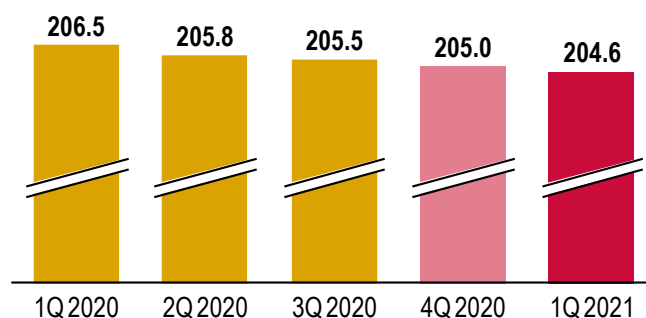
The market value of total assets managed by MKB Private Pension Fund was HUF 20.6 bln, while the number of members was 3,626 persons at the end of March 2021



Total fund assets (HUF bln)



Number of members (thousand pax)



The value of the portfolio managed by **MKB-Pannónia Voluntary Health and Mutual Aid Fund** decreased to HUF 14.3 bln by the end of March 2021, it maintained its 3rd ranking with a 25 percent market share

The membership decreased by 0.2% compared to end of 4Q 2020, yet with 204.6 thousand members, it is still the third biggest player within the health and mutual aid fund sector

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MKB, MKB Bank, MKB Group	y/y	Year on year
MKB Group	p/p	Period on period
MBH Hungarian Bankholding Zrt.	bp	Basis point
EU commitments	CAGR	Compounded Annual Growth Rate
Required range of certain EU Commitments marked in brackets, as defined in the following public document:	(Y), YTD	Year to date data
https://ec.europa.eu/competition/state_aid/cases/261437/261437_1721348_166_2.pdf	NPL	Non performing loans
Please note that specific targets were set within the displayed ranges.	NPE	Non performing exposures
MNB, NBH Magyar Nemzeti Bank (the Central Bank of Hungary)	DPD90+	Days past due over 90 days
PAT Profit after tax	POCI	Purchased or Originated Credit Impaired Asset
PBT Profit before tax	ROE, ROAE	Return on average equity
GOI Gross Operating Income	ROMC	Return on minimum capital
GAE General Administrative Expenses	ROA, ROAA	Return on average total asset
OCI Other comprehensive income	CIR	Cost-to-income ratio
TOCI Total other comprehensive income	TRM	Total revenue margin
FX FX result	NIM	Net interest margin
FV Revaluation result	NFM	Net fee margin
IRS Interest rate swap	CIM	Core income margin
TA Total assets	CAR	Capital adequacy ratio
RWA Risk weighted assets	LTD	Loans to deposits
Covered loans Home Loans + Free-to-Use Mortgages	EPS	Earning per share
FVTOCI Fair value through OCI	AVA	Asset value adjustment – CRR specification
FVTPL Fair value through P&L	MÁP+	Hungarian Governmental Securities+
FTE Full time equivalent	ÁKK	Price of government bond reference yields determined daily by the National Debt Management Center (ÁKK)
	NHP	FGS, Funding for Growth Scheme
	KSH	Hungarian Central Statistical Office
	AFR	Instant payment system implementation project to comply with NBH requirements
	Hitreg	Loan registry requirements of NBH
	PSD2	Payment service directive 2

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