3Q 2021
MKB Group

Flash Report presentation

25 November 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 3Q 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 3Q 2021 Flash Report.

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Executive summary

Overview

Increasing customer related income together with strong FV results created substantial accumulated PAT and TOCI in 3Q:

- **Total assets over HUF 3,100 bln** (+3.6% p/p, +31.0% y/y): net customer loan growth (+5.7% p/p) exceeded total assets development, whilst deposits grew above the 2020 year end peak levels and reached HUF 2,000 bln in 3Q
- **HUF 58.0 bln** adjusted profit in 3Q(Y), HUF 17.4 bln adjusted profit in 3Q
- Increasing core income: cumulated net interest +45.8% y/y; net fee +4.3% y/y
- Slightly deteriorating, but still impressive **CIR: 37.5%**
- HUF 0.7 bln **credit risk cost release** in 3Q as portfolio quality remained stable, moratorium related expenses amounted to HUF 1.2 bln in unadjusted PAT
- **Well-founded capital position:** 16.8% intra-year CAR despite substantial OCI effect

Key factors – 3Q

- **Excellent business line performance persisted in 3Q:** flow market shares increased in every segment, especially for corporate loans (5.8% stock; 10.5% flow market share)
- Money market trends: the increasing yield environment had a net positive impact on profitability through the fair value revaluation of the banking book portfolio
- Changes in moratorium regulation: Financial impact of the elongation of Moratorium II till 31th October and Moratorium III, as well as the effect of the changes in repayment rules for credit cards and overdrafts were treated as adjustment factors, see pg. 12. For detailed information on Moratorium III see pg. 7

Adjusted (cumulated) figures[1]

PAT
⇧ **HUF 57.96 bln** ⇧
154.6% ; 49.6%

Total Assets
⇧ **HUF 3,142.1 bln** ⇧
31.0% ; 3.6%

ROAE
⇧ **33.67%** ⇧
18.2%-pt ; 8.9%-pt

CIM
⇩ **2.69%** ⇩
-0.5%-pt ; -0.2%-pt

GAE
⇧ **HUF 37.26 bln** ⇧
23.3% ; 3.2%

CIR
⇩ **37.55%** ⇩
-17.3%-pt ; -8.7%-pt

Risk%
⇩ **-0.17%** ⇩
-0.3%-pt ; 0.0%-pt

NPL%
⇩ **2.11%** ⇩
-1.2%-pt ; -0.3%-pt

CAR
⇩ **16.80%** ⇩
-2.1%-pt ; -1.0%-pt

Securities to TA
⇧ **44.70%** ⇩
4.0%-pt ; -1.2%-pt

(⇩ y/y YTD; p/p ⇧)

[1] For PAT adjustments see page 12.
For unadjusted figures see 3Q 2021 Flash report, paragraph 3.1

Key facts by business line

Retail

- Significant upturn in the disbursement of secured loans on a year-on-year basis, unsecured loan disbursement driven by personal loans, with decreasing demand for „Babaváró” loans
- Continuous growth both in retail loans (+9.2% y/y) and retail savings (+15.8% y/y)
- Cash deposit function had been implemented in the ATM network

Corporate

- Széchenyi GO! products are a favourable alternative for SME customers, and there is a significant interest for the product in the corporate segment
- Demand for MFB and FGS bond products remained significant
- Moratorium III participation is limited in the medium and large corporate segment

Leasing

- International trends – chip shortages, slowdown in supply chains – having a strong negative impact on the Hungarian car financing market became apparent, breaking the portfolio growth trend
- From September on – as one of the first players in the market – MKB Group offers also the “Széchenyi Leasing GO!” product
- Steady market position: 3rd among leasing companies in terms of new disbursement (based on Hungarian Leasing Association data)

Post closing events

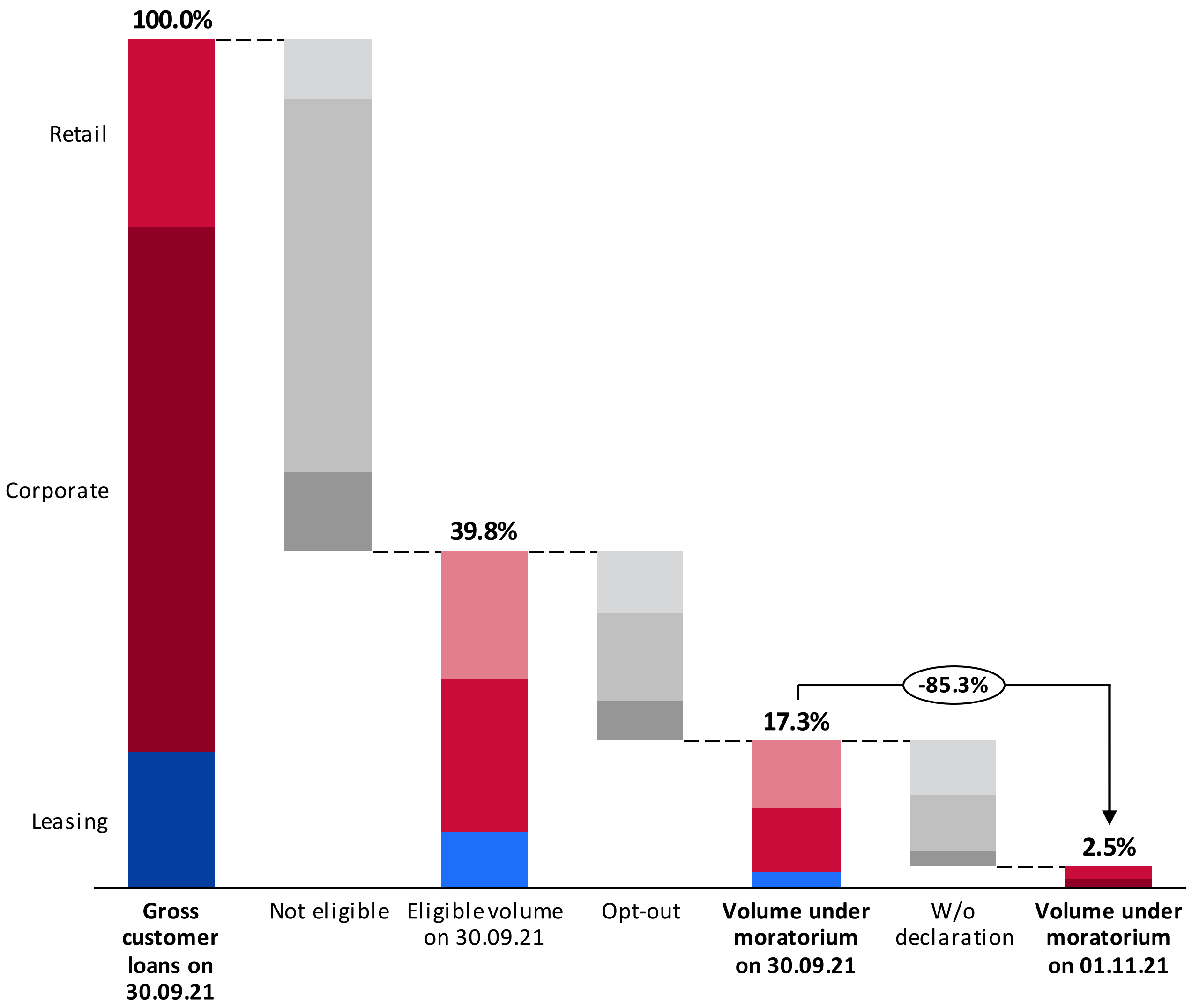
Monetary policy: As part of the interest rate hike cycle that began in June, NBH further raised the central bank base rate in October and November, reaching 2.1%. Reacting to the intensifying international inflation worries and domestic CPI accelerating to 6.5% the central bank announced a significant retool of monetary policy instruments on November 16. Limits on foreign exchange coverage ratio (FECR) limiting on-balance sheet open foreign currency position will become asymmetric, FX swap tenders providing HUF liquidity will be ceased, EUR providing FX swap tenders will be offered on an ad hoc basic, and it was announced that NBH will determine the one week deposit facility’s interest rate dynamically even on levels above the key rate

Further **Hungarian Bankholding** merger steps were announced. According to the plans of Hungarian Bankholding Ltd., Budapest Bank Ltd. and MKB Bank Plc., the two member banks of the banking group will merge on 31 March 2022, thus creating the basis for the unified operation of the banking group. The merged banks will temporarily continue to operate under the name MKB Bank Plc. The Takarék Group will join the merged bank in the second quarter of 2023, while Hungarian Bankholding Ltd. will continuously harmonize banking operations. At the same time, the complete management of Hungarian Bankholding Ltd. will take over the responsibilities of the senior management of the member banks, so the operation and management of the Hungarian Bankholding group will be unified, thus simpler and more efficient. The merger plans will be approved by the owners in mid-December

MAGYAR
BANKHOLDING

Green Home Programme: MKB launched it’s new Green Home Loan in the beginning of October. The new loan product with 2.5 percent interest rate on the product makes borrowing affordable for a wide range of customers

Only 2.5% of Gross Loans under Moratorium III



- In 3Q 2021 both the participation rate and moratorium related volumes had been further decreased, at the end of the quarter only 43.6% of the eligible volume was under Moratorium II
- As of end of October 2,238 customers indicated intention to participate in Moratorium III, resulting in 2.5% gross loan based Moratorium III rate
- Moratorium III participation rate is the highest between retail secured loan customers (8.5%)

	Moratorium III volume in percent of	
	30.09.2021 Eligible Loans	30.09.2021 Gross Loans
Retail	9.7%	6.7%
Corporate	5.2%	1.5%
Leasing	2.0%	0.8%
Sum	**6.4%**	**2.5%**

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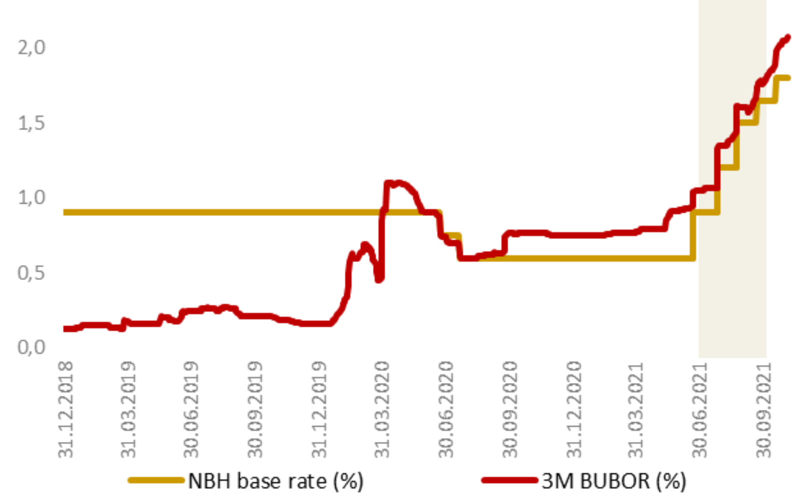
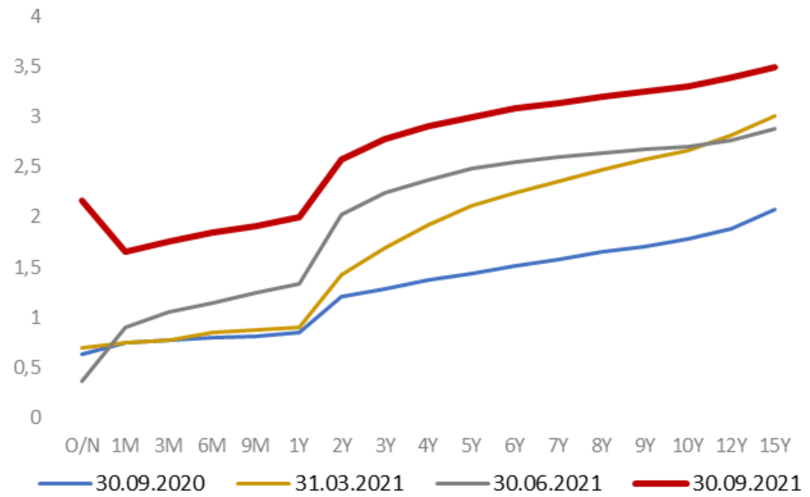
Continuing NBH base rate hike cycle, increasing swap yields

- NBH continued the interest rate hike cycle and the base rate increased from 1.2% at the end of 2Q, to 1.65% at the end of 3Q. After a half year of consecutive monthly rate hikes, the base rate increased to 2.1% in November, constituting a total of 150 bps increase this year, interest rate on the one week deposit facility increased to 2.5%
- Following the central banks 45bps base rate increase in the quarter, the swap yield curve increased 50-75 bps in the different maturities in 3Q, while government bond interest rates increased only 40-60 bps, further tightening the asset swap spread

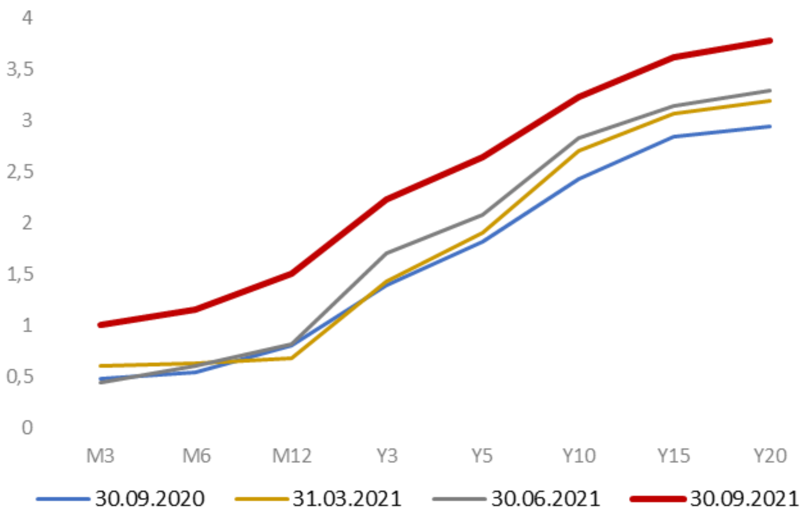
NBH base rate and 3M BUBOR



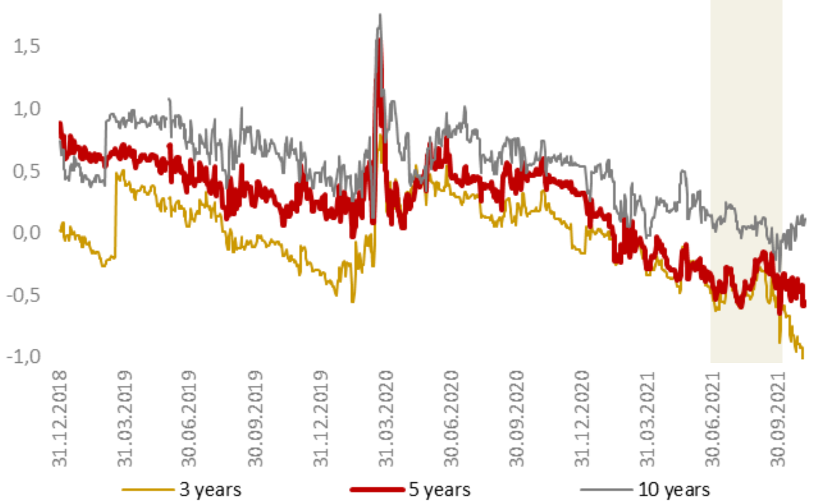
End of quarter SWAP yield curves (%)



End of quarter ÁKK benchmark yields



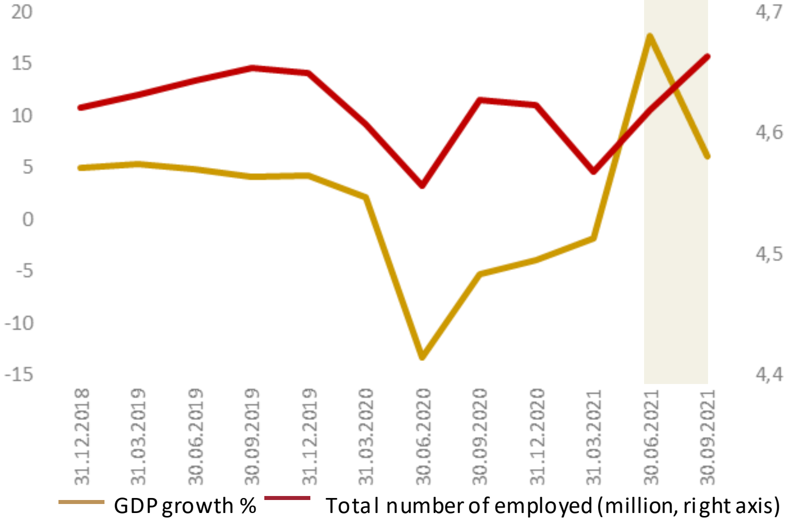
ÁKK-SWAP spread (%-pts)



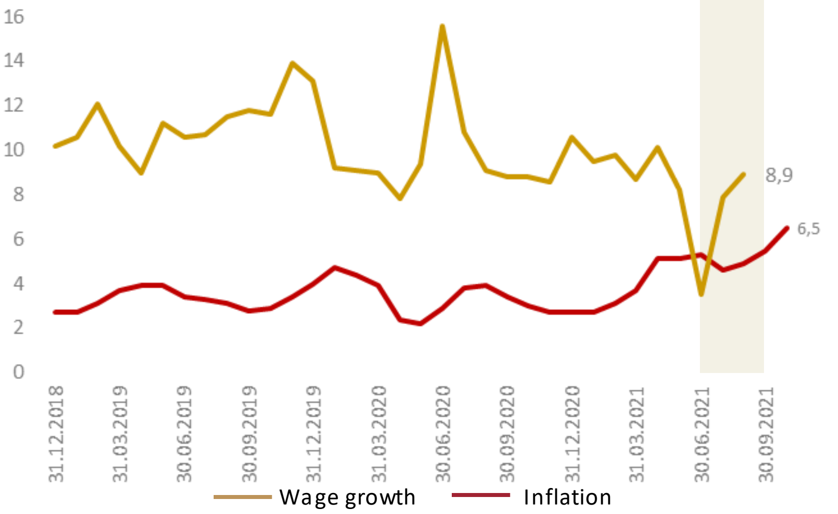
Inflation accelerated to 6.5% due to increased demand after easing of pandemic measures and sharp rise in commodity prices

- Employment above pre-pandemic levels, while GDP growth was 6.1% y/y
- Despite the base rate hikes, annual inflation rose to an 8 year high 6.5% in October and the EUR/HUF exchange rate weakened to 370 HUF in November
- Both retail and corporate savings continued to increase

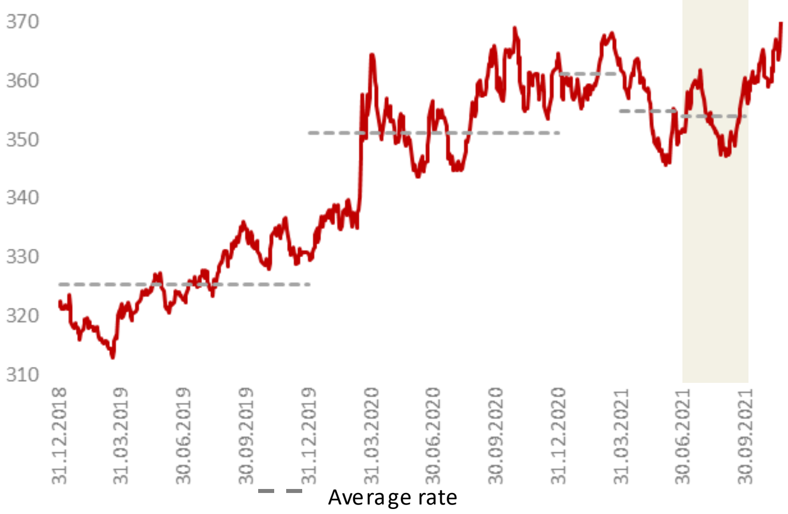
GDP growth (y/y %) and employment



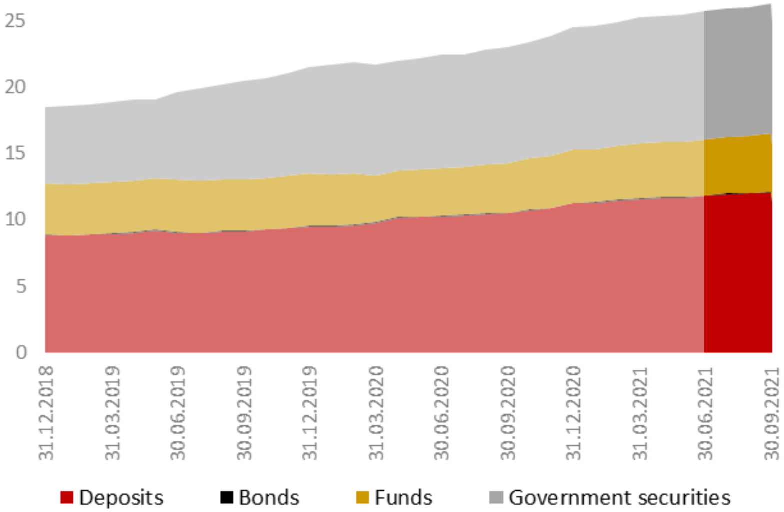
Average inflation and wage growth (y/y %)



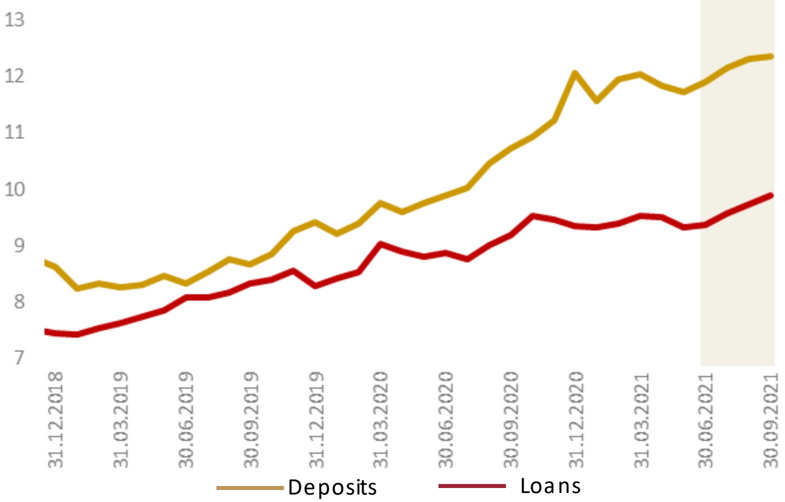
EUR/HUF rate



Household savings (HUF thous. bln)



Corporate volumes[1] (HUF thous. bln)



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[1] 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.

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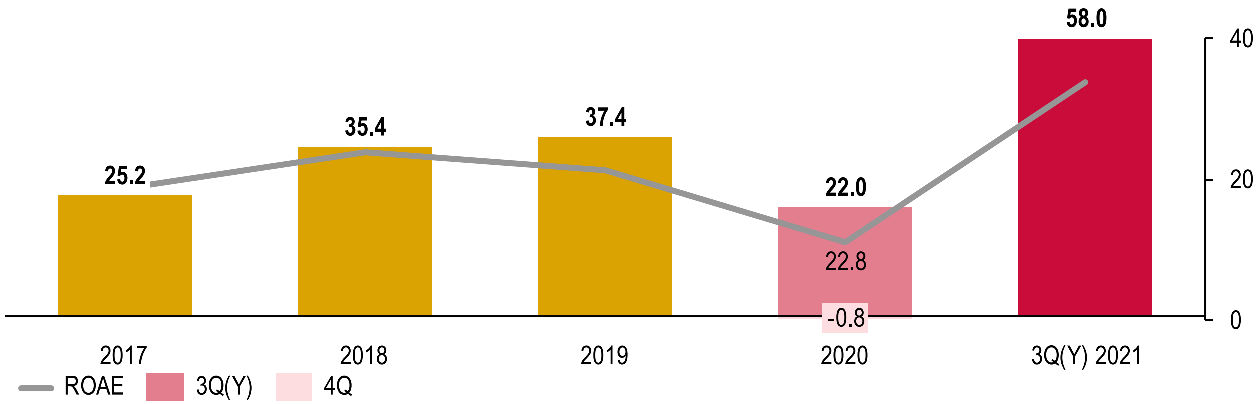
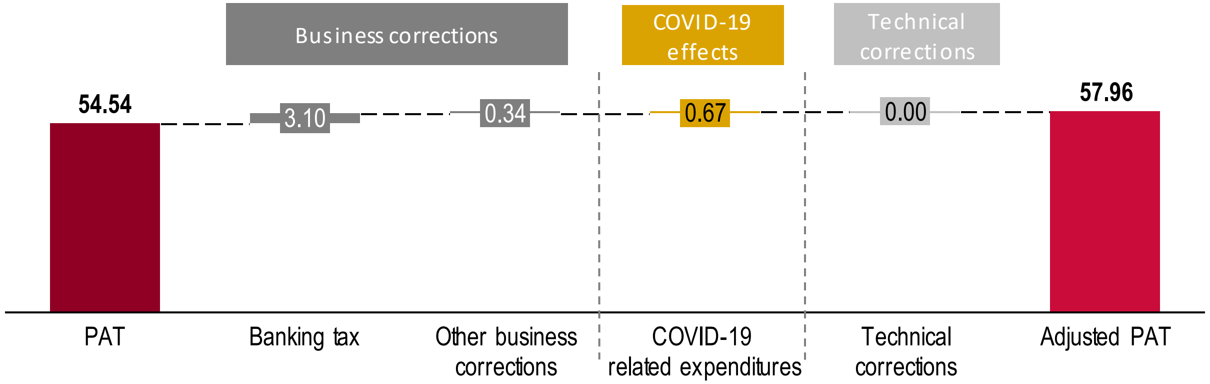
Moratorium effects in focus in 3Q

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



3Q(Y) 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

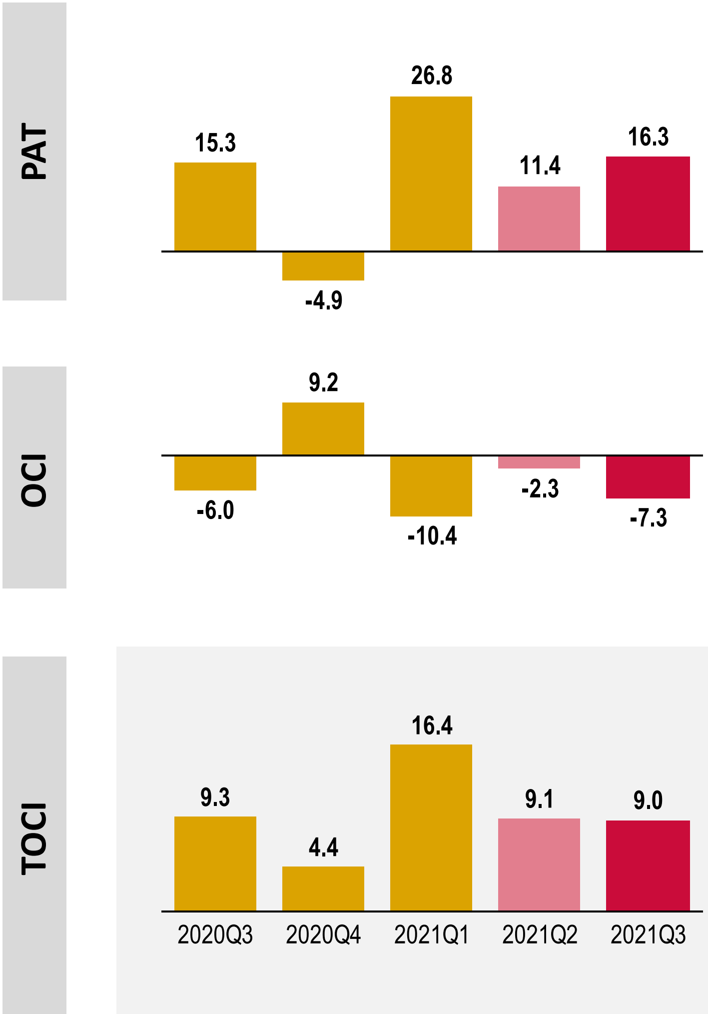
COVID-19 adjustments are used to eliminate the distortion effect of the pandemic. COVID-19 related expenditures include:

- the modification gain&loss effect of Moratorium II (extended till 31th October) and Moratorium III,
- the effect of the changes in repayment rules for credit cards and overdrafts,
- and the effect of the EBA guideline on loans under moratorium

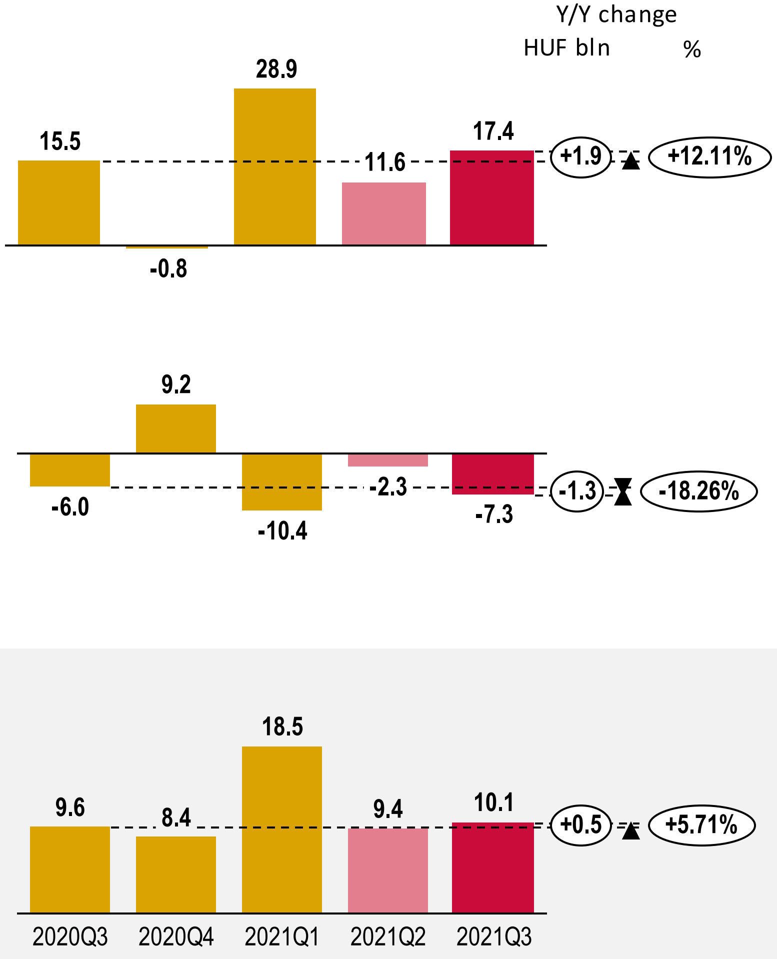
Technical corrections are required for biased p/p and y/y comparison; there was no technical correction used in 3Q(Y) 2021

HUF 38.0 bln TOCI in 3Q(Y) 2021

Total Comprehensive Income (HUF bln)



Adjusted Total Comprehensive Income (HUF bln)



- **58.0 bln** (HUF +35.2 bln y/y) adjusted profit YTD. HUF 17.4 bln **adjusted PAT** in 3Q as a result of improved business performance, low provisioning needs, strict costs control and strong FV incomes
- **HUF 38.0 bln adjusted total comprehensive income in the first three quarter of 2021.** Positive FV result was partly offset by HUF -7.3 bln OCI resulting in HUF 10.1 bln adjusted total comprehensive income in 3Q

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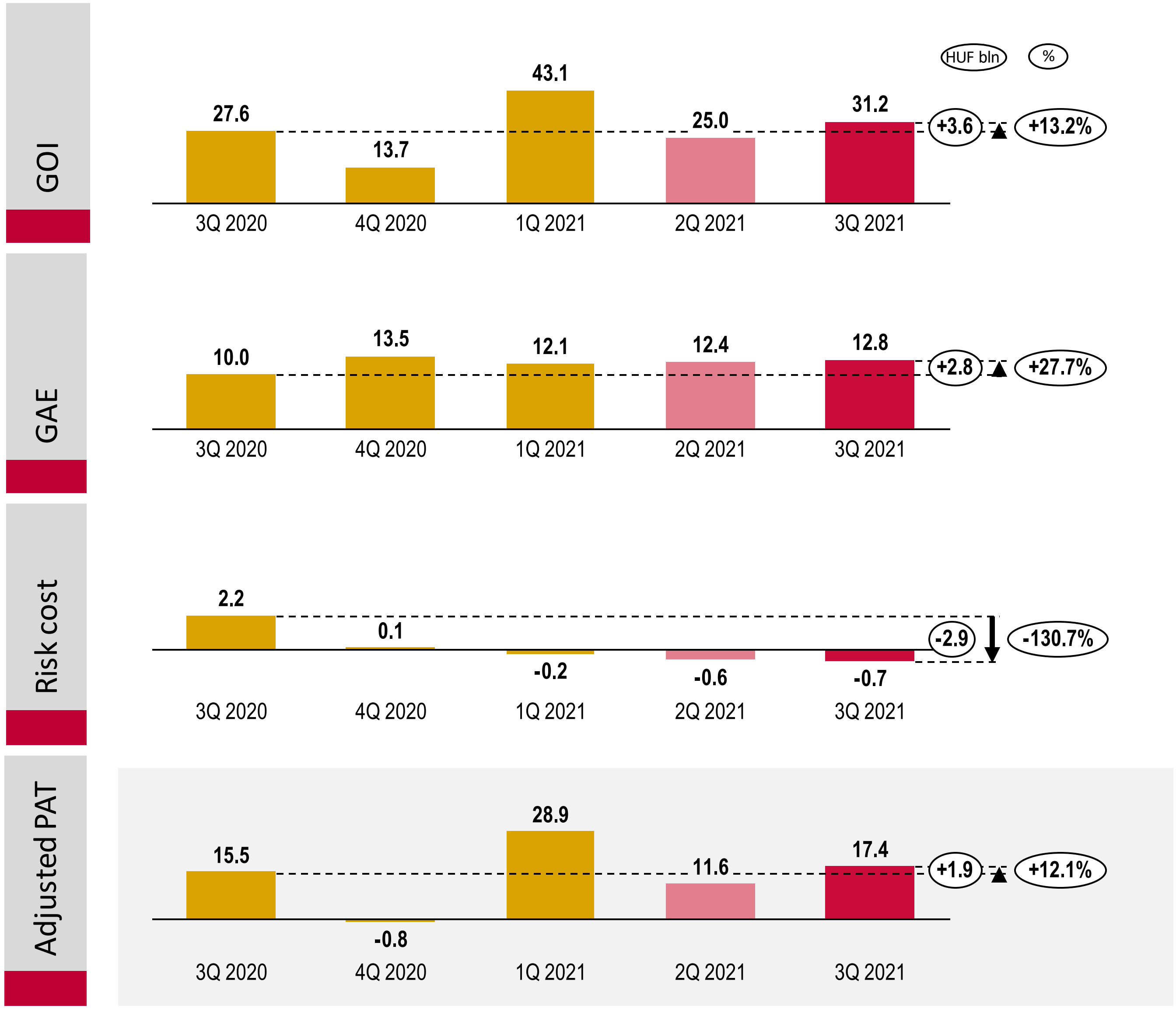
+20% y/y core income increase accompanied by strong FV result propelled accumulated profit near to HUF 58 bln

Adjusted P&L (HUF bln)	**2020** **3Q**	**3Q(Y)**	**4Q(Y)**	**2021** **2Q**	**3Q**	**3Q(Y)**	**Y/Y (Y)** **%**	**P/P** **%**	**Y/Y (P)** **%**
Net operating income	*17.5*	*24.8*	*25.0*	*12.6*	*18.4*	***62.0***	*149.65%*	*46.48%*	*4.94%*
Gross operating income	**27.6**	**55.0**	**68.8**	**25.0**	**31.2**	**99.2**	**80.30%**	**24.97%**	**13.21%**
Net interest income	9.3	25.5	36.1	12.7	13.0	**37.2**	45.84%	2.72%	39.50%
Net fee income	5.9	17.2	23.6	6.1	6.3	**17.9**	4.26%	2.43%	6.33%
Other Income[1]	12.3	12.4	9.1	6.2	11.9	**44.2**	256.61%	93.15%	-3.42%
General admin. Expenses	**-10.0**	**-30.2**	**-43.7**	**-12.4**	**-12.8**	***-37.3***	**23.32%**	**3.17%**	**27.68%**
Provisions	***-1.9***	***-1.0***	***-1.0***	***0.6***	***0.6***	***1.5***	***-252.79%***	***-8.22%***	***-131.57%***
Provision for losses on loans	-2.2	-1.3	-1.4	0.6	0.7	**1.5**	-216.07%	10.29%	-130.72%
Other provisions and impairments	0.35	0.33	0.43	0.03	-0.09	**-0.02**	-107.05%	-	-126.16%
Adjusted PBT	***15.7***	***23.9***	***24.0***	***13.2***	***19.0***	***63.5***	***166.08%***	***43.81%***	***21.27%***
Taxation	-0.14	-1.09	-2.05	-1.58	-1.59	**-5.50**	-	1.05%	-
Adjusted PAT	**15.5**	**22.8**	**22.0**	**11.6**	**17.4**	**58.0**	**154.65%**	**49.61%**	**12.11%**
Adjusted revaluation on non HFC financial assets (OCI)	-6.0	-6.0	3.2	-2.3	-7.3	**-20.0**	230.83%	220.73%	22.34%
Adjusted Total Comprehensive Income	**9.6**	**16.7**	**25.1**	**9.4**	**10.1**	**38.0**	**127.14%**	**7.95%**	**5.71%**
Adjustments total on PAT[2]	0.3	9.5	13.5	0.2	1.1	**3.4**	-63.91%	-	-
Profit after tax (PAT, unadjusted)	**15.3**	**13.3**	**8.4**	**11.4**	**16.3**	**54.5**	**-**	**42.91%**	**6.84%**
Revaluation on non HFC financial assets (OCI, unadjusted)	-6.0	-6.0	3.2	-2.3	-7.3	**-20.0**	230.83%	220.73%	22.34%
Unadjusted Total Comprehensive Income	**9.3**	**7.2**	**11.6**	**9.1**	**9.0**	**34.6**	**-**	**-1.39%**	**-3.10%**

[1] Contains FX+FV result

[2] The 3.1 chapter of the Flash report contains the list of adjustments

Improving business activity, increasing gross operating income in 3Q 2021



- **HUF 31.2 bln (HUF +3.6 bln y/y) quarterly gross operating income**: +9.7% yearly core income[1] (HUF 20.7 bln in 3Q) increase was generated by improving net interest income (+39.5% y/y) and strengthening net fee income (+6.3% y/y). Changes in swap and money market yields supported fair value results, having HUF 14.3 bln effect on GOI in 3Q
- **HUF 12.8 bln GAE in 3Q:** y/y HUF 2.8 bln increase is mainly the result of costs related to merger activity and amortization effect of former investment capitalizations
- **HUF -0.7 bln adjusted credit risk cost** (release) due to stable portfolio quality in 3Q
- **HUF 17.4 bln quarterly; HUF 58.0 bln cumulated adjusted profit after tax**

[1] Core income: net interest income + net fee income + FX, see pg. 25

Rapid customer loans expansion (+5.7% p/p) outpaced 3.6% balance sheet growth in 3Q

Balance sheet (HUF bln)	2020 3Q	2020 4Q	2021 2Q	2021 3Q	Y/Y %	P/P %	YTD %
Financial assets	276.0	377.7	374.8	**391.3**	41.79%	4.41%	3.59%
Trading portfolios	46.9	34.0	48.1	**64.4**	37.36%	33.98%	89.51%
Securities	954.2	1,163.3	1,379.2	**1,392.6**	45.94%	0.97%	19.71%
Customer Loans (net)	1,027.4	1,114.0	1,140.0	**1,205.0**	17.28%	5.70%	8.17%
Customer Loans (gross)	1,076.0	1,159.9	1,184.0	**1,248.0**	15.98%	5.40%	7.59%
Provision for Customer loans	-48.6	-46.0	-44.0	**-43.0**	-11.49%	-2.23%	-6.48%
Total Other assets	94.7	92.6	92.1	**88.8**	-6.22%	-3.52%	-4.08%
Total Assets	**2,399.2**	**2,781.6**	**3,034.1**	**3,142.1**	**30.96%**	**3.56%**	**12.96%**
Interbank liabilities	473.3	575.1	842.3	**746.2**	57.68%	-11.40%	29.76%
Deposits & C/A	1,582.7	1,862.3	1,840.9	**2,031.1**	28.33%	10.33%	9.07%
Other liabilities	93.9	89.7	72.6	**76.9**	-18.15%	5.81%	-14.35%
Subordinated debt	44.2	44.7	43.0	**43.5**	-1.42%	1.36%	-2.63%
Shareholders' Equity	205.2	209.8	235.3	**244.3**	19.06%	3.83%	16.48%
Total Liabilities & Equity	**2,399.2**	**2,781.6**	**3,034.1**	**3,142.1**	**30.96%**	**3.56%**	**12.96%**
Customer off balance items	388.5	425.3	503.8	**511.7**	31.71%	1.58%	20.34%

MKB Group's balance sheet exceeded HUF 3.1 ths bln in 3Q (+3.6% p/p; +31.0% y/y):

- 5.4% p/p (16.0% y/y) increase in **gross customer loans:** strong demand for investment loans boosted corporate loans (+8.2% p/p; +20.3% y/y), whilst retail loan volumes (+3.7% p/p; +9.8% y/y) also increased
- **Customer deposits** growth (+10.3% p/p; HUF +190.2 bln p/p) was mainly driven by corporate clients (+13.1% p/p), and retail deposits growth (+0.8% p/p). Deposit stock grew above the 2020 year-end peak level and reached HUF 2.0 ths bln in 3Q
- Only slight increase in the **banking book securities portfolio** (+1.0%; HUF 13.4 bln p/p) signals 3Q liquidity surplus being converted mainly into new customer volumes

Adjusted KPIs

KPIs based on adjusted PAT		2020			2021		Y - Y (Y)	P - P	Y - Y (per)
	3Q	3Q(Y)	4Q(Y)	2Q	3Q	3Q(Y)	%-pt	%-pt	%-pt
Profitability									
TRM - Total revenue margin	4.79%	3.49%	3.09%	3.31%	4.04%	**4.41%**	0.9%-pt	0.7%-pt	-0.7%-pt
NIM - Net income margin	1.62%	1.61%	1.62%	1.68%	1.69%	**1.65%**	0.0%-pt	0.0%-pt	0.1%-pt
NFM - Net fee margin	1.02%	1.09%	1.06%	0.81%	0.81%	**0.80%**	-0.3%-pt	0.0%-pt	-0.2%-pt
CIM - Core income margin	3.28%	3.16%	3.12%	2.84%	2.68%	**2.69%**	-0.5%-pt	-0.2%-pt	-0.6%-pt
GOI/RWA - RWA efficiency	10.91%	7.39%	6.90%	9.46%	11.38%	**12.54%**	5.1%-pt	1.9%-pt	0.5%-pt
Risk% - Risk cost rate	0.84%	0.17%	0.14%	-0.21%	-0.22%	**-0.17%**	-0.3%-pt	0.0%-pt	-1.1%-pt
Efficiency									
CIR - Cost-Income ratio	36.35%	54.90%	63.60%	49.66%	41.00%	**37.55%**	-17.3%-pt	-8.7%-pt	4.6%-pt
C/TA - Cost to total assets	1.74%	1.91%	1.96%	1.64%	1.66%	**1.66%**	-0.3%-pt	0.0%-pt	-0.1%-pt
Cost/(income+OCI)	46.41%	61.66%	60.78%	54.65%	53.54%	**47.01%**	-14.7%-pt	-1.1%-pt	7.1%-pt
ROAE - Return on average equity	30.92%	15.51%	11.06%	20.16%	29.02%	**33.67%**	18.2%-pt	8.9%-pt	-1.9%-pt
ROMC - Return on minimum capital	42.75%	20.71%	15.03%	30.23%	43.76%	**50.29%**	29.6%-pt	13.5%-pt	1.0%-pt
ROAA - Return on average total asset	2.70%	1.44%	0.99%	1.54%	2.25%	**2.58%**	1.1%-pt	0.7%-pt	-0.4%-pt
Share information									
EPS - Earning per share (HUF, annualized)	620.9	303.5	219.6	465.3	696.1	**772.85**	469.3	230.8	75.2

Unadjusted (accounting) KPIs

KPIs based on (unadjusted) financial statements	2020 3Q	3Q(Y)	4Q(Y)	2021 2Q	3Q	3Q(Y)	Y - Y (Y) %-pt	P - P %-pt	Y - Y (per) %-pt
Profitability									
TRM - Total revenue margin	4.76%	3.18%	2.79%	3.27%	4.04%	**4.37%**	1.2%-pt	0.8%-pt	-0.7%-pt
NIM - Net income margin	1.62%	1.51%	1.33%	1.68%	1.69%	**1.65%**	0.1%-pt	0.0%-pt	0.1%-pt
NFM - Net fee margin	1.02%	1.09%	1.06%	0.81%	0.81%	**0.80%**	-0.3%-pt	0.0%-pt	-0.2%-pt
CIM - Core income margin	3.27%	3.05%	2.83%	2.84%	2.68%	**2.69%**	-0.4%-pt	-0.2%-pt	-0.6%-pt
GOI/RWA - RWA efficiency	10.86%	6.74%	6.24%	9.33%	11.36%	**12.40%**	5.7%-pt	2.0%-pt	0.5%-pt
Risk% - Risk cost rate	0.74%	0.68%	0.79%	-0.21%	-0.22%	**-0.24%**	-0.9%-pt	0.0%-pt	-1.0%-pt
Efficiency									
CIR - Cost-Income ratio	36.78%	63.52%	72.38%	49.97%	40.89%	**40.28%**	-23.2%-pt	-9.1%-pt	4.1%-pt
C/TA - Cost to total assets	1.75%	2.02%	2.02%	1.63%	1.65%	**1.76%**	-0.3%-pt	0.0%-pt	-0.1%-pt
Cost/(income+OCI)	47.03%	72.21%	68.86%	55.07%	53.42%	**50.57%**	-21.6%-pt	-1.6%-pt	6.4%-pt
ROAE - Return on average equity	30.42%	9.06%	4.24%	19.79%	27.22%	**31.68%**	22.6%-pt	7.4%-pt	-3.2%-pt
ROMC - Return on minimum capital	42.06%	12.09%	5.76%	29.67%	41.03%	**47.32%**	35.2%-pt	11.4%-pt	-1.0%-pt
ROAA - Return on average total asset	2.65%	0.84%	0.38%	1.51%	2.11%	**2.43%**	1.6%-pt	0.6%-pt	-0.5%-pt
Share information									
EPS - Earning per share (HUF, IFRS)	152.7	132.9	84.2	114.2	163.2	**545.4**	412.6	49.0	10.5

Volume and portfolio KPIs

	2020		2021		Y - Y	P - P	YTD
	3Q	4Q	2Q	3Q			
Volume KPIs							
LTD - Loan to deposit ratio	67.99%	62.29%	64.31%	**61.44%**	-6.5%-pt	-2.9%-pt	-0.8%-pt
Securities ratio	40.70%	42.21%	45.89%	**44.70%**	4.0%-pt	-1.2%-pt	2.5%-pt
Provision to total assets	2.02%	1.65%	1.45%	**1.37%**	-0.7%-pt	-0.1%-pt	-0.3%-pt
RWA/TA - RWA/total assets	42.28%	36.12%	35.93%	**35.13%**	-7.2%-pt	-0.8%-pt	-1.0%-pt
CAR - Capital adequacy ratio	18.88%	20.49%	17.77%	**16.80%**	-2.1%-pt	-1.0%-pt	-3.7%-pt
Portfolio quality							
DPD90+ rate	1.93%	1.31%	1.21%	**1.07%**	-0.9%-pt	-0.1%-pt	-0.2%-pt
DPD90+ coverage	233.55%	302.55%	306.76%	**320.41%**	86.9%-pt	13.7%-pt	17.9%-pt
NPL rate	3.28%	2.60%	2.37%	**2.11%**	-1.2%-pt	-0.3%-pt	-0.5%-pt
NPL coverage (indirect)	137.40%	152.20%	156.89%	**163.39%**	26.0%-pt	6.5%-pt	11.2%-pt
NPL direct coverage	77.11%	71.05%	69.21%	**69.86%**	-7.3%-pt	0.7%-pt	-1.2%-pt
Stage 1 loans (HUF bln)	956.5	1,023.9	922.7	**982.7**	26.2	60.0	-41.2
Stage 2 loans (HUF bln)	76.9	99.4	227.0	**232.1**	155.1	5.1	132.7
Stage 2 loans w/o EBA reclassification (HUF bln)	76.9	99.4	109.3	**119.0**	42.0	9.7	19.6
Stage 3 loans (HUF bln)	34.6	29.2	27.3	**26.4**	-8.2	-0.9	-2.8
POCI (HUF bln)	6.7	6.4	6.2	**6.0**	-0.7	-0.1	-0.4

- Slightly deteriorating, but still impressive **CIR**: 37.5% as integration puts pressure on costs
- Further improving **NPL rate:** 2.1% (-26 bps p/p)
- **Loan-to-deposit ratio** (61.44%, -287bps) decrease shows deposit collection capability and strong liquidity position of the MKB Group
- Decreasing (-66 bps y/y) **provision to total assets** in line with accumulating balance sheet and steady portfolio quality

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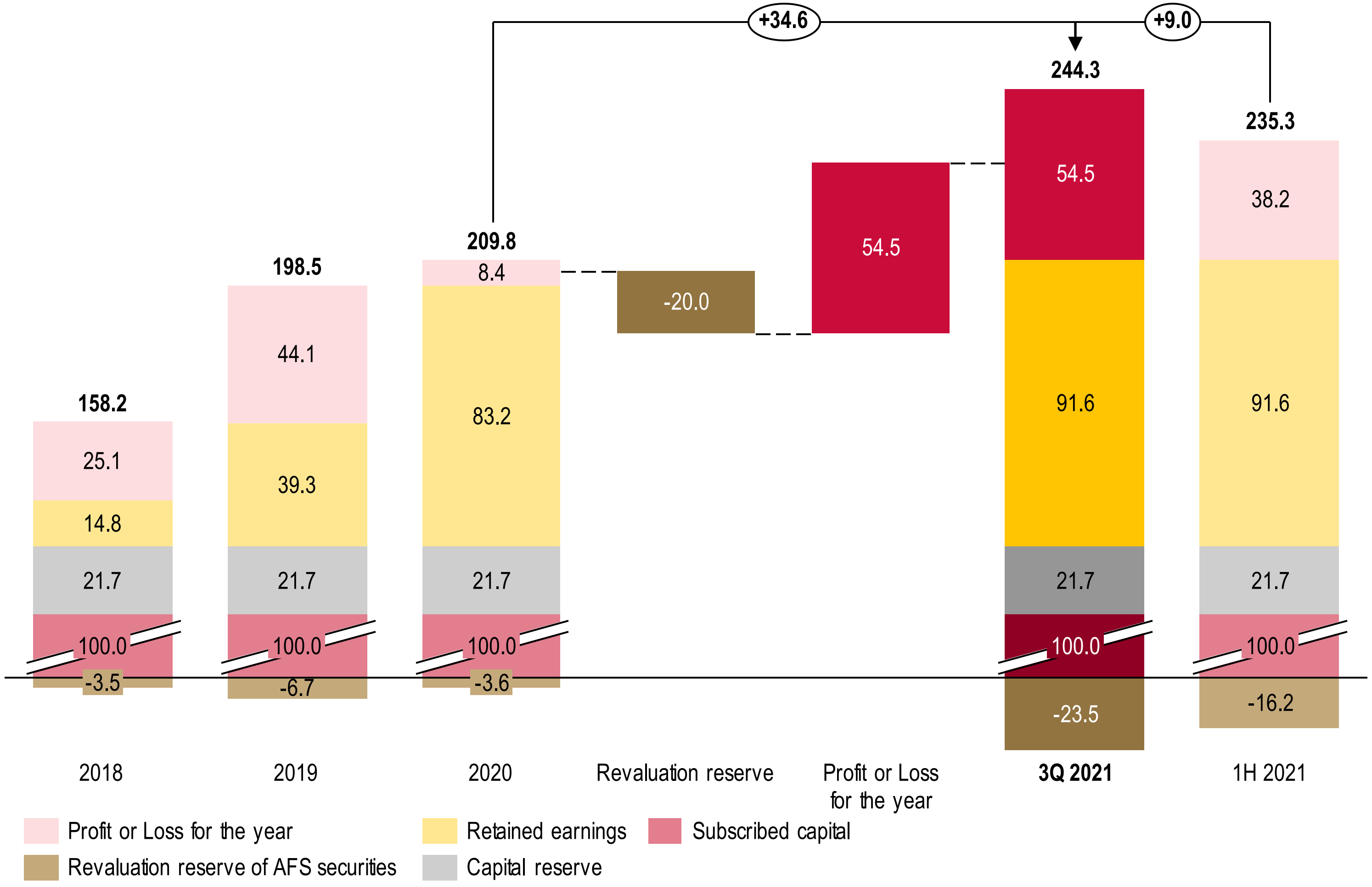
Notable capital accumulation in 2021: +16.5% YTD

Capital (HUF bln)

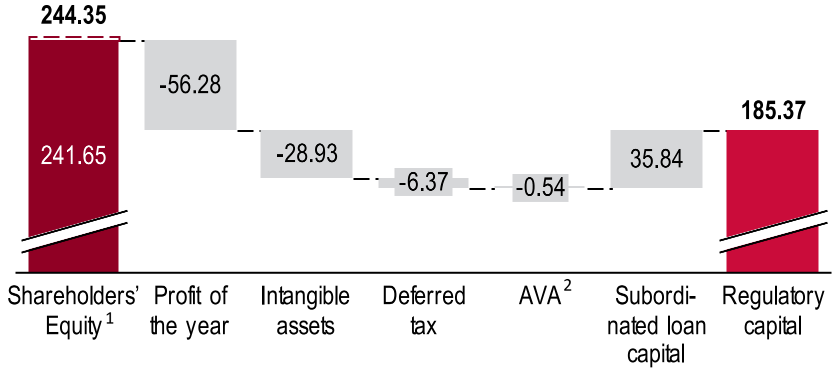


Additional HUF +9.0 bln capital accumulation in 3Q 2021 results in HUF 244.3 bln capital:

- Stable core income together with positive fair value results supported unadjusted 3Q(Y) PAT (HUF 54.5 bln) and thus capital accumulation
- Notwithstanding the further decreasing (-7.3 bln p/p) revaluation reserves in 3Q, net fair value revaluation (FV+OCI) generated more than HUF 28.0 bln capital accumulation in 3Q(Y)
- Capital accumulation remained stable during the pandemic, which significantly increases shock absorbing capabilities of the Bank

Despite substantial annual PAT is not included in the regulatory capital, CAR is still 16.8%

Regulatory capital formulation (HUF bln)

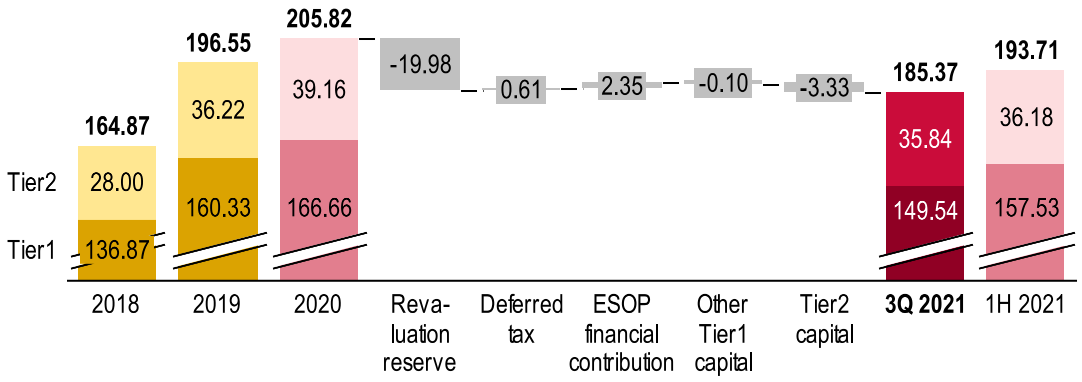


¹ Equity under IFRS and prudential consolidation differ due to differences in the range of firms included in the calculation

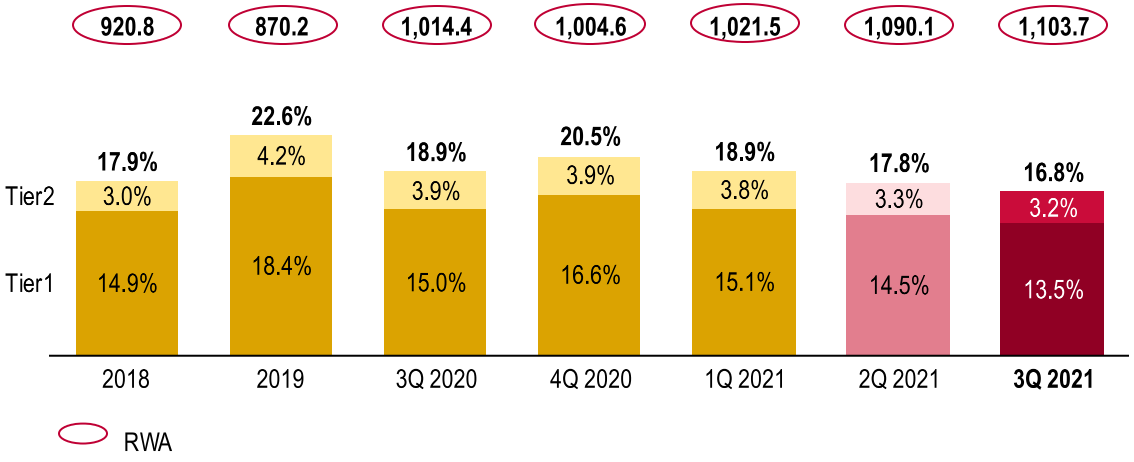
² AVA = Asset value adjustment – CRR specification

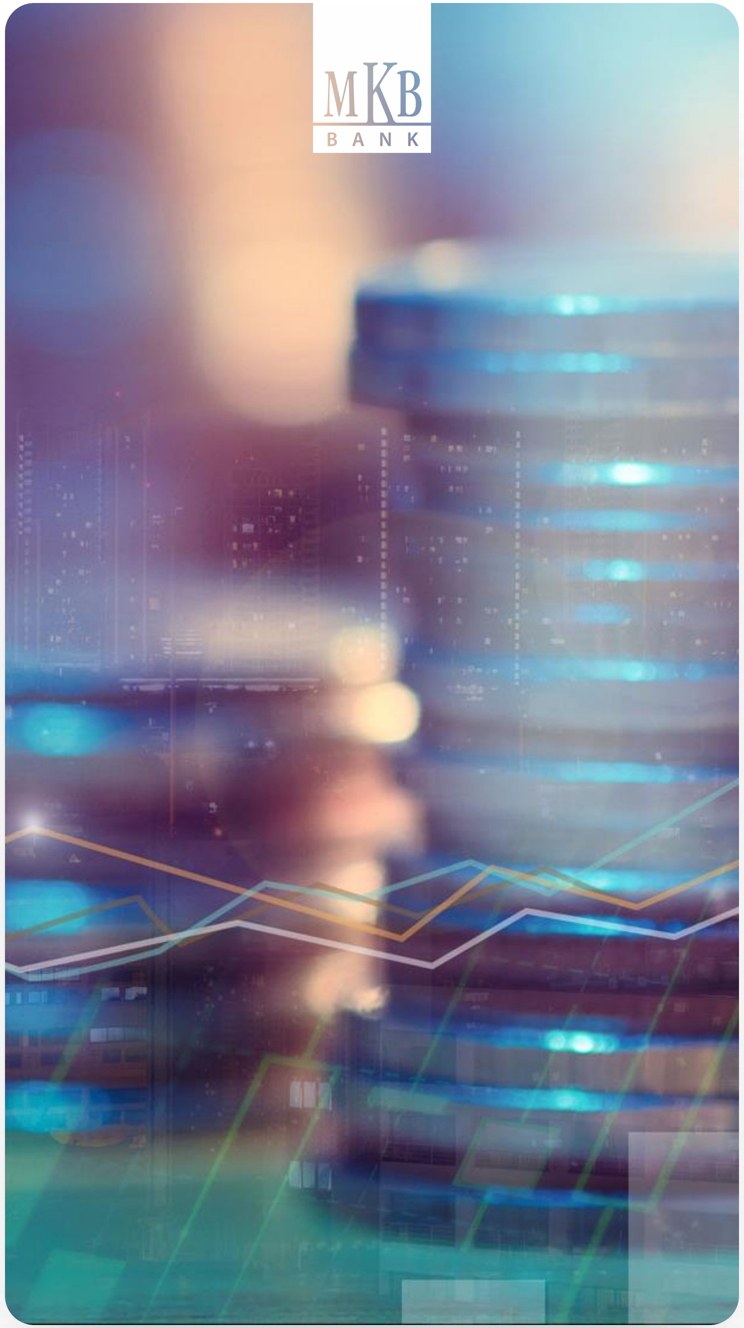
- **16.8% CAR ratio (-2.1%-pts y/y; -1.0%-pts p/p)** being comfortably above regulatory minimum
- **HUF 1,103.7 bln RWA**: growth resulting from customer loan increase in 3Q (HUF +99.1 bln; +9.9% YTD) echoes core gross loan and BGS bond volume growth
- **Regulatory capital** decrease (-4.3%, HUF -8.3 bln p/p) was mainly attributable to negative, HUF -20.0 bln OCI stipulated by the increasing bond yields as NBH base rate hike cycle continues
- Should the substantial intra-year profit be considered in the regulatory capital, capital adequacy would have reached 19.1% at the end of 3Q

Evaluation of regulatory capital (HUF bln)



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





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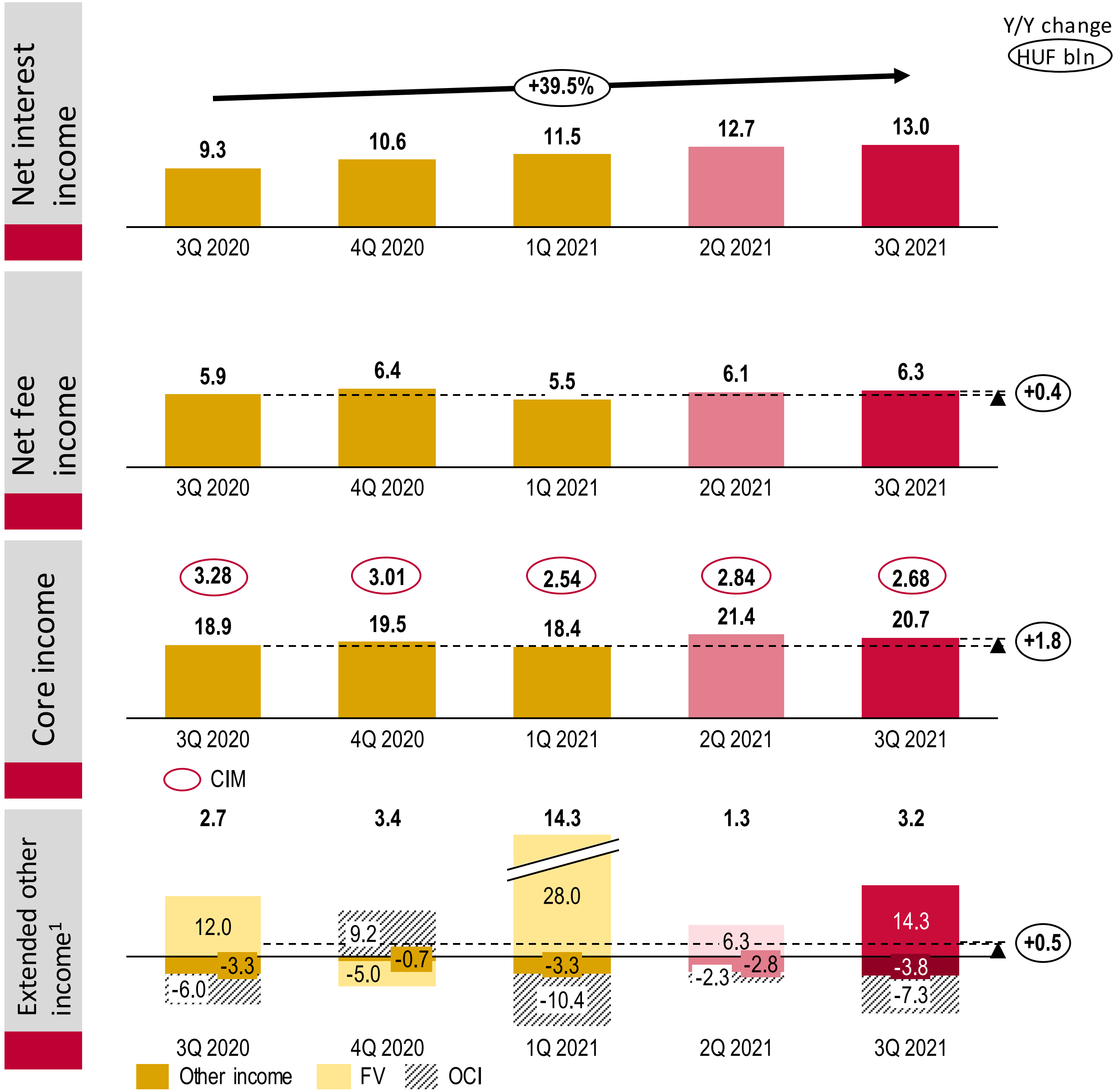
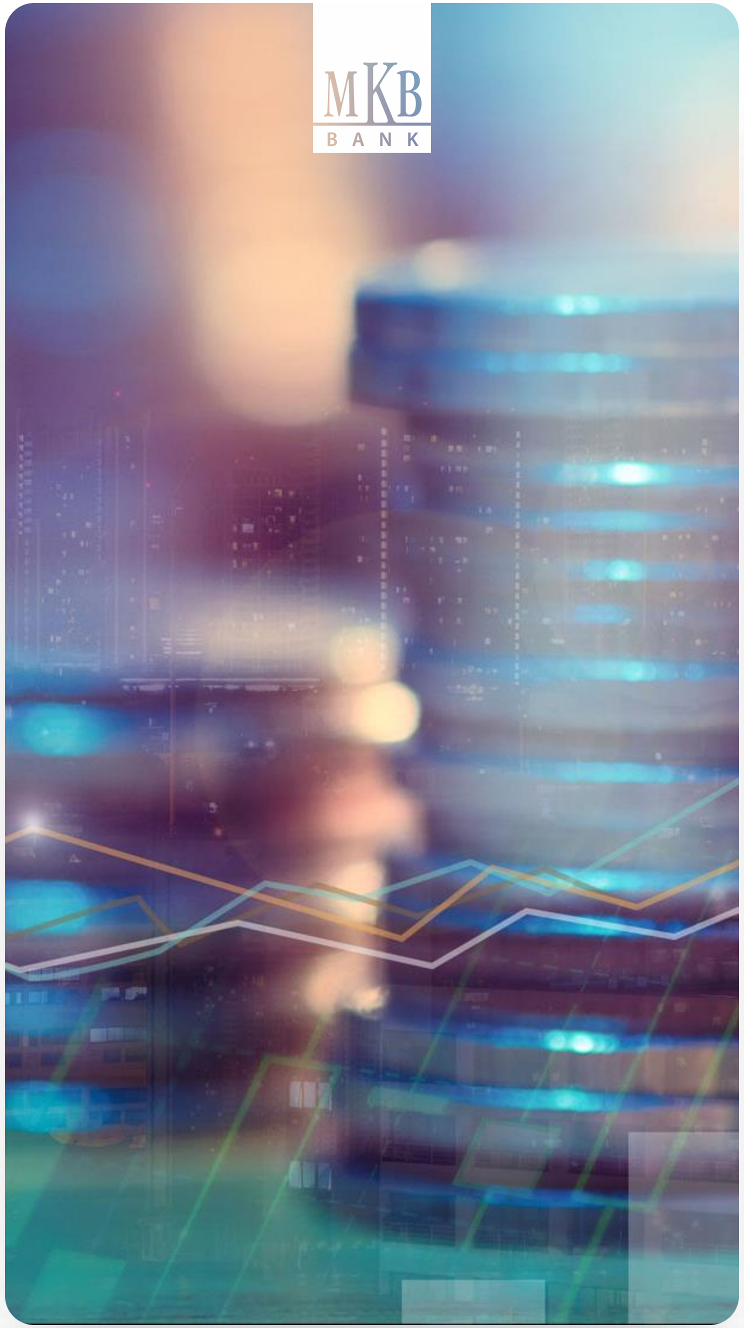
Continuously increasing net interest income propels the yearly growth of core income



- **HUF 13.0 bln net interest income in 3Q (+2.7% p/p; +39.5% y/y):** customer loan portfolio increase and the upturn of interest rates resulted in higher net interest income compared to previous quarter
- **HUF 6.3 bln quarterly net fee income (+2.4% p/p; +6.3% y/y)** marks a HUF 0.4 bln (y/y) increase due to the business and economic recovery after the third wave of the pandemic
- Moderate FX result caused slight (-3.4% p/p) **core income** decrease, whilst yearly increase (+9.7%; HUF +1.8 bln y/y) is supported by improving net interest income on expanding portfolio
- **HUF 7.0 bln net fair value results (FV+OCI) in 3Q.** NBH base rate hike cycle induced increase in swap and money market yields resulted in increasing fair value results on the banking book portfolio (HUF +14.3 bln FVTPL gains). In the meantime government bond benchmarks increased somewhat moderately, resulting in only a HUF -7.3 bln negative OCI through the revaluation of the government bond portfolio. As the net effect of the above mentioned two revaluation results (FV+OCI) the quarterly net fair value gain was HUF 7.0 bln

[1] other income + FV + OCI



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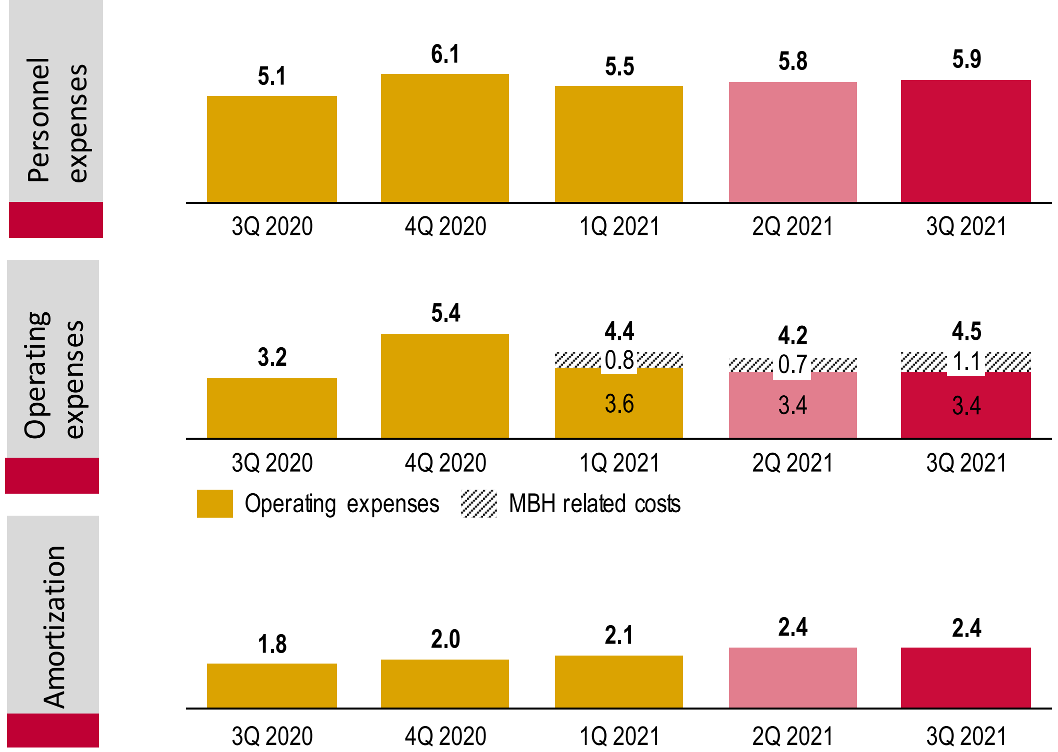
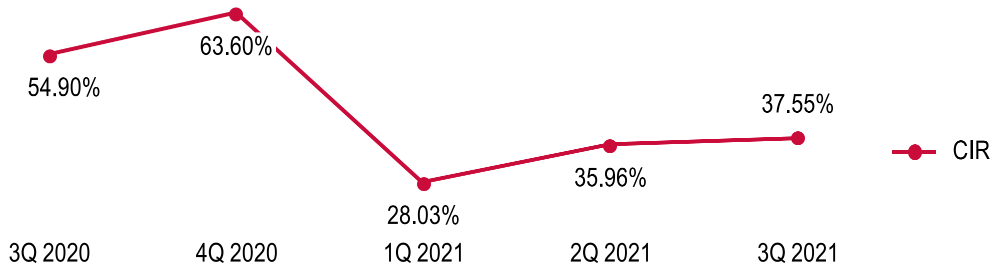
Slight p/p cost increase determined by merger activities and macroeconomic effects

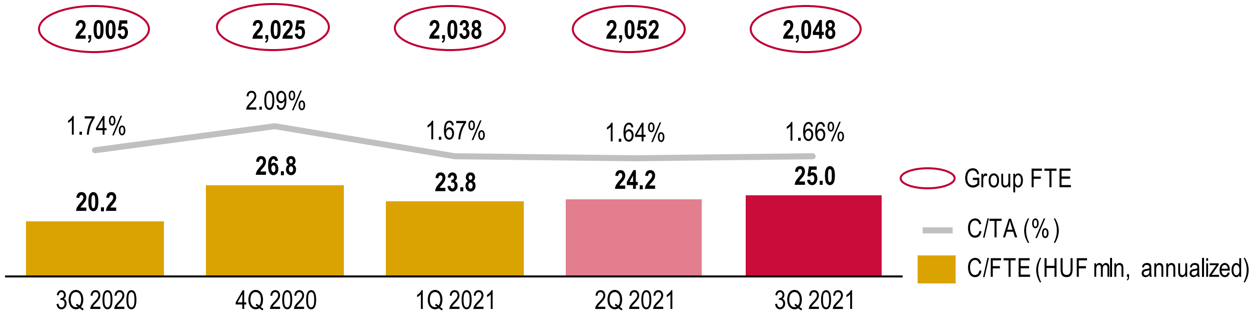
Breakdown of GAE (HUF bln)



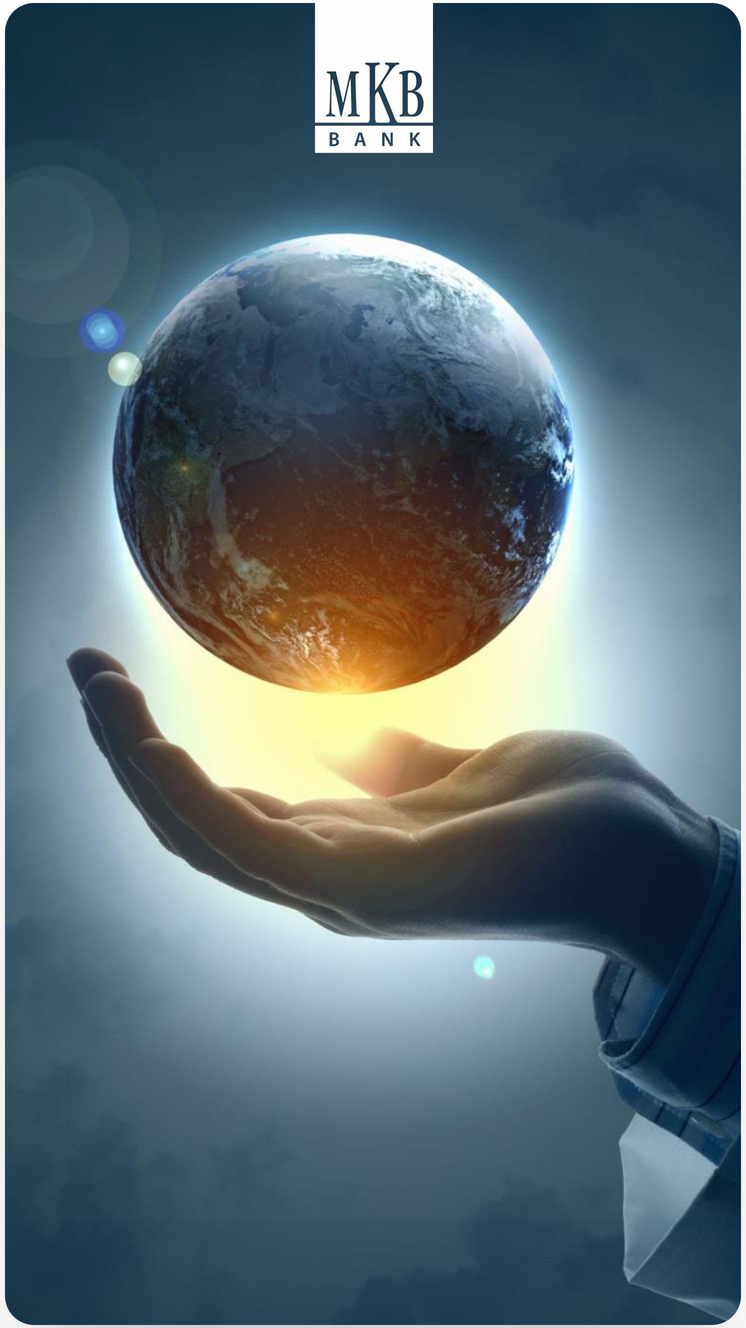
Adjusted cost-income ratio (cumulated, %)



Cost efficiency (period) and headcount (FTE)



- **1.66% adjusted Cost-to-Assets ratio** (-8 bps y/y; +1 bps p/p) as a result of rapid balance sheet growth and under control costs
- **Personnel cost** increase was mainly driven by the overlapping effect of y/y headcount growth driven by business expansion. Wage inflation is also a strong contributing factor
- **Operating expenses remained stable** during 3Q (HUF +0.2 bln y/y), but for increasing merger related costs
- **Depreciation costs** grew HUF +0.6 bln y/y, but were level with 2Q figures



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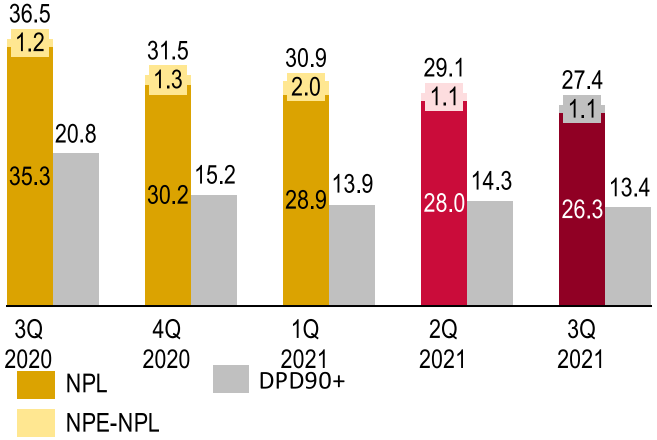
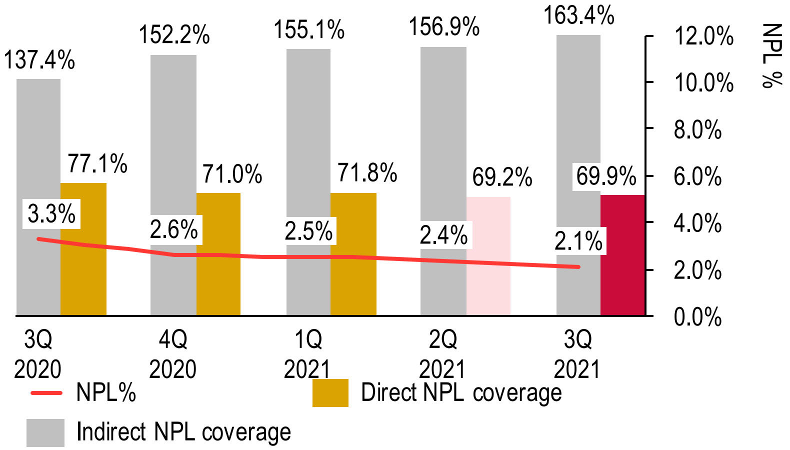
NPL rate slightly improved to 2.1% at the end of 3Q

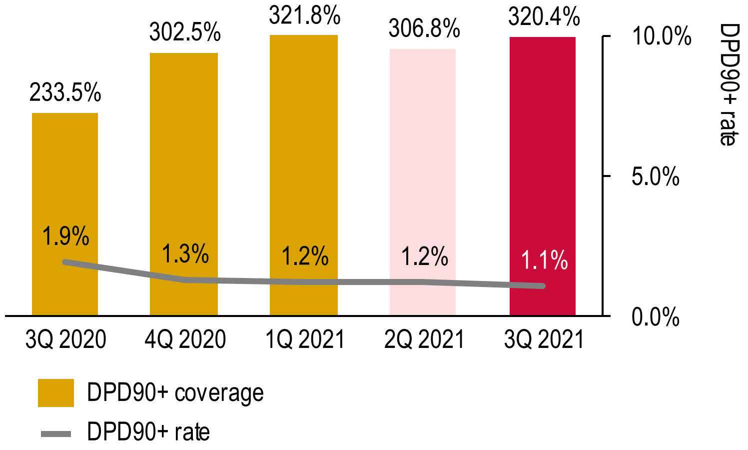
NPL, NPE and DPD90+ portfolio (HUF bln)



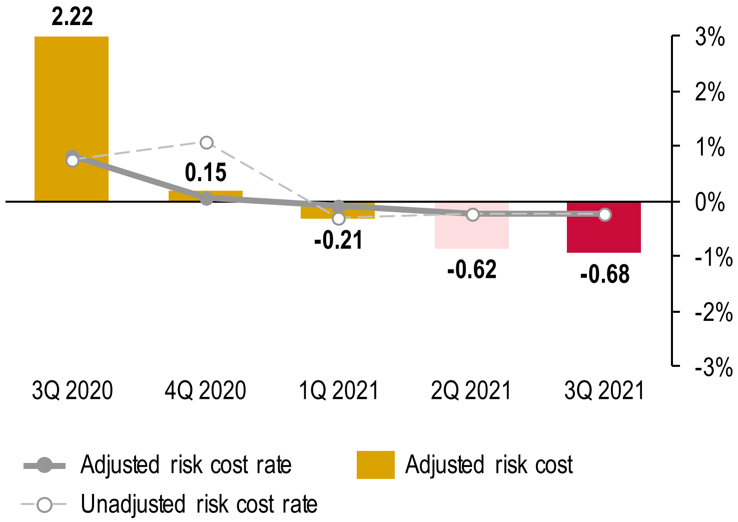
NPL coverage and NPL rate (IFRS)[1]



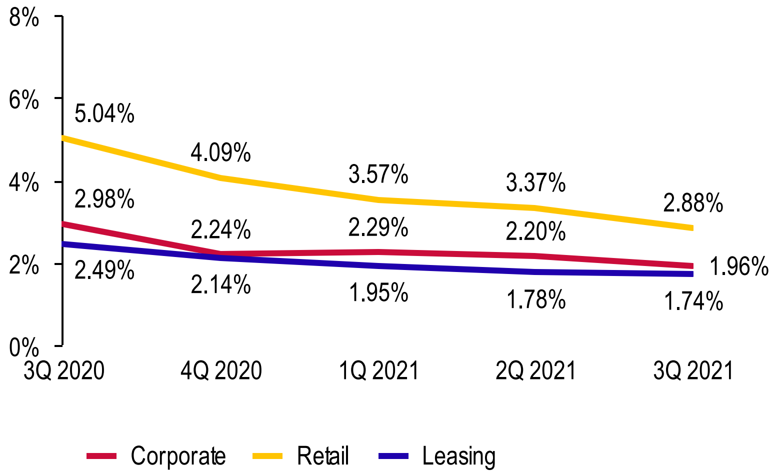
DPD90+ coverage and DPD90+ rate



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



Segment NPL rates



- HUF 0.7 bln risk cost (adjusted) release in 3Q due to stable portfolio quality
- HUF 26.3 bln NPL volume: -25.6%; HUF -9.0 bln y/y. Limited NPL formulation in 3Q shows stable underlying portfolio quality
- **NPL rate: 2.1% (-118 bps y/y)**
- Moratorium also a factor behind the stable NPL rates throughout the banking sector

[1] According to IFRS held for sale and FVTPL portfolio not included

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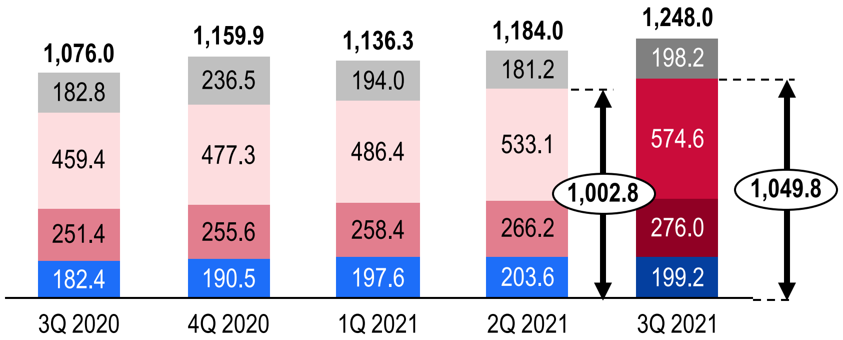
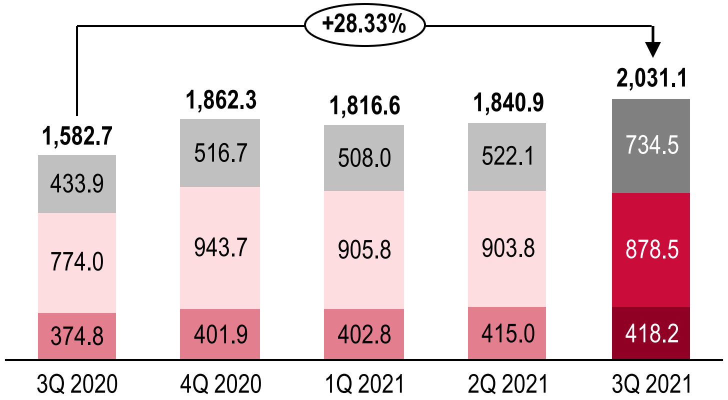
Segment breakdown of customer volumes

Breakdown of gross customer loans[1] (HUF bln)

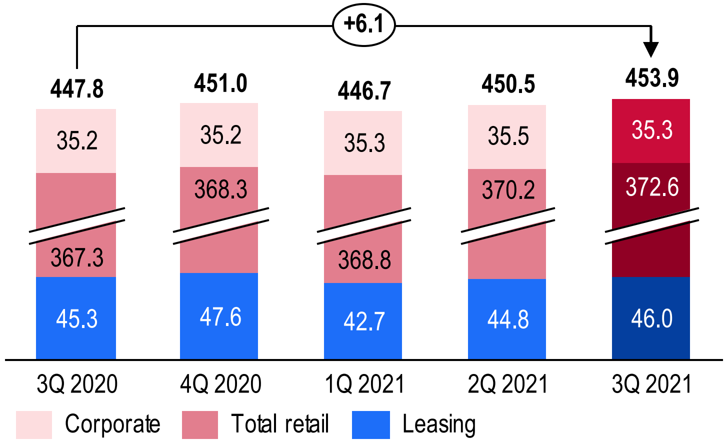


Breakdown of deposits [1,2] (HUF bln)



▨ Other corporate ▨ Non-financial corporate ▨ Retail ▨ Leasing

Number of clients (thousand)



Gross customer loans: HUF +172.0 bln (+16.0%) y/y; HUF +64.0 bln p/p

- Y/y increase shows successful delivery of MKB Group's 2021 volume growth targets
- Slight (-2.2% p/p) decrease in leasing stock due to downturn in stock financing as a result of vehicle shortage

Customer deposits: +28.3% (HUF +448.4 bln y/y), HUF +190.2 bln p/p:

- Corporate deposits grew by +13.1% (HUF +187.0 bln) p/p and exceed 2020 year-end peak levels (+33.5%; HUF +405.1 bln y/y)
- Retail deposits grew by +11.6% on yearly and +0.8% on p/p basis. Yearly and quarterly increase was mostly due to the moratorium: household savings are still high

Number of clients increased y/y by 6.1 thousands:

- Continuous growth in customer base in every segment: corporate (+0.2 thousand y/y), retail (+5.2 thousand y/y) and leasing (+0.7 thousand y/y) business
- In retail business, MKB Bank have been successful in acquiring customers in the most important and profitable „premium" segment

[1] IFRS figures
[2] Replacing HAS segments

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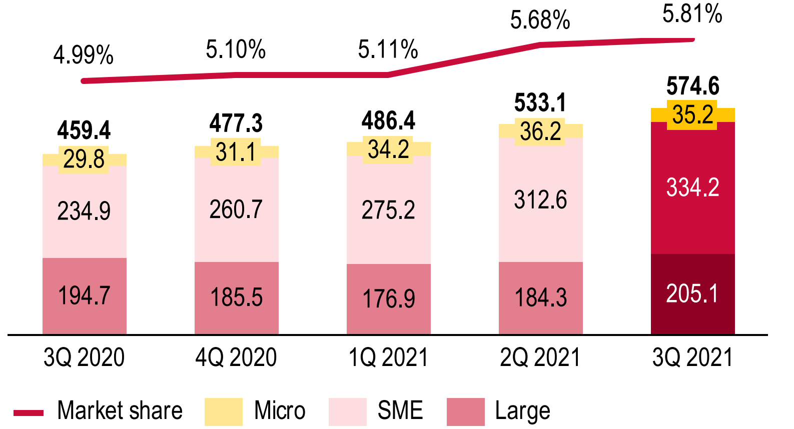
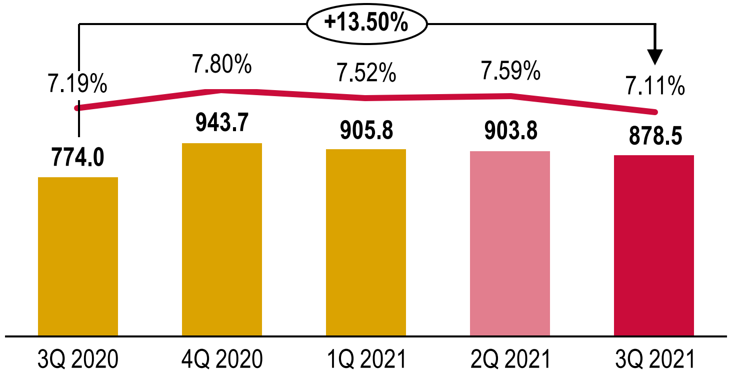
Steadily growing corporate market share in the third quarter

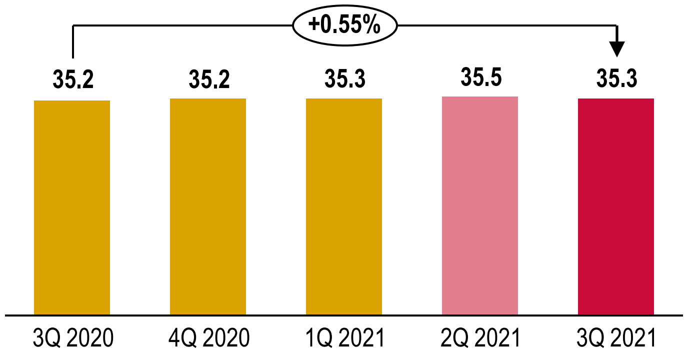
Gross corporate loans[1] breakdown (HUF bln) and market share[2] (%)



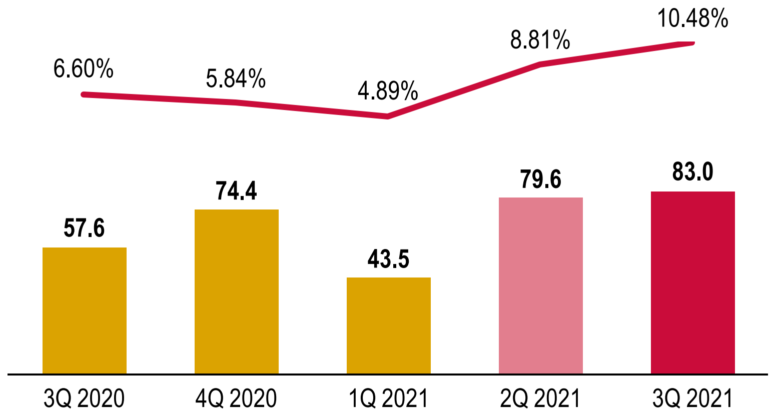
Corporate deposit[1] (HUF bln) and market share[2] (%)



Corporate client numbers (in thousands)



Corporate loan disbursement[1] (HUF bln) and market share[2] (%)



- Continuous demand for investment loans, working capital loans and also significant demand for Széchenyi and other subsidised loans contributed to the **increase in the loan portfolio** (volume increase HUF +41.5 bln p/p), which resulted in **13 bps market share improvement** to 5.81%
- **Disbursement in 3Q increased by 44.0%** compared to same period of last year. Market share increased to 10.48%, (+388 bps y/y, +167 bps p/p) the majority of disbursements in 3Q accounted by classic MKB loan products. 3Q(Y) market share of Széchenyi loans disbursement was 5.1%
- **Significant y/y customer deposit** expansion: HUF +104.5 bln increase since 3Q 2020. MKB's corporate deposits decreased HUF -25.3 bln in the quarter, therefore market share decreased by -48 bps p/p (-8 bps y/y) to 7.11%

[1] 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

[2] Source: NBH statistics

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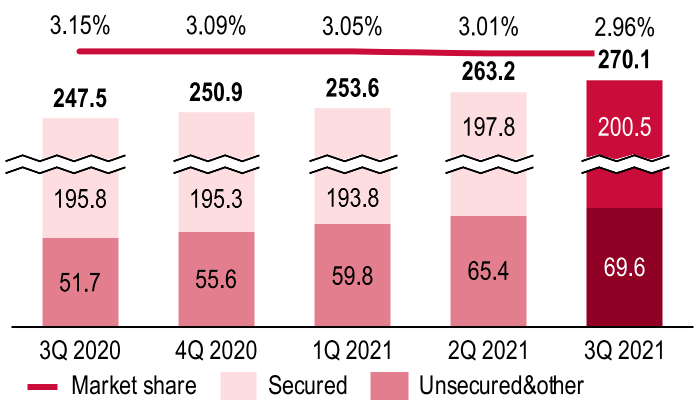
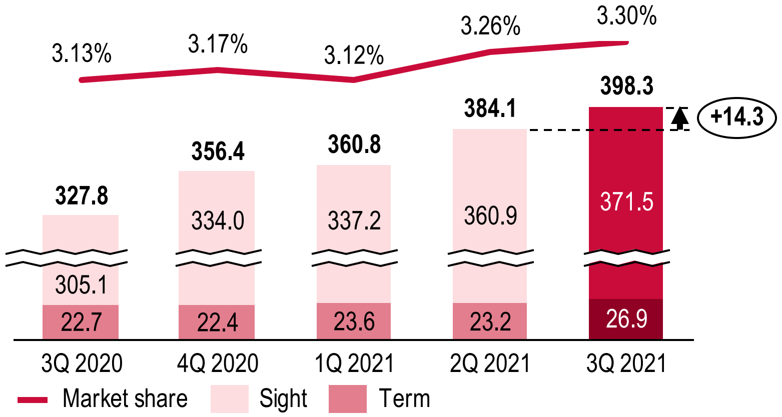
Growing retail volumes and improving market shares in 3Q

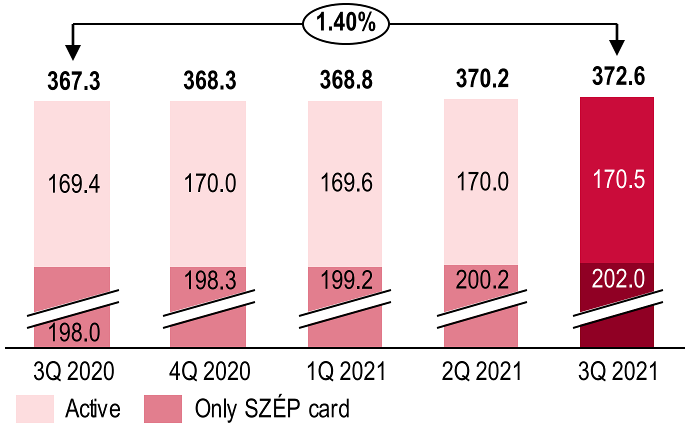
Retail gross loans[1] (HUF bln) and market share[2] (%)



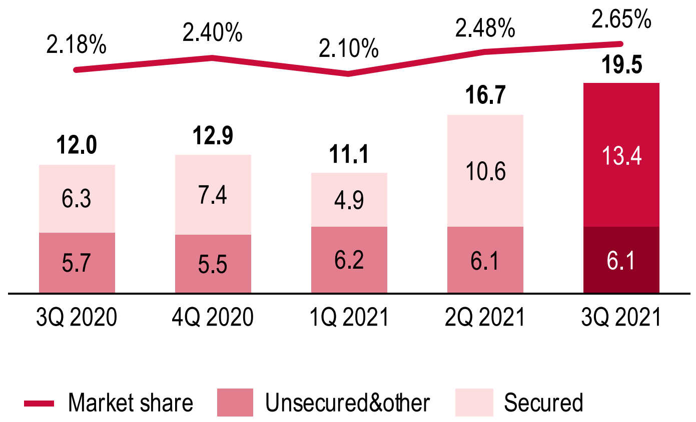
Deposits[1] (HUF bln) and market share[2] (%)



Total retail client number (in thousands)



Loan disbursement[1] (HUF bln) and market share[2] (%)



HUF 270.1 bln retail gross loan (HUF +6.9 bln p/p): HUF +22.6 bln y/y increase, mainly due to the long-term „Babaváró” loans and outstanding demand for secured loans in 2Q and 3Q

- **Secured loan disbursements** were HUF 13.4 bln, which marks 2.8 bln p/p increase, and +7.1 bln y/y. The upward trend is driven by government subsidised and housing loans.
- **Unsecured loan disbursements** were on same level than in 2Q 2021 supported by the wide choice of online personal loan products and strong demand for unsecured loans due to the subsidized home renovation loan
- **Flow market share of loans** increased by 17 bps p/p, and 47 bps y/y

HUF 398.3 bln deposits (HUF +14.3 bln p/p; HUF +70.5 bln y/y) the yearly and quarterly increase was mostly due to the moratorium: household savings are still high. The stock market share also increased by 4 bps p/p and 17 bps y/y

Premium customer[3] focused strategy in 2021: client number increased by 4.0% p/p reaching 9,512 in 3Q

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[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

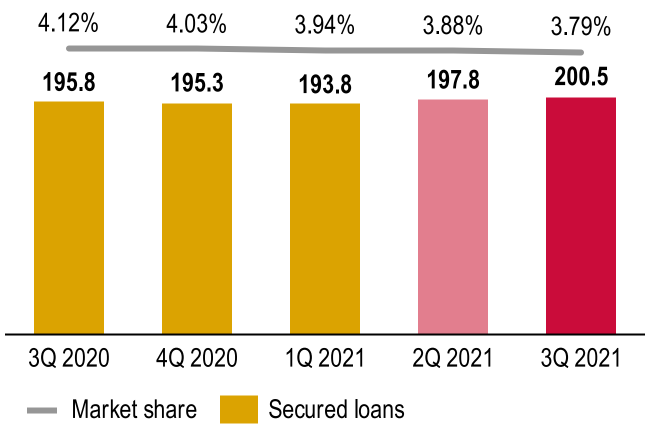
[3] Customers having contract concluded for a premium service and the sum of assets on the accounts included in the service reach HUF 10 million

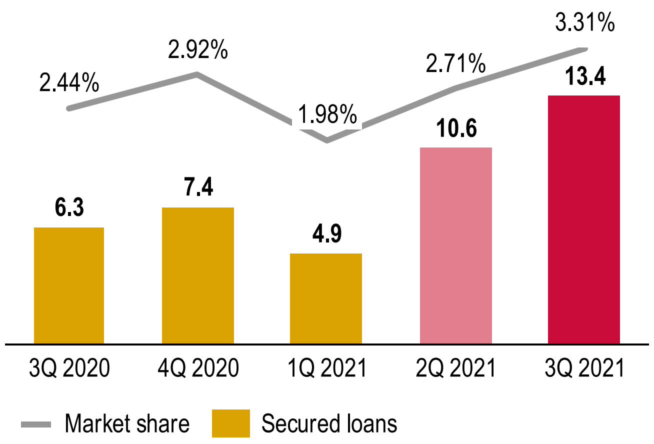
Outstanding secured loan disbursement in 3Q

Volumes (HUF bln) and market share (%)

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

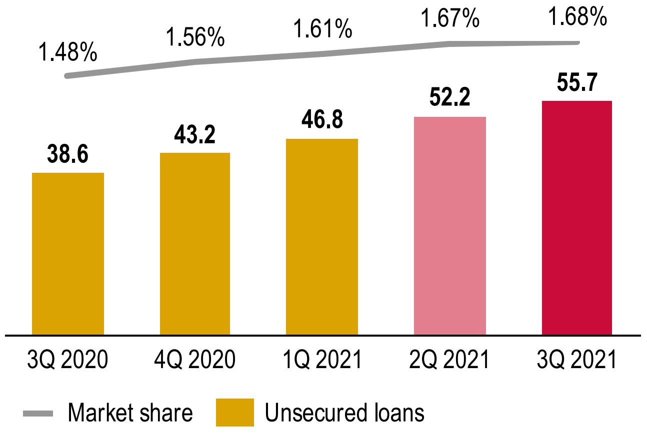
Secured loans

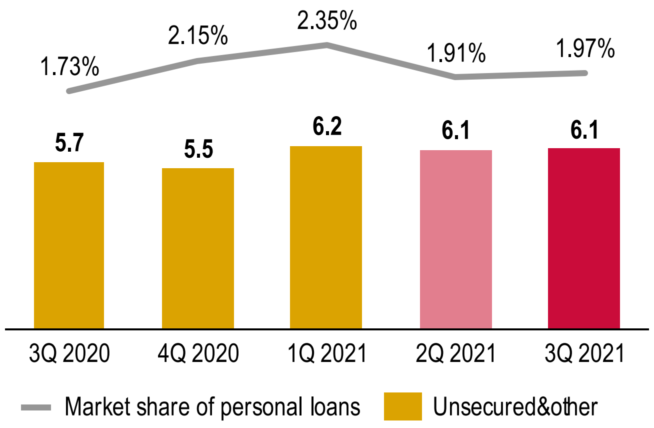




- **Secured loan volumes** increased in 3Q 2021 (HUF +2.7 bln p/p) and reached HUF 200.5 bln considering the outstanding new disbursements
- **Disbursements** increased to HUF 13.4 bln in 3Q (HUF +2.8 bln p/p; HUF +7.1 bln y/y), which more than doubled on annual basis due to government subsidies on housing and competitive pricing of secured loans
- **Flow market share** increased to 3.31% (+60 bps p/p and +87 bps y/y), while **stock** market share slightly decreased p/p, by 9 bps

Unsecured loans





- **Unsecured loans volumes** and market share are continuously growing and reached HUF 55.7 bln (HUF +3.5 bln p/p; HUF +17.1 bln y/y) due to the strong demand for personal loans and long-term „Babaváró" loan
- New **disbursements'** volumes are on the same level as in 2Q 2021 (HUF 6.1 bln)
- **Flow market share** (1.97%) increased: +6 bps p/p and +24 bps y/y due to the strong demand for unsecured loans and digital sales channels. Stock market share remained on the 2Q level (+1 bps p/p), meanwhile increased by 20bps on yearly basis

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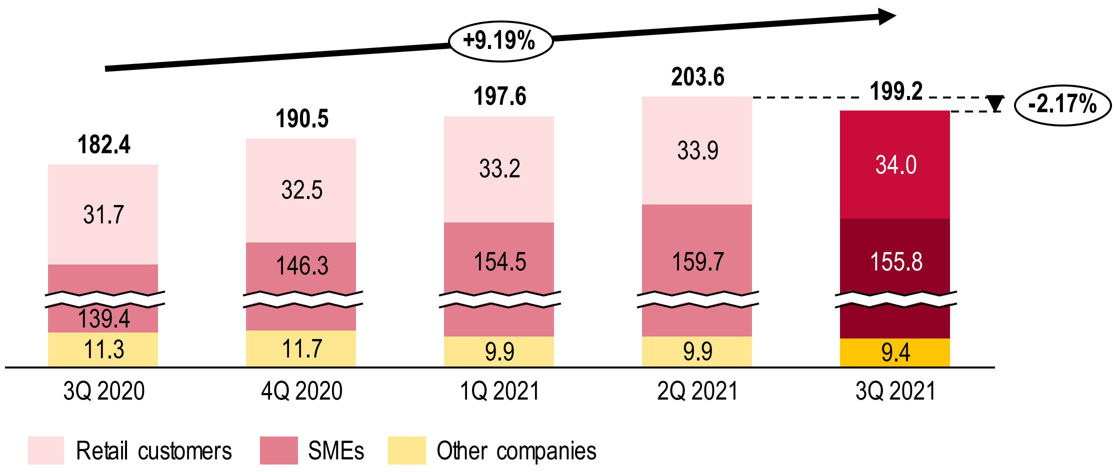
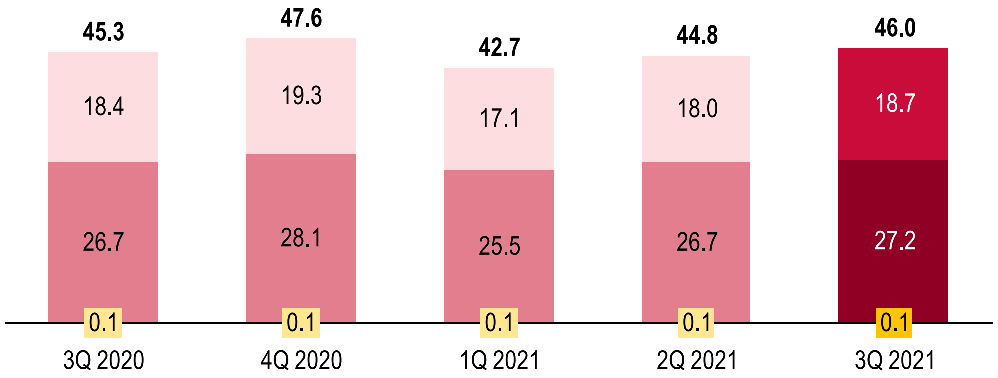
+9.2% CAGR amid negative international trends

Gross volumes by customers (HUF bln)



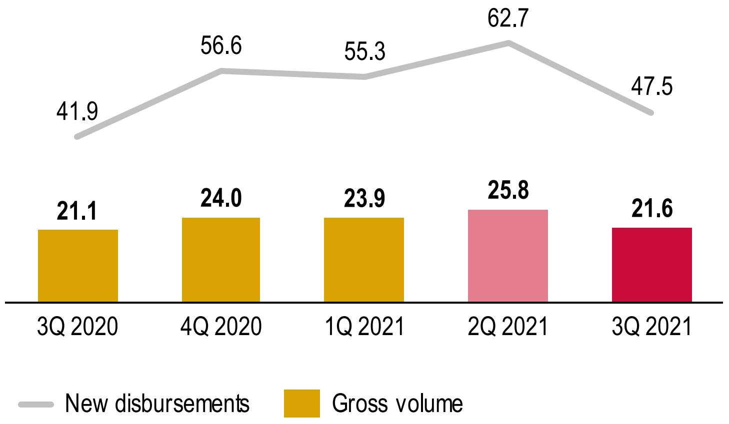
Active clients (in thousands)



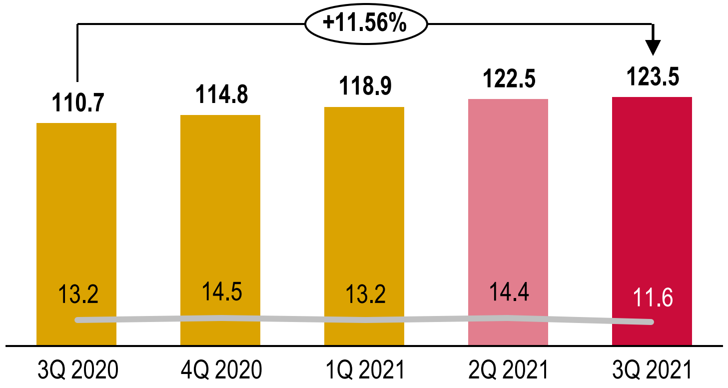
- **International trends** – chip shortages, slowdown in supply chains – having a strong negative impact on the Hungarian car financing market became apparent, breaking the portfolio growth trend: -2.2% p/p gross volume decrease in 3Q means still +9.2% CAGR
- **SME clientele still in focus**: From September on, the company - as one of the first players in the market - offers also the “Széchenyi Leasing GO!” product, as part of the “Széchenyi Card Relaunch Program”, which is available for micro, small and medium enterprises
- **Steady market position:** 3rd among leasing companies in terms of new disbursement (based on Hungarian Leasing Association data)

Decreasing disbursements as a result of chip shortages and slowdown in supply chains

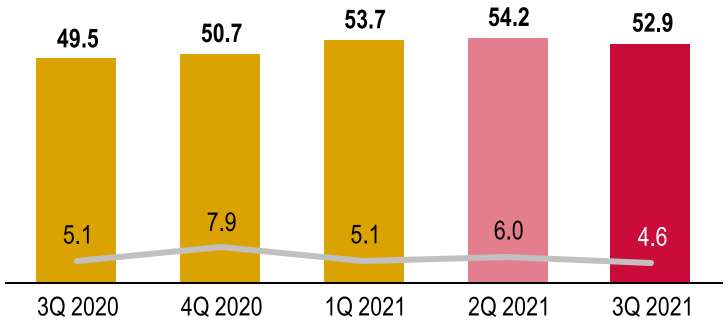
Stock financing (HUF bln)



Car financing (HUF bln)



Wholesale, agricultural and machine financing (HUF bln)



- **Vehicle financing portfolio growth was interrupted:** In the third quarter, the increase in sales prices could no longer compensate for the decline in the number of cars in stock, so the financed amount also decreased
- Second quarter's trend continued in the third quarter in **agricultural machinery and agricultural vehicle financing**: buyers partially postponed their purchases, waiting for new subsidized programs, decreasing stock and flow volumes
- Based on the moratorium eligible volume at the end of September 2021, around 21% of customer loan volumes were under the moratorium, which indicates a favourable risk situation. Until end of October less than 200 customers decided to stay under Moratorium III

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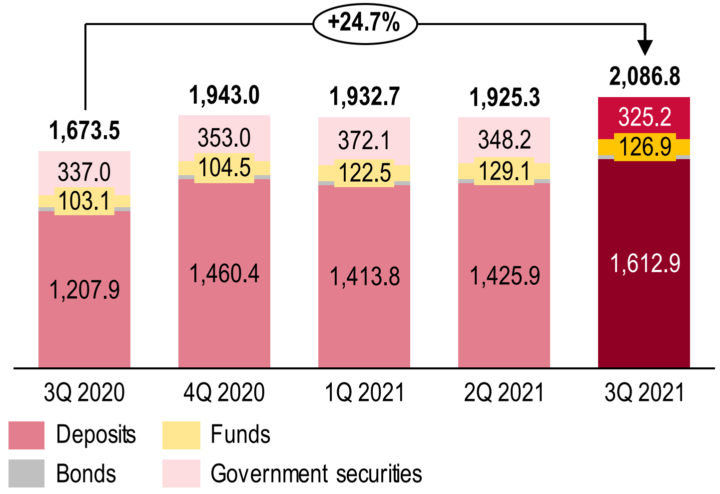
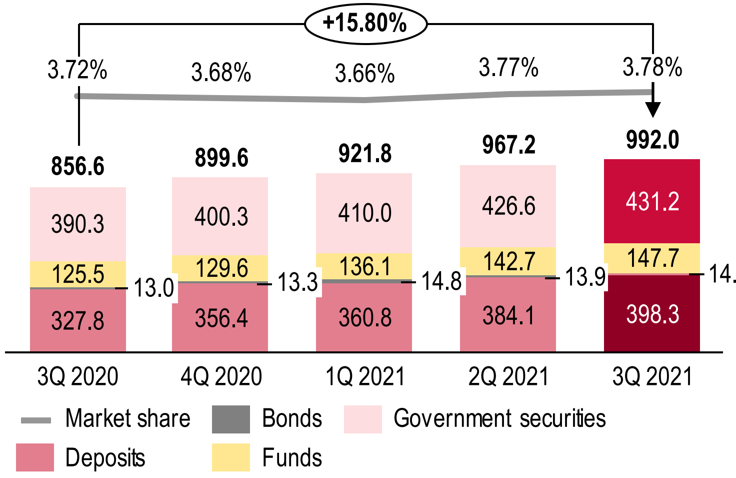
Increasing customer savings and treasury income

Corporate[1] savings (HUF bln)

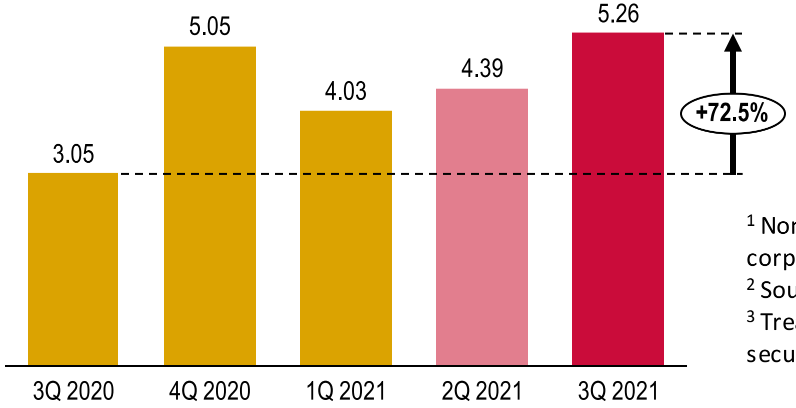


Retail savings (HUF bln) and market share[2] (%)



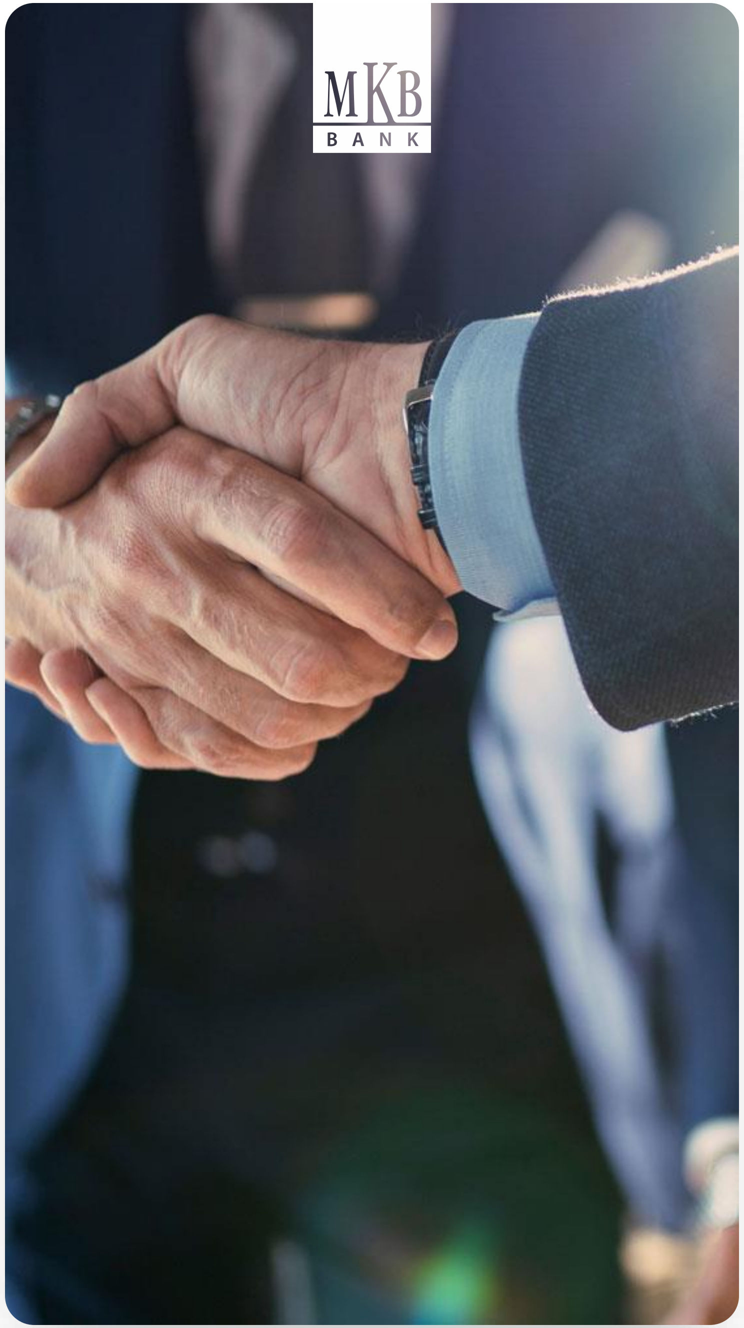
- **Total corporate savings** increased **(+24.7%, HUF +413.3 bln y/y).** Both the yearly and the quarterly increase is attributable to heavy deposit inflows
- In line with market trends, **retail savings grew by 15.8% (HUF +135.3 bln y/y).** Government bonds (HUF +40.9 bln y/y) and deposits (HUF +70.5 bln y/y) are still the favourite savings products for retail customers

Treasury sales[3] and trading income (HUF bln)



- After five quarters of continuous growth, customer related treasury incomes slightly decreased in 3Q. Increase in the total Treasury and trading income was driven by the increasing yield environment's strong positive FVTPL revaluation impact on the profitability of the proprietary trading portfolio
- The volume of customer related stock market transactions and the resulting fee and custody incomes increased p/p
- Decrease in the pace of retail customer's government bond portfolio growth resulted in slightly lower commission incomes p/p
- The decreasing volume of customer foreign currency transactions contributed to the p/p decreasing FX results

[1] Non-financial and financial corporates
[2] Source: NBH
[3] Treasury products and securities distribution



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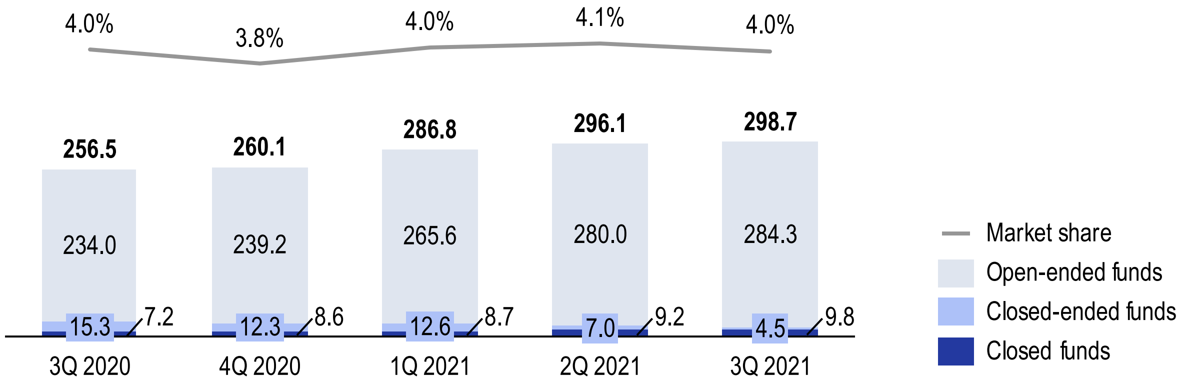
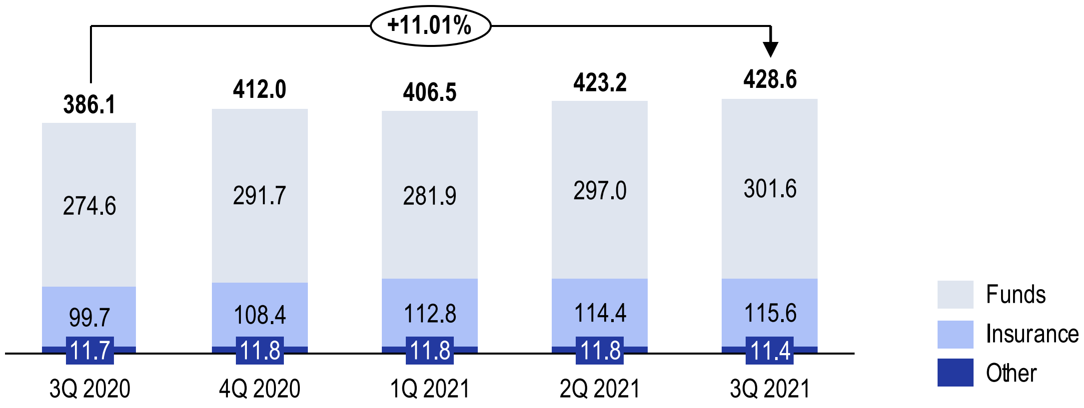
MKB-Pannónia Asset Management

Breakdown of investment funds (HUF bln)



MKB - PANNÓNIA
ALAPKEZELŐ

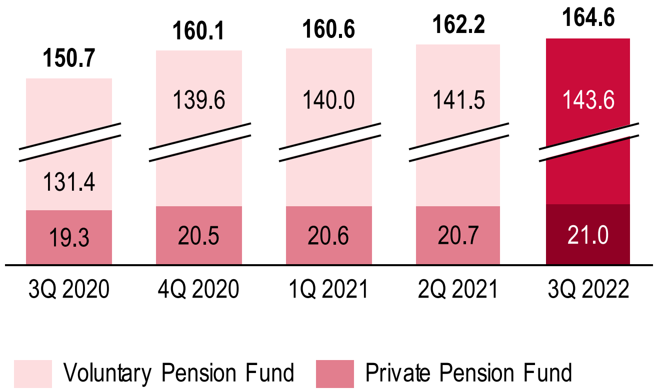
Breakdown of managed portfolios (HUF bln)



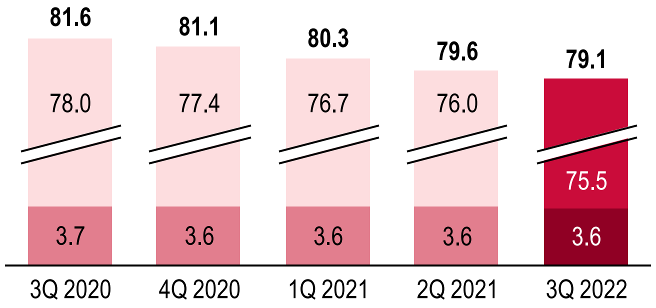
- MKB-Pannónia's AUM maintained its positive trend and grew by 16.4% compared to the third quarter of previous year. The increase of the assets can be attributed to the cash inflows in 3Q
- The closed-end funds' AUM decreased further, due to another maturity of a closed-end fund
- In 3Q the managed portfolios funds grew to HUF 428 bln (11% increase compared to the same quarter last year). The increase was backed by the performance of the portfolios

MKB Funds

Breakdown of total fund assets (HUF bln)



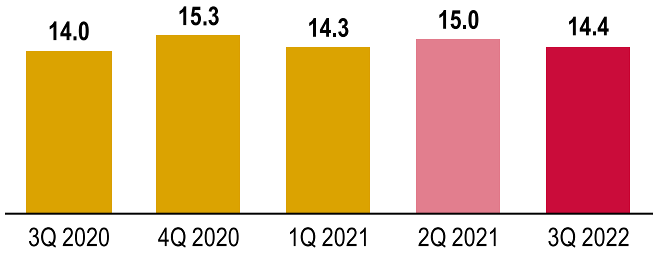
Number of members (thousand pax)



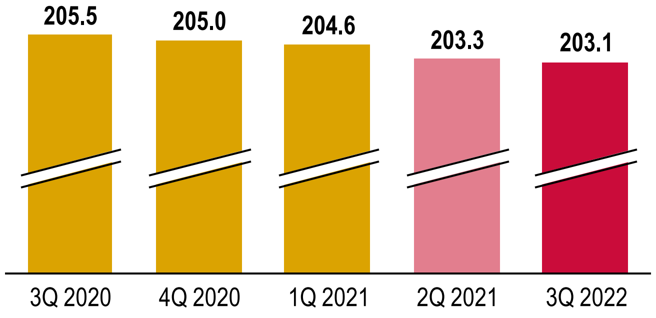
MKB Voluntary Pension Fund had a membership count of 75.5 thousand persons, while its funds on the personal accounts reached HUF 143.6 bln by the end of 2021 3Q

Based on the total assets under management MKB Voluntary Pension Fund succeeded in maintaining its stable 5th ranking with approx. 9% market share. The market value of total assets managed by MKB Private Pension Fund was HUF 21 bln, while the number of members was 3,578 persons at the end of 2021 3Q

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 14.4 bln by the end of 2021 3Q, it maintained its 3rd ranking with a 23.9% market share

The membership decreased by 0.1% compared to end of 2021 2Q, yet with 203 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	MKB Group
MBH	Hungarian Bankholding Zrt.
EU commitments	Required range of certain EU Commitments marked in brackets, as defined in the following public document: https://ec.europa.eu/competition/state_aid/cases/261437/261437_1721348_166_2.pdf Please note that specific targets were set within the displayed ranges.
MNB, NBH	Magyar Nemzeti Bank (the Central Bank of Hungary)
PAT	Profit after tax
PBT	Profit before tax
GOI	Gross Operating Income
GAE	General Administrative Expenses
OCI	Other comprenesive income
TOCI	Total other comprenesive income
FX	FX result
FV	Revaluation result
IRS	Interest rate swap
TA	Total assets
RWA	Risk weighted assets
Covered loans	Home Loans + Free-to-Use Mortgages
FVTOCI	Fair value through OCI
FVTPL	Fair value through P&L
FTE	Full time equivalent

y/y	Year on year
p/p	Period on period
bp	Basis point
CAGR	Compounded Annual Growth Rate
(Y), YTD	Year to date data
NPL	Non performing loans
NPE	Non performing exposures
DPD90+	Days past due over 90 days
POCI	Purchased or Originated Credit Impaired Asset
ROE, ROAE	Return on average equity
ROMC	Return on minimum capital
ROA, ROAA	Return on average total asset
CIR	Cost-to-income ratio
TRM	Total revenue margin
NIM	Net interest margin
NFM	Net fee margin
CIM	Core income margin
CAR	Capital adequacy ratio
LTD	Loans to deposits
EPS	Earning per share
AVA	Asset value adjustment – CRR specification
MÁP+	Hungarian Governmental Securities+
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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