MKB Bank Nyrt.

Report on the
1Q 2021 results
(Flash Report)

Budapest, 26 May 2021

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1 MKB GROUP 1Q 2021 RESULTS – OVERVIEW

Main components of P&L (in MHUF)	Period					YTD		
	1Q 2020	4Q 2020	1Q 2021	P/P	Y/Y	1Q 2020	1Q 2021	Y/Y
TOCI (Total Comprensive Income)	**-9,829**	**4,360**	**16,414**	**276.4%**	**-267.0%**	**-9,829**	**16,414**	**-267.0%**
Revaluation on non HFC financial assets (OCI)	-11,636	9,225	-10,393	-212.7%	-10.7%	-11,636	-10,393	-10.7%
Profit after tax	**1,807**	**-4,865**	**26,807**	**-**	**-**	**1,807**	**26,807**	**-**
Adjustments total on PAT	6,132	4,065	2,122	-47.8%	-65.4%	6,132	2,122	-65.4%
Adjusted TOCI	**1,988**	**8,425**	**18,536**	**120.0%**	**-**	**1,988**	**18,536**	**-**
Adjusted revaluation on non HFC financial assets (OCI)	-5,950	9,225	-10,393	-212.7%	74.7%	-5,950	-10,393	74.7%
Adjusted Profit after tax	**7,939**	**-800**	**28,929**	**-**	**264.4%**	**7,939**	**28,929**	**264.4%**
Profit before tax (adjusted)	**8,570**	**159**	**31,261**	**-**	**264.8%**	**8,570**	**31,261**	**264.8%**
Gross Operating Income (adjusted)	**17,403**	**13,715**	**43,085**	**214.2%**	**147.6%**	**17,403**	**43,085**	**147.6%**
Net Interest Income (adjusted)	7,755	10,635	11,463	7.8%	47.8%	7,755	11,463	47.8%
Net Fee Income (adjusted)	5,996	6,394	5,510	-13.8%	-8.1%	5,996	5,510	-8.1%
Net Other Income (adjusted)	3,652	-3,315	26,112	-	-	3,652	26,112	-
General Administrative Expenses (adjusted)	-9,902	-13,515	-12,075	-10.7%	21.9%	-9,902	-12,075	21.9%
Provision for losses on loans (adjusted)	1,042	-146	209	-243.4%	-80.0%	1,042	209	-80.0%

Main components of Balance sheet (in MHUF)	Volumes at the end of period					YTD average		
	1Q 2020	4Q 2020	1Q 2021	P/P	Y/Y	1Q 2020	1Q 2021	Y/Y
Total Assets	**2,029,903**	**2,781,607**	**2,996,511**	**7.7%**	**47.6%**	**1,894,850**	**2,889,059**	**52.5%**
Customer Loans (net)	1,014,020	1,113,962	1,091,537	-2.0%	7.6%	972,167	1,102,750	13.4%
Customer Loans (gross)	1,060,867	1,159,921	1,136,335	-2.0%	7.1%	1,018,774	1,148,128	12.7%
Provision for Customer loans	-46,847	-45,959	-44,797	-2.5%	-4.4%	-46,607	-45,378	-2.6%
Deposits & C/A	1,370,420	1,862,261	1,816,604	-2.5%	32.6%	1,298,474	1,839,433	41.7%
Subordinated debt	43,252	44,724	45,034	0.7%	4.1%	41,317	44,879	8.6%
Shareholders' Equity	188,633	209,779	226,193	7.8%	19.9%	193,547	217,986	12.6%

KPIs based on adjusted and unadjusted PAT (%)	Period					YTD		
	1Q 2020	4Q 2020	1Q 2021	P-P	Y-Y	1Q 2020	1Q 2021	Y-Y
ROAE (Return on Average Equity - unadjusted)	3.7%	-9.4%	49.2%	58.6%-pt	45.5%-pt	3.7%	49.2%	45.5%-pt
EPS (Earning Per Share - unadjusted, IFRS)	18.1	-48.6	268.1	316.7	250.0	18.1	268.1	250.0
ROAE (Return on Average Equity - adjusted)	16.4%	-1.5%	53.1%	54.6%-pt	36.7%-pt	16.4%	53.1%	36.7%-pt
ROMC (Return on Minimum Capital - adjusted)	22.0%	-2.2%	78.2%	80.4%-pt	56.2%-pt	22.0%	78.2%	56.2%-pt
ROAA (Return on Average Assets - adjusted)	1.7%	-0.1%	4.0%	4.1%-pt	2.3%-pt	1.7%	4.0%	2.3%-pt
TRM (Total Revenue Margin - adjusted)	3.7%	2.1%	6.0%	3.8%-pt	2.3%-pt	3.7%	6.0%	2.3%-pt
CIM (Core income margin - adjusted)	3.3%	3.0%	2.5%	-0.5%-pt	-0.8%-pt	3.3%	2.5%	-0.8%-pt
NIM (Net Interest Margin - adjusted)	1.6%	1.6%	1.6%	-0.1%-pt	0.0%-pt	1.6%	1.6%	0.0%-pt
NFM (Net Fee Margin - adjusted)	1.3%	1.0%	0.8%	-0.2%-pt	-0.5%-pt	1.3%	0.8%	-0.5%-pt
C/TA (Cost to Total Assets - adjusted)	2.1%	2.1%	1.7%	-0.4%-pt	-0.4%-pt	2.1%	1.7%	-0.4%-pt
CIR (Cost Income Ratio - adjusted)	56.9%	98.5%	28.0%	-70.5%-pt	-28.9%-pt	56.9%	28.0%	-28.9%-pt
Risk% (Risk cost rate - adjusted)	-0.4%	0.1%	-0.1%	-0.1%-pt	0.3%-pt	-0.4%	-0.1%	0.3%-pt
GOI/RWA (RWA efficiency - adjusted)	7.3%	5.4%	17.0%	11.6%-pt	9.7%-pt	7.3%	17.0%	9.7%-pt
EPS (Earning Per Share - adjusted)	317.6	-32.0	1157.1	1,189.2	839.6	317.6	1157.1	839.6

Volume KPIs (%)	Period					YTD		
	1Q 2020	4Q 2020	1Q 2021	P-P	Y-Y	1Q 2020	1Q 2021	Y-Y
Provision/Total Assets	2.3%	1.7%	1.5%	-0.2%-pt	-0.8%-pt	2.3%	1.5%	-0.8%-pt
CAR (Capital Adequacy Ratio)	17.9%	20.5%	18.9%	-1.6%-pt	1.0%-pt	17.9%	18.9%	1.0%-pt
RWA/Total Assets	50.7%	36.1%	34.1%	-2.0%-pt	-16.6%-pt	50.7%	34.1%	-16.6%-pt
LTD (Loan to Deposit)	77.4%	62.3%	62.6%	0.3%-pt	-14.9%-pt	77.4%	62.6%	-14.9%-pt
DPD90+ rate	2.3%	1.3%	1.2%	-0.1%-pt	-1.1%-pt	2.3%	1.2%	-1.1%-pt

MKB Group 1Q 2021 results are based on cumulated, consolidated, unaudited IFRS data of 31.03.2021. "Adjusted" figures (alternative performance measurement indicators – APM) are indicators of the underlying business performance; the list of correction factors is included in Chapter 3.1.

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

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After a challenging although productive 2020 year, 1Q 2021 marks the first full quarter for MKB Group as member of the Magyar Bankholding.

During 1Q MKB's strong push for regaining market share in 2020 started to bear fruits as expanding customer volumes and supportive market trends generated outstanding quarterly result.

In 1Q 2021 the following main factors were instrumental:

- The 3rd wave of COVID-19 and related lockdown measures continue to hinder the revenue generation capacity – especially turnover related fee and FX incomes - of the banking sector.
- Government and Central Bank economic stimulus programs were still the focus of lending in 1Q, and MKB Group continues to punch above its market share in FGS GO!, MFB, EXIM and Széchenyi loan disbursements.
- Mounting inflation expectations resulted in increasing money market interest rates in 1Q having a favourable effect on banking book portfolio.
- Favourable cost effectiveness was maintained despite the immense pressure on costs stemming mainly from digitalisation, legislative changes, anti-COVID actions and MBH merger related extra integration costs.
- Excellent portfolio quality allowed for marginal risk cost (adjusted) P&L effect as moratorium related provisioning was already accounted for in 4Q 2020.
- Normal branch operation supported by online appointment reservations had been upheld in 1Q despite the 3rd wave of COVID-19, while digital solutions (for example: VideoBank) were also available.
- New products introduced in March: Subsidized Home Renovation Loan, NBH Qualified Consumer-Friendly Personal Loan are available for retail customers, while for corporate customers the Interest-Free Restart Quick Loan Program was introduced with strong demand at MFB points.
- Steady moratorium participation rate: 55% of all eligible exposures in MKB Bank are under moratorium as 61% of eligible clients participated in 1Q.

First quarter financial highlights:

- HUF 28.9 bln adjusted profit, attributable to p/p increasing interest incomes and the favourable effect on banking book incomes stemming from the slightly higher yield environment.
- Total assets almost reached to HUF 3,000 bln (+7.7% p/p, +47.6% y/y) as deposit stock increase continued in the second half of the quarter after a temporary drop in January.
- Banking book securities portfolio growth (+15.3%; HUF +177.7 bln p/p) was driven by the further increasing liquidity surplus and the BGS bond portfolio.
- Quarterly interest income HUF 17.7 bln (+21.7% p/p; +44.3% y/y), as both customer related and banking book securities portfolio income were supported by the interest environment, while the increasing volumes drove the y/y change. In an annual comparison securities portfolio grew HUF +611.9 bln (+83.9% y/y) while net customer loans grew HUF 77.5 bln (+7.6% y/y).

- Stable and substantial capital buffer: CAR significantly above regulatory limits, despite the unfavourable OCI effect in 1Q.
- NPL rate shrank to 2.5% (-137 bps y/y) driven by the decreasing NPL volumes (-30.3%; HUF -12.6 bln y/y) however the moratorium is a key factor behind the stable NPL rates throughout the banking sector.
- HUF 0.8 bln risk cost (unadjusted) release, as excellent underlying portfolio quality was maintained through rigorous portfolio monitoring. Certain exposures under moratorium were reclassified to Stage 2 in accordance with the EBA guidelines.

MKB Group's **unadjusted** total comprehensive income was HUF +16.4 bln in 1Q 2021 (HUF +26.2 bln y/y) as other comprehensive income (HUF -10.4 bln; HUF +1.2 bln y/y) as well as profit after tax (HUF 26.8 bln; HUF 25.0 bln y/y) increased on yearly basis. In p/p comparison the HUF -19.6 bln decrease in other comprehensive income (OCI) was overcompensated by the HUF +31.7 bln increase of after tax profit.

Adjusted total comprehensive income for 1Q 2021 was HUF 18.5 bln (HUF +16.5 bln y/y) as adjustments on TOCI (and also on PAT) reached HUF 2.1 bln. Adjusted profit after tax in 1Q 2021 was HUF +28.9 bln. Other comprehensive income (adjusted) was HUF -10.4 bln (HUF -4.4 bln y/y).

Total assets increased to HUF 2,996.5 bln (+7.7% p/p; +47.6% y/y) due to the rapidly increasing liquidity. Deposits grew by HUF 446.2 bln y/y, accompanied by HUF 507.7 bln y/y increase in interbank liabilities (HUF +245.9 bln p/p). **Customer loans (gross) portfolio was HUF 1,136.3 bln** (+7.1% y/y) which marks a HUF +75.5 bln growth since 1Q 2020. Interbank assets growth was driven by NBH preferential deposit increase. In 1Q 2021 the loan-to-deposit ratio was stable, 62.6% (+0.27% pts p/p). Excess liquidity was soaked up by **securities portfolio, which grew by HUF +177.7 bln p/p**. **The shareholder's equity increased to HUF 226.2 bln** from HUF 209.8 bln at the end of 2020. Capital adequacy was 18.9% (+104 bps y/y). MKB Group's 1Q 2021 annualised, adjusted ROAE was 53.1%, while unadjusted ROAE was 49.2%.

High quality operation continued in all business lines:

- **Retail segment**: 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 at customer's disposal.

- **Corporate segment:** Immense demand for FGS GO!, EXIM and Széchenyi loans continued in 1Q 2021 contributing to y/y increase of the loan portfolio.

  Stable market share of non-financial corporate loans with a slightly increasing stock in 1Q (+1.9% p/p).

  MFB's Interest-Free Restart Quick Loan Program kicked-off in March and was met with increased demand.

- **Leasing segment:** Retail car financing reached a massive y/y growth both in new disbursements and stock

  MKB-Euroleasing celebrates its 30th anniversary in 2021. In terms of turnover, the company is the second largest player in the leasing market, and in terms of new disbursements has a stable position among the three largest actors in the sector.

As of March 2021, around 21% of the eligible leasing exposures are under the moratorium.

Post closing events:

- 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.
- 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 (opt-in), which will last until the end of June 2022.

The economic effects of the related capital and money market developments and changes in macroeconomic environment in 1Q 2021 had a significant impact on the income generating capacity of the MKB Group:

- **Yields:** The Fed has maintained the target range for the federal funds rate at 0-0.25% in 1Q 2021, after the cuts in March 2020 (in two steps from the range of 1.50-1.75%). This was triggered by the sharp economic recession due to the pandemic. The target range may remain at the current low level until 2023, as it was announced in March 2021. In 2021, economic growth and rising inflation can take place simultaneously. The inflation rate, the PCE price index, which was closely monitored by the Fed, accelerated from 1.4% in January to 1.6% in February, and continued to rise to 2.3% (year-on-year) in March. This will be driven by a recovery in demand after economic opening, short-term supply constraints (shortages), base effects in spring and the expected inflationary effects of the USD 1.9 trillion bailout package. According to the Fed, these effects will be temporary. Fed Chairman Jerome Powell emphasized that they were striving for flexibility in inflation. As the rate was and still is below 2%, therefore the aim for inflation is to be slightly above 2% for some time, (which is allowed by the revised inflation targeting system_in 2020, with an average inflation target of 2%). In addition, they operate a significant asset purchase program. The 10-year U.S. government bond market yield swung between 0.9 and 1.7% in 1Q 2021, closing the year at 1.74%.

  The European Central Bank (ECB) kept its interest rates unchanged in 1Q (interest rates on the main refinancing operations: 0.00%, interest rates on marginal lending and on deposit facility: 0.25% and -0.50%, respectively). However, in order to encourage the economic stimulus, the ECB continued its net purchases under the asset purchase programme (APP) and its new program

(PEPP – Pandemic emergency purchase programme). The latter was introduced at the beginning of the pandemic and is scheduled to continue by the Central Bank until – at least – the end of March 2022. The PEPP represents a permanent easing of monetary conditions and is expected to help boosting inflation. After a level of 0.9% in January-February, inflation in the euro area accelerated to 1.3% in March. Base effects may lead to a further acceleration of inflation in April-May. In addition, the expected recovery in demand following economic opening could rise inflation. Yields on 10-year euro area government bonds ranged between -0.23% and -0.57% in 1Q (it was -0.28% at the end of 1Q 2021).

The National Bank of Hungary (NBH) has maintained its base rate at 0.60% since July 2020. In addition, the NBH has introduced several old and new monetary policy instruments to address the effects of the coronavirus epidemic in 2020. Key steps: one-week commercial bank deposit facility was relaunched, government securities and mortgage bond purchase programmes were maintained, long-term secured loan program was launched, the Funding for Growth Scheme was expanded and easing in the Corporate Bond Purchase Program was introduced. During the autumn, NBH changed the one-week deposit rate from 0.6% to 0.75% due to rising inflation risks (remaining at 0.75% in 1Q 2021). Since the beginning of this year, inflation has been steadily accelerating: the inflation rate rose from 2.7% in January (year-on-year) to 3.1% in February and 3.7% in March, closer to the upper level of NBH's tolerance band (4%).

In 1Q 2021, yields increased in addition to the volatility of the Hungarian government securities market: the 10-year domestic government bond yield stood at 2.00% at the end of January and at 2.71% at the end of March, while over one year swap yields increased with more than 100 bps.

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 increases in May.

- **FX market:** The forint's exchange rate against the major currencies (EUR/HUF, USD/HUF) was mainly influenced by the pandemic. By the end of 4Q 2020, the forint weakened to 365.1 against the euro, while at the end of January it was able to strengthen to the level of 358.5, then the forint closed at 363.7 at the end of 1Q 2021. The forint closed at 309.6 against the dollar at the end of March, which is a significant weakening compared to the level of 297.4 at the end of 2020.
- **Government finances:** At the end of 2020, the Hungarian public debt to GDP ratio has risen to 80.4%, the indicator increased by 15 percentage points compared to the end of 2019 (this was the highest level of public debt in the last seven years). In 2020, the accrual-based budget deficit was 8.1% of GDP (HUF 3,832 billion). According to the Ministry of Finance's forecast of early April, the deficit in 2021 is expected to reach 7.5% of GDP.
- **GDP**: At the beginning of 2021 the uncertainty surrounding the epidemic has continued. At the same time, certain factors regarding the future were encouraging. With the wider spread of vaccines against COVID-19, the phasing out of epidemiological measures will also be possible. GDP in 1Q 2021 fell due to restrictive measures and base effects (1Q 2020 was only partially affected by the epidemic situation): the economic downturn in Hungary was -1.8% on an annual basis. The data is driven by a smaller-than-expected decline in the services sector, greater-than-expected recovery in industrial production and an earlier-than-expected overall recovery. The economic growth is expected to crawl above 6% in 2021 and 5.9% in 2022 in Hungary.
- **Wages and employment:** The growth of domestic wages continued also in the period of January-March 2021, just like during the whole year in 2020. In February 2021, the average gross earnings were HUF 414,400, 9.8% higher than a year earlier. In January – March 2021, the number of

employees in the 15–64 age group was 4,476,000, while the employment rate was 71.8%. The figure is 90,000 higher than in the 1Q of 2020, when the employment rate of 15-64 age group was 69.7%.

The unemployment rate also followed the development of the epidemic. In January – March 2021, the average number of unemployed was 194,000, which meant an unemployment rate of 4.0% (January – March 2020: 3.7%).

- **Inflation:** During 1Q 2021 epidemic-related developments were influencing the Hungarian inflation rate. The indicator swung within the NHB's tolerance band (2-4%). Since January, inflation has been steadily rising, from 2.7% in January to closing 1Q at 3.7%. The average was 3.2% in 1Q 2021.

2 Management Report on the 1Q 2021 Results of the MKB Group

2.1 P&L development

MKB Group								
Consolidated, IFRS P&L (in MHUF)	Period					YTD		
	1Q 2020	4Q 2020	1Q 2021	P/P	Y/Y	1Q 2020	1Q 2021	Y/Y
TOCI (Total Comprensive Income)	**-9,829**	**4,360**	**16,414**	**276.4%**	**-267.0%**	**-9,829**	**16,414**	**-267.0%**
Revaluation on non HFC financial assets (OCI)	*-11,636*	*9,225*	*-10,393*	-212.7%	-10.7%	*-11,636*	*-10,393*	-10.7%
Profit after tax	**1,807**	**-4,865**	**26,807**	**-**	**-**	**1,807**	**26,807**	**-**
Adjustments total on PAT	**6,132**	**4,065**	**2,122**	**-47.8%**	**-65.4%**	**6,132**	**2,122**	**-65.4%**
Business corrections	3,295	638	2,768	-	-16.0%	3,295	2,768	-16.0%
Banking tax	*3,275*	*19*	*3,095*	*-*	*-5.5%*	*3,275*	*3,095*	*-5.5%*
Branch closure reserve	*27*	*17*	*0*	*-100.0%*	*-100.0%*	*27*	*0*	*-100.0%*
Dividend income	*-8*	*-8*	*-2*	*-75.2%*	*-73.9%*	*-8*	*-2*	*-73.9%*
MBH related one-offs	*0*	*610*	*0*	*-100.0%*	*-*	*0*	*0*	*-*
Non-core one-offs	*0*	*0*	*-326*			*0*	*-326*	
Covid-19 effect	2,872	3,624	-646	-117.8%	-122.5%	2,872	-646	-122.5%
Donation	*455*	*5*	*0*	*-100.0%*	*-100.0%*	*455*	*0*	*-100.0%*
COVID-19 costs	*27*	*4*	*0*	*-100.0%*	*-100.0%*	*27*	*0*	*-100.0%*
COVID-19 risk costs	*0*	*3,615*	*-646*	*-117.9%*	*-*	*0*	*-646*	*-*
FV corrections	*2,390*	*0*	*0*	*-*	*-100.0%*	*2,390*	*0*	*-100.0%*
Technical corrections	-35	-198	0	-100.0%	-100.0%	-35	0	-100.0%
IFRS16 effect	*-35*	*-198*	*0*	*-100.0%*	*-100.0%*	*-35*	*0*	*-100.0%*
Adjusted TOCI	**1,988**	**8,425**	**18,536**	**120.0%**	**-**	**1,988**	**18,536**	**-**
Adjusted revaluation on non HFC financial assets (OCI)	*-5,950*	*9,225*	*-10,393*	-212.7%	74.7%	*-5,950*	*-10,393*	74.7%
Adjusted Profit after tax	**7,939**	**-800**	**28,929**	**-**	**264.4%**	**7,939**	**28,929**	**264.4%**
Adjusted Profit before tax	**8,570**	**159**	**31,261**	**-**	**264.8%**	**8,570**	**31,261**	**264.8%**
Gross Operating Income (adjusted)	**17,403**	**13,715**	**43,085**	**214.2%**	**147.6%**	**17,403**	**43,085**	**147.6%**
Net Interest Income (adjusted)	**7,755**	**10,635**	**11,463**	**7.8%**	**47.8%**	**7,755**	**11,463**	**47.8%**
Interest Income (adjusted)	*12,235*	*14,503*	*17,656*	*21.7%*	*44.3%*	*12,235*	*17,656*	*44.3%*
Interest Expense (adjusted)	*-4,480*	*-3,869*	*-6,193*	*60.1%*	*38.2%*	*-4,480*	*-6,193*	*38.2%*
Net Fee Income (adjusted)	**5,996**	**6,394**	**5,510**	**-13.8%**	**-8.1%**	**5,996**	**5,510**	**-8.1%**
Net Other Income (adjusted)	**3,652**	**-3,315**	**26,112**	**-**	**-**	**3,652**	**26,112**	**-**
FX result (adjusted)	*2,097*	*2,477*	*1,395*	*-43.7%*	*-33.4%*	*2,097*	*1,395*	*-33.4%*
FV result (adjusted)	*6,662*	*-5,050*	*27,984*	*-*	*-*	*6,662*	*27,984*	*-*
Other Income (adjusted)	*-5,106*	*-741*	*-3,267*	*-*	*-36.0%*	*-5,106*	*-3,267*	*-36.0%*
General Administrative Expenses (adjusted)	**-9,902**	**-13,515**	**-12,075**	**-10.7%**	**21.9%**	**-9,902**	**-12,075**	**21.9%**
Personnel Expenses (adjusted)	*-4,912*	*-6,133*	*-5,540*	*-9.7%*	*12.8%*	*-4,912*	*-5,540*	*12.8%*
Operating Expenses (adjusted)	*-3,643*	*-5,414*	*-4,413*	*-18.5%*	*21.2%*	*-3,643*	*-4,413*	*21.2%*
Amortisation and depreciation (adjusted)	*-1,348*	*-1,968*	*-2,122*	*7.8%*	*57.4%*	*-1,348*	*-2,122*	*57.4%*
Provisions (adjusted)	**1,069**	**-41**	**251**	**-**	**-76.5%**	**1,069**	**251**	**-76.5%**
Provision for losses on loans (adjusted)	*1,042*	*-146*	*209*	*-243.4%*	*-80.0%*	*1,042*	*209*	*-80.0%*
Other provisions and impairments (adjusted)	*27*	*104*	*42*	*-59.3%*	*55.4%*	*27*	*42*	*55.4%*
Corporate income tax (adjusted)	**-631**	**-959**	**-2,332**	**143.2%**	**269.8%**	**-631**	**-2,332**	**269.8%**

KPIs based on adjusted PAT (%)	Period					YTD		
	1Q 2020	4Q 2020	1Q 2021	P/P	Y/Y	1Q 2020	1Q 2021	Y/Y
ROAE (Return on Average Equity - adjusted)	16.4%	-1.5%	53.1%	54.6%-pt	36.7%-pt	16.4%	53.1%	36.7%-pt
ROAA (Return on Average Assets - adjusted)	1.7%	-0.1%	4.0%	4.1%-pt	2.3%-pt	1.7%	4.0%	2.3%-pt
TRM (Total Revenue Margin - adjusted)	3.7%	2.1%	6.0%	3.8%-pt	2.3%-pt	3.7%	6.0%	2.3%-pt
CIM (Core income margin - adjusted)	3.3%	3.0%	2.5%	-0.5%-pt	-0.8%-pt	3.3%	2.5%	-0.8%-pt
NIM (Net Interest Margin - adjusted)	1.6%	1.6%	1.6%	-0.1%-pt	0.0%-pt	1.6%	1.6%	0.0%-pt
NFM (Net Fee Margin - adjusted)	1.3%	1.0%	0.8%	-0.2%-pt	-0.5%-pt	1.3%	0.8%	-0.5%-pt
C/TA (Cost to Total Assets - adjusted)	2.1%	2.1%	1.7%	-0.4%-pt	-0.4%-pt	2.1%	1.7%	-0.4%-pt
CIR (Cost Income Ratio - adjusted)	56.9%	98.5%	28.0%	-70.5%-pt	-28.9%-pt	56.9%	28.0%	-28.9%-pt
Risk% (Risk cost rate - adjusted)	-0.4%	0.1%	-0.1%	-0.1%-pt	0.3%-pt	-0.4%	-0.1%	0.3%-pt

The presentation of financials in this report is based on Total Comprehensive Income ("TOCI"), which is an IFRS category aimed at presenting the economic impact for the given period by incorporating "fair value through other comprehensive income" (FVTOCI) results. Based on the fact that MKB Bank holds

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a large securities portfolio, part of which is valued against capital (FVTOCI), and hedges its interest risk position with IRS transactions, TOCI figures should only be used to evaluate the results.

2.1.1 Adjusted profit after taxation

In 1Q 2021 MKB Group's adjusted **consolidated profit** was HUF 28.9 bln (HUF +21.0 bln y/y). Impressive quarterly profit is attributable to significant p/p gross operating income (GOI) growth stemming from favourable net interest income from the expanding loan and securities portfolio volumes and FV result.

Net total adjustment on PAT sums up to HUF 2.1 bln: regular elimination of banking tax overcompensated the negative effect of COVID-19 risk cost and other non-core one-off items.

Outstanding PAT positively affected profitability KPIs: The **ROAE** (adjusted) for 1Q 2021 was 53.1% (+54.6%-pts p/p; +36.7%-pts y/y). The **total revenue margin** (TRM) increased 3.8%-pts p/p (+2.3%-pts y/y) and reached 6.0% for 1Q.

The 15.9% y/y increase of **core income** (HUF 18.4 bln; -5.8% p/p) echoes the enhanced business activity in last year through net interest income (+48.2% y/y) and the fruitful management of liquidity surplus of the Bank. Despite the growing core income, the boosting total assets deteriorated quarterly **core income margin** (CIM) to 2.5% (-47 bps p/p; -80 bps y/y).

The **net interest margin** (NIM) stabilised around 1.6% for the period, as a result of outstanding portfolio quality, increasing interest incomes and expanding balance sheet.

1Q adjusted (cumulated) **Cost-to-Assets ratio** was 1.67% (-42bps p/p; -42bps y/y) as a result of rapid balance sheet growth and under control costs. **Cost-to-income ratio** (CIR) decreased to 28.0%.

The **adjusted risk cost** on loans in 1Q was HUF 0.2 bln (release) and the risk cost ratio was -0.07% for the period. The underlying loan portfolio (non-moratorium) allowed for slight risk cost release. The IFRS NPL ratio decreased from 2.60% to 2.54% p/p, and NPL indirect coverage rose from 152.2% to 155.1%.

The **capital adequacy ratio was 18.9%** at the end of 1Q 2021 (+104bps y/y). MKB Group has a stable and substantial capital buffer which is of paramount importance in supporting its business strategy and Hungarian Bankholding ambitions.

2.1.2 Comprehensive income

MKB Group reported HUF 16.4 bln **unadjusted total comprehensive income** in the first quarter of 2021 (HUF +12.1 bln p/p; HUF +26.2 bln y/y).

Adjusted TOCI was HUF 18.5 bln (HUF +10.1 bln p/p) affected by improving business activity and positive macroeconomic trends.

2.1.3 Net interest income

Stable net interest margin as the boosting customer volumes and growing stock of securities together with the outstanding portfolio quality and moratorium resulted in p/p improving **net interest income** (HUF 11.5 bln;+7.8% p/p; + 47.8% y/y) in 1Q.

Interest income in 1Q 2021 was HUF 17.7 bln (+21.7% p/p; +44.3% y/y) as the increasing volumes together with the slightly higher interest environment have had a benign effect both on customer related as well as banking book securities portfolio incomes.

Interest expense HUF 6.2 bln increase (HUF +2.3 bln p/p; +1.7 bln y/y) was due to higher average customer deposit volume and expanding interbank liabilities portfolio.

2.1.4 Net fee and commission revenues

1Q **net fee income** decreased to HUF 5.5 bln (-13.8% p/p) after a sharp upturn in 4Q supported by the holiday season. Slight y/y fee income decrease can be attributed to the negative impacts of the coronavirus pandemic, as COVID-19 3rd wave lockdown hinders turnover related income generation capabilities of the whole banking sector.

2.1.5 FX results

Results from **foreign exchange activities** were HUF +1.4 bln YTD (HUF -1.1 bln p/p; HUF -0.7 bln y/y).

Due to the COVID-19 induced decreased economic activity, the volume of customer FX conversions were lower both p/p and y/y. As a result gains on individually priced and fixing spot FX conversions were below previous levels. The exchange rate gains on forward and futures transactions increased while the proprietary trading portfolio's not realised FX results decreased the net FX gains.

2.1.6 Revaluation result

Money market yields increase in 1Q resulted in a material amount of fair value adjustments. Due to the uncertain macro environment and intensifying domestic inflation worries, swap yields with above one year maturity increased (+83 bps, +105 bps and +111 bps in 3 year, 5 year, and 10 year maturities p/p), accompanied by 30-70 bps increase in ÁKK benchmarks (government bond yield curves). The asset swap spreads further decreased during the quarter as the swap rate increase was steeper and swap and bond yields converged.

As a result of yield curves shifting slightly upwards, the revaluation result was HUF +28.0 bln in 1Q (HUF +33.0 bln p/p; HUF +21.3 bln y/y). The positive effect on PAT is partly offset by HUF -10.4 bln revaluation loss in OCI. **Net revaluation result** (FVTPL+FVTOCI) was HUF +17.6 bln in 1Q.

2.1.7 Other results

The tax and/or regulatory fees and commission expenses of MKB Group are recognized within the framework of other profit/loss: transaction levy, local business tax, innovation contribution and other revenues/expenses of ordinary business operation. 1Q 2021 other income was HUF -3.3 bln. The y/y increase (HUF +1.8 bln y/y) is mainly due to the higher local tax and innovation contribution expense in 1Q 2020, and COVID-19 affected lower transaction and other levy expenses in 1Q 2021.

2.1.8 Operative expenses

MKB Group's **general administrative expenses** were HUF 12.1 bln in 1Q 2021. HUF 2.2 bln (+21.9%) y/y increase is the result of increasing headcount, costs related to MBH activity in favour of the merger procedure and IT investment capitalizations in 2020.

Personnel costs increased by +12.8% y/y to HUF 5.5 bln in 1Q 2021. Year on year increase is attributable to higher number of business related employees (+5.0% y/y), and merger related extra costs. The 1Q closing headcount of MKB Group was 2,037.9 FTE (+97.4 FTE y/y).

The y/y growth (+21.2%) of HUF 4.4 bln 1Q operating expenses was mostly caused by Hungarian Bankholding related items.

The amount of **depreciation** in 1Q 2021 was HUF 2.1 bln (HUF +0.77 bln y/y), as a result of the ongoing investments in IT landscape.

Despite the slight y/y increase of GAE, boosting total assets led to significant decrease of the **C/TA** to 1.67% (-0.4%-pts y/y).

2.1.9 Risk costs

HUF 0.21 bln **adjusted total risk cost release** was booked in 1Q as a result of the excellent portfolio quality and thorough risk monitoring.

The moratorium related risk costs were booked in 4Q 2020. In 1Q migration to stage2 according to the related EBA guideline was completed.

The closing volume of the **NPL portfolio** in 1Q was HUF 28.9 bln following a y/y decrease of HUF 12.6 bln. Decreasing NPL rate marks the results of prudent lending policy as well as persistent and rigorous portfolio monitoring. The **IFRS-based NPL ratio** dropped to 2.54% (-137 bps y/y), while **direct NPL coverage** decreased from 74.1% to 71.8%.

2.1.10 Corporate income tax

In 1Q 2021 HUF 2,122.4 mln accounting **corporate income tax expense** was recorded, as a result of HUF 1,075.4 mln current corporate income tax expense, HUF 1,047.8 mln deferred tax expense and HUF 0.8 mln deferred tax revenue.

The adjustments made in the flash report had a tax effect of HUF 209.9 mln therefore the **adjusted corporate income tax** was HUF 2,332.3 mln (expense).

2.2 Balance sheet

MKB Group						
Adjusted balance sheet (in MHUF)	**4Q 2019**	**1Q 2020**	**4Q 2020**	**1Q 2021**	**P/P**	**Y/Y**
Financial assets	**117,780**	**132,776**	**377,741**	**425,862**	12.7%	220.7%
Trading portfolios	**20,734**	**60,179**	**33,980**	**44,007**	**29.5%**	**-26.9%**
Securities	**594,677**	**729,038**	**1,163,309**	**1,340,971**	**15.3%**	**83.9%**
Loans and advances to customers/Customer Loans (net)	**930,314**	**1,014,020**	**1,113,962**	**1,091,537**	**-2.0%**	**7.6%**
Loans and advances to customers/Customer Loans (gross)	976,681	1,060,867	1,159,921	1,136,335	-2.0%	7.1%
Retail	*239,236*	*240,159*	*255,554*	*258,440*	*1.1%*	*7.6%*
Corporate	*569,018*	*648,465*	*713,855*	*680,338*	*-4.7%*	*4.9%*
Leasing	*168,427*	*172,243*	*190,512*	*197,557*	*3.7%*	*14.7%*
Provision for Customer loans	-46,368	-46,847	-45,959	-44,797	-2.5%	-4.4%
Retail	*-9,697*	*-9,398*	*-10,866*	*-9,208*	*-15.3%*	*-2.0%*
Corporate	*-30,730*	*-31,816*	*-28,550*	*-29,101*	*1.9%*	*-8.5%*
Leasing	*-5,941*	*-5,633*	*-6,543*	*-6,488*	*-0.8%*	*15.2%*
Total Other assets	**96,293**	**93,890**	**92,614**	**94,133**	**1.6%**	**0.3%**
Investments in jointly controlled entities and associates	*7,312*	*6,392*	*7,295*	*7,989*	*9.5%*	*25.0%*
Intangibles, property and equipment	*58,907*	*58,336*	*58,194*	*58,004*	*-0.3%*	*-0.6%*
Other assets	*30,073*	*29,162*	*27,125*	*28,140*	*3.7%*	*-3.5%*
Total Assets	**1,759,796**	**2,029,903**	**2,781,607**	**2,996,511**	7.7%	47.6%
Interbank liabilities	**195,810**	**313,323**	**575,097**	**820,993**	**42.8%**	**162.0%**
Deposits & C/A	**1,226,529**	**1,370,420**	**1,862,261**	**1,816,604**	**-2.5%**	**32.6%**
Retail	*334,660*	*352,031*	*401,888*	*402,792*	*0.2%*	*14.4%*
Corporate	*891,869*	*1,018,389*	*1,460,373*	*1,413,812*	*-3.2%*	*38.8%*
Issued debt securities	**0**	**0**	**0**	**0**	**-**	**-100.0%**
Other liabilities	**99,614**	**114,276**	**89,746**	**87,687**	**-2.3%**	**-23.3%**
Subordinated debt	**39,381**	**43,252**	**44,724**	**45,034**	**0.7%**	**4.1%**
Shareholders' Equity	**198,462**	**188,633**	**209,779**	**226,193**	**7.8%**	**19.9%**
Total Liabilities & Equity	**1,759,796**	**2,029,903**	**2,781,607**	**2,996,511**	7.7%	47.6%
Guarantees	98,357	99,160	120,072	120,356	0.2%	21.4%
Undrawn commitments to extend credit	235,494	207,432	276,333	358,961	29.9%	73.0%
Obligations from letters of credit and	14,570	15,843	17,178	17,351	1.0%	9.5%
Other contingent liablities (including litigation)	9,232	8,977	11,676	10,830	-7.2%	20.6%
Customer off Balance items	**357,653**	**331,412**	**425,259**	**507,498**	19.3%	53.1%

The balance sheet of the MKB Group is presented on the basis of consolidated financial statements prepared according to IFRS. The leasing segment presented in the flash report follows the customer portfolios of the Euroleasing Group.

MKB Group’s **balance sheet expanded** to nearly HUF 3 thousand bln in 1Q, primarily due to the increasing liquidity.

After a temporary drop in January **deposit inflow** continued in the second half of 1Q, resulting in a slight -2.5% decrease p/p (+32.6% y/y).

Customer loan volumes increased in all strategically relevant segments while MKB continued its active participation in the economic stimulus programs.

Interbank liabilities grew (+42.8% p/p) as a result of the increase of refinancing liabilities. Securities portfolio increased +15.3% p/p absorbing the liquidity surplus stemming from NBH liquidity programs.

The MKB Group's **loan-to-deposit ratio** was 62.6%, which is almost the same as previous quarter’s 62.3% signalling a healthy balance sheet and liquidity position.

2.2.1 Loans

MKB Group successfully focused its efforts on customer acquisition in 1Q. Leveraging its strong market position MKB Group participated in the Government and Central Bank stimulus programs.

While the core (non-financial corporate, retail and leasing) loan volumes kept on expanding, the p/p decrease of gross customer loans (-2.0% p/p) was triggered by the closing of a special, large loan facility.

Demand remains strong for FGS GO!, EXIM and Széchenyi loans increasing non-financial corporate loan volume by +1.9% p/p. The retail loan stock expanded by +1.1% mainly due to long-term „Babaváró" loans. 3.7% p/p increase of leasing portfolio signals its stable flow market position – third place among leasing companies in Hungary.

On a yearly basis **gross customer loans** increased by 7.1% (HUF +75.5 bln y/y). Annual growth was driven by increasing asset volumes in every business segments (corporate loans: +4.9%, retail loans: +7.6% and leasing portfolio: +14.7%).

The **impairment losses on loans fell** by 2.5% (HUF -1.2 bln p/p) in 1Q 2021, and by 4.4% (HUF -2.0 bln) on a yearly basis attributable to improving portfolio quality.

2.2.2 Securities

Securities volumes reached HUF 1,341.0 bln (HUF +177.7 bln p/p; HUF +611.9 bln y/y) at the end of 1Q, as the securities portfolio absorbed the liquidity surplus stemming from the quickly growing customer deposits and interbank liabilities. MKB Group's active participation in the Central Bank liquidity boosting facilities also contributed to the securities portfolio growth through the increase of interbank liabilities.

The quarterly increase is partly attributable to the Bond Funding for Growth programme.

The share of floating-rate government bonds continued to increase.

2.2.3 Financial assets

Financial assets continued to grow (HUF +48.1 bln p/p; HUF +293.1 y/y) and amounted to HUF 425.9 bln in 1Q. The p/p and y/y increase is driven by the expanding volumes in NBH's "preferential plus" facility, what amounted to nearly half of the financial assets.

2.2.4 Deposits and C/A

Customer deposit (HUF 1816.6 bln; -2.5% p/p; +32.6% y/y) stock increase continued in the second half of 1Q after a temporary drop interrupted the trend in January resulting in a slight p/p decrease. **Retail deposits** remain on the same level (+0.2% p/p), while **corporate deposits** marginally decreased (-3.2% p/p).

Every business segment contributed to the y/y deposit increase of HUF 446.2 bln (+32.6% y/y): retail +14.4% y/y; corporate +38.8% y/y. Retail deposit stock was also supported by the moratorium and the pandemic induced higher household saving rate.

2.2.5 Interbank liabilities

Increasing trends continued and **interbank liabilities** were HUF 821.0 bln (HUF +245.9 bln p/p; HUF +507.7 y/y) at the end of 1Q. The quarterly growth was mostly driven by short term borrowings and refinancing liabilities attached to the economic stimulus programs.

MKB Group's active participation in NBH liquidity boosting facilities also contributed to the increase of interbank liabilities, however the increase in long term, NBH collateralised loan liabilities ensure a long-term stable operation and funding mix, while also contributing to the further reduction of short term funding in MKB's balance sheet.

2.2.6 Capital

MKB Group reported **HUF 226.2 bln capital** at the end of the period. There was a major increment both on p/p and y/y comparison: 19.9% increase on y/y and 7.8% increase on p/p basis. The quarterly increase of HUF 16.4 bln is mainly due to the HUF 26.8 bln after-tax profit of the reporting period, which was partially offset by the HUF 10.4 bln decline in the revaluation result.

2.2.7 Off-balance sheet exposures to customers

MKB Group’s **off-balance sheet exposure** was HUF 507.5 bln at the end of 1Q 2021, which is a 19.3% (HUF +82.2 bln) increase on quarterly basis (+53.1%; HUF +176.1 bln y/y). The increase was mainly attributable to the higher volume of credit lines (+29.9% p/p; +73.0% y/y). The growth in off-balance sheet items offset the slight quarterly decease of customer loans.

2.3 Capital adequacy

MKB Group’s **capital adequacy ratio was 18.9%** in 1Q 2021, reflecting 104 bps increase on y/y basis. The moderate 1.6%-pts p/p decrease in CAR was mainly attributable to negative, HUF 10.4 bln OCI, while – according to IFRS standards profit for the year might only be considered in regulatory capital after a successful audit.

MKB Group’s capital adequacy ratio is significantly above the regulatory minimum. The sound capital position is instrumental in reaching its business goals as well as in supporting the implementation of the Hungarian Bankholding.

2.4 Presentation of business segment results

This chapter presents the customer portfolio of MKB Group by segments and positions them in the banking sector according to market share. The segments are formed according to the requirements used in the reports prepared for the National Bank of Hungary (NBH) and the portfolios are also analysed accordingly for a comparable presentation of market shares.

2.4.1 Corporate business

Based on its traditional strengths, MKB's ongoing strategic goal is to maintain its strong corporate business line. The business line focuses on local knowledge, professional service, innovative solutions and consulting-based sales.

Due to the extra challenges posed by the pandemic over the past year, the Bank has had to find ways to get closer to its customers to better understand their needs, their expectations. MKB Bank used a completely new methodology and conducted questionnaire surveys among its corporate customers. Using its excessive experience the Bank was able to respond to the challenges posed by the rapidly changing environment.

Small and medium-sized enterprise (SME) customers are still considered as a key segment in 2021, where increasing product penetration is a priority task.

Loan repayment moratorium was introduced in the first quarter of 2020 and was later extended to ease off pressure on customers' liquidity and profitability. Moratorium participation ratio slightly decreased among corporate clients as 51.5% of eligible corporate exposures were under moratorium in 1Q.

On a yearly basis, disbursement of classic MKB loan products as well as economic stimulus program loans and guarantees increased during the first quarter. Disbursements of new subsidized products accounted for more than 46.8% of total corporate loan disbursement.

MKB Group's **corporate loan volume** was HUF 680.3 bln at the end of 1Q 2021 (+4.9%, HUF +31.9 bln y/y; -4.7% p/p).

Non-financial companies' loans amounted to HUF 486.4 bln, reflecting a 1.9% (HUF +9.1 bln) increase compared to the previous quarter. Y/y change was +3.1%, (HUF +14.5 bln) due to new disbursements of FGS GO!, Exim and Széchenyi loans**. Loan disbursements during the 1Q period reached HUF 43.5 bln** resulting in 4.88% flow market share. Széchenyi loans disbursement market share was 4.4%.

Non-financial large corporate gross loan volumes decreased to HUF 176.9 bln (-4.6% p/p) caused by concluding a special, large loan facility in January. **SME loan portfolio** increased to HUF 275.2 bln (HUF +14.6 bln p/p) due to FGS GO!, Széchenyi loans and subsidised loans disbursements. Micro enterprises' loan stock was HUF 34.2 bln at the end of the period (HUF +3.1bln p/p; +24.0% y/y) mainly due to the disbursement of new Széchenyi loan products.

MKB Group's strong customer base allowed for rapid y/y customer deposit increase supported by the government programs and the moratorium induced lack of repayments. Customer deposit stock increase continued in the second half of 1Q after a temporary drop interrupted the trend in January. **Non-financial corporate deposit volume** increased 40.6% y/y, to HUF 905.8 bln (HUF +261.4bln y/y; HUF -37.9 bln p/p), while market share increased +97 bps y/y to 7.52%.

Corporate customer count at the end of 1Q 2021 was 35.3 thousand.

2.4.2 Retail business

The activities of the Retail business of MKB were affected by COVID-19 also in 1Q 2021. In 2020 and 2021 the pandemic altered customers' previous expectations and habits in a high number of areas. Under the changing circumstances, greater emphasis was placed on customer support and expert consulting on liquidity management, crisis-, moratorium- and digital banking solutions.

In March, several new loan products were introduced: MKB Subsidized Home Renovation Loan with a subsidy provided by the Government, and NBH Certified Consumer Friendly Personal Loan. The new personal loan's condition strive to serve the premium customer segment.

MKB Bank successfully launched the new, unique premium bankcard, the MKB World Elite Metal card and MKB Platinum Metal card, with the aim of providing a full range of services to premium customers. MKB World Elite Metal card provides Concierge service, which grants 0-24 available personal assistant services for card holders.

The number of premium customers (+6.9% p/p) and their assets under management (+5% p/p) increased owing to the focused, elaborated value proposals in customer acquisitions and the development of the value-added premium consulting system. Due to model portfolio-based investment consulting, the portfolio of open-end investment funds of MKB-Pannónia Alapkezelő Zrt. increased by 4%, further enhancing the diversification of the premium customers' investments.

The 1Q **retail loan closing volume** was HUF 253.6 bln, representing HUF 2.7 bln p/p and 16.1 bln y/y increase compared to 4Q. **Retail loan disbursements** in 1Q were HUF 11.1 bln (HUF -1.8 bln p/p; HUF -0.4 bln y/y). Quarterly unsecured and other loan disbursements increased by HUF +0.8 bln, while secured loan disbursement decreased by HUF -2.5 bln p/p. On a year on year comparison flow market share of retail loans increased strongly by 23 bps.

Secured loan's closing volumes decreased slightly (HUF -1.5 bln p/p), to HUF 193.8 bln. The increasing opt-out rates induced higher repayments led to diminishing secured loan volume levels. Market share slightly decreased in 1Q 2021 (-8 bps p/p and -33 bps y/y). **Secured loan disbursements** decreased to HUF 4.9 bln in 1Q (HUF -2.5 bln p/p) due to seasonality, but since March the demand for Secured loans started to grow again. Flow market share fell back to 1.98% in 1Q, but on annual basis increasing can be observed (-94 bps p/p; +21 bps y/y).

Unsecured and other loan volume increased by HUF +4.2 bln compared to the end of 4Q 2020 and reached HUF 59.8 bln (HUF +17.7 bln y/y). Market share increased by 5 bps to 1.75% (+23 bps y/y) mainly due to the increasing demand for personal loans, and the increased activity of sales partners. The **market share of personal loans' disbursement** grew by +20 bps p/p to 2.35% and strongly increased by +158 bps compared to the same period in 2020 due to strong marketing appearance. Also, the "Online Pre-approved personal loan" product still have positive effect on the personal loan's disbursement.

Deposit closing volume was HUF 360.8 bln, increased by HUF 4.5 bln compared to the end of 4Q 2020. Despite COVID-19 the volume of deposit grew significantly: HUF +57.6 bln increase compared to same period of 2020.

Number of premium customer increased by 6.9% p/p to 8,200 in 1Q 2021, which reflects the successful execution of MKB's retail strategy. The total retail client number increased compared to 4Q 2020 by 500 customers (368.8 thousand customers in 1Q 2021), and also compared to 1Q 2020 by 0.57%.

2.4.3 Leasing business[1]

In terms of new disbursements MKB Group has a stable position among the three largest actors in the Hungarian leasing market according to the data of the Hungarian Leasing Association, market share increased slightly.

The vehicle financing segment closed a remarkably successful first quarter, new disbursement in the first three months exceeded last year's same period. The stability of vehicle financing is also supported by vehicle manufacturer collaborations.

Further growth of inventory financing portfolio, after the significant growth in 2020, came to a halt in line with expectations and market trends. Inventory financing portfolio is still adequately diversified, both for manufacturers (brands) and for trading partners. The aging and turnover rate of the financed stock is favourable.

Agricultural machinery and agricultural vehicle financing performed outstanding in the first quarter, and exceeded figures of last year's same period, and also the plans.

The equipment and heavy-duty utility vehicle financing sub-segment has been hit the hardest by the pandemic. However, in the first quarter of the year, positive market developments started in these sub-segments, which is also reflected in a small increase in new disbursement figures.

The expansion of the SME customer base is still an important strategic aspect, which is greatly facilitated by the fact that MKB Group participates in the distribution of the available "NHP Hajrá" resources according to its market share, and is involved in other state launched programs too.

In addition to the growing portfolio, the non - performing portfolio is continuously decreasing, it shrank a further -5.3% during the last quarter, while its provision coverage remained stable over 80%. The bulk of the declining non-performing portfolio still comes from the lending activities in 2007 – 2008.

The share of customers taking the opportunity of the payment moratorium - imposed on 18 March 2020 and extended into 2021- differs per customer and/ or product segment. 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.

MKB Group's **leasing portfolio** was HUF 197.6 bln at the end of 1Q. The portfolio increased significantly, by 3.7%, HUF +7 bln during this quarter. The vehicle financing sector's leasing volume was HUF 118.9 bln (+3.6%, HUF +4.1 bln p/p), while the volume of equipment financing was HUF 53.7 bln at the end of the quarter, meaning an increase of 5.9% during the last three months. The stock financing portfolio increase of the previous quarters reversed, the portfolio slightly decreased by HUF 78 mln.

2.4.4 Investments and Treasury

Quarterly **treasury sales and trading income** was HUF 4.0 bln (HUF -1.0 bln p/p; HUF +1.5 bln y/y). The p/p decrease is attributable to base effect of the record income in 4Q, and partly to the lower turnover of customer's foreign exchange conversions. Foreign exchange futures conversions are already increasing which is indicating a positive outlook for 2Q.

[1] The leasing portfolio of the MKB Group is managed by the MKB-Euroleasing Group, in which MKB Bank Nyrt. acquired 100% share in 2015. The former single focus model of operation limited to vehicle financing was replaced by a multi-focus model. The activities were extended to financing agricultural machinery, large commercial vehicles, buses and general machinery.

The volume of customer related stock market transactions and the resulting fee and custody incomes continued to grow. Growth was driven by trading volumes in stocks listed in foreign exchange markets. Continuous enhancement of the segment drives the y/y growth of treasury and trading incomes.

Both the stock and the new volume of retail government securities investments increased p/p at MKB Group and its sub-distributors, resulting in vastly higher commission income on the portfolio, as commission incomes are primarily linked to portfolio growth and not portfolio size. There was also an increase in the volumes of secondary distribution.

The increasing yield environment had a minor positive FVTPL revaluation impact on the profitability of the proprietary trading portfolio.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.01.2021-31.03.2021
Phone: +36 (1) 268-8004
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E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Bertalan

Declaration

MKB Bank Nyrt. (hereinafter Bank) issues the following declaration in relation to its report on the 1Q 2021 results (Flash Report):

The Bank declares that the Flash Report has been prepared in compliance with the applicable accounting regulations. The Flash Report, prepared according to the best knowledge and information of the experts and decision-making managers of the Bank concerned reflects a true and fair view of the assets and liabilities, financial position and profit and loss of the Bank as securities issuer and the consolidated companies.

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

Budapest, 26 May 2021

MKB Bank Nyrt.

Mr Zsolt Barna, dr.	Mr János Nyemcsok
Chairman Chief Executive	Deputy CEO

3 FINANCIAL FIGURES

3.1 Correction factors 1Q 2021

	1Q 2021 Accounting Report	Structure corrections	Business corrections			COVID-19 effects	Adjusted PAT
			Banking tax and other taxes	Non-core one-offs	Dividend income	COVID-19 risk costs	
Interest income	17,658	0	0	0	-2	0	17,656
Interest expense	-6,193	0	0	0	0	0	-6,193
Net interest income	**11,465**	**0**	**0**		**-2**	**0**	**11,463**
Net income from commissions and fees	5,510	0	0	0	0	0	5,510
Other operating income / (expense), net	25,041	-506	2,005	-358	0	-70	26,112
Impairments and provisions for losses	1,051	-161	0	0	0	-639	251
Operating expenses	-14,482	1,010	1,397	0	0	0	-12,075
Share of jointly controlled and associated companies' profit / (loss)	344	-344	0	0	0	0	0
Profit / (Loss) before taxation	**28,929**	**0**	**3,401**	**-358**	**-2**	**-709**	**31,261**
Income tax expense / (income)	-2,122	0	-306	32	0	64	-2,332
Profit/ (Loss) for the year from continuing operation	**26,807**	**0**	**3,095**	**-326**	**-2**	**-646**	**28,929**
PROFIT/ (LOSS) FOR THE YEAR	**26,807**	**0**	**3,095**	**-326**	**-2**	**-646**	**28,929**
Other comprehensive income:		0	0	0	0	0	0
Revaluation on financial assets measured at FVTOCI	-10,393	0	0	0	0	0	-10,393
Other comprehensive income for the year net of tax	**-10,393**	**0**	**0**	**0**	**0**	**0**	**-10,393**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**16,414**	**0**	**3,095**	**-326**	**-2**	**-646**	**18,536**

Since the value of IFRS16 adjustment has now become marginal, it has been removed from the adjustments items.

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Investors' contact person: Dóra Bertalan

	1Q 2021 Quarterly Report	Structure corrections		Adjusted BS structure
		Liabilities	Assets	
		Repo reallocation	Trading securities reclassification	
Total Assets	**2,996,511**		**0**	**2,996,511**
Financial assets	425,862		0	425,862
Loans and advances to banks (net)	78,699			78,699
Cash and cash equivalents	347,163			347,163
Trading portfolios	30,032		13,975	44,007
Trading securities	0		13,975	13,975
Derivative financial assets	30,032			30,032
Securities	1,354,946		-13,975	1,340,971
Loans and advances to customers/Customer Loans (net)	1,091,538			1,091,537
Total Other assets	94,133		0	94,133
Total liabilities and equity	**2,996,511**	**0**	**0**	**2,996,511**
Interbank liabilities (Amounts due to other banks)	620,692	200,300		820,993
Deposits and current accounts	2,016,905	-200,300		1,816,604
Other Liabilities	87,687		0	87,687
Subordinated debt	45,034			45,034
Shareholders' Equity	226,193	0	0	226,193
Subscribed capital	100,000			100,000
Reserves	126,193			126,193
Treasury shares	0			0
Non-controlling interests	0			0

3.2 Consolidated financial statements of the MKB Group according to IFRS

3.2.1 Income statement

	1Q 2020	1Q 2021
Interest income	12,164	17,658
Interest expense	4,502	6,193
Net interest income	**7,662**	**11,465**
Net income from commissions and fees	6,012	5,510
Other operating income / (expense), net	(2,064)	25,041
Impairments and provisions for losses	(1,143)	(1,051)
Operating expenses	11,400	14,482
Share of jointly controlled and associated companies' profit / (loss)	479	344
Profit / (Loss) before taxation	**1,832**	**28,929**
Income tax expense / (income)	24	2,122
Profit/ (Loss) for the year from continuing operation	**1,808**	**26,807**
Profit/ (Loss) for the year from discontinued operation	-	-
PROFIT/ (LOSS) FOR THE YEAR	**1,808**	**26,807**
Other comprehensive income:	-	-
Items that may be reclassified subsequently to profit or loss:	-	-
Revaluation on financial assets measured at FVTOCI	(11,637)	(10,393)
Other comprehensive income for the year net of tax	**(11,637)**	**(10,393)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(9,829)**	**16,414**

3.2.2 Balance sheet

	1Q 2020	1Q 2021
Assets		
Cash reserves	32,072	347,163
Loans and advances to banks	100,704	78,699
Derivative financial assets	37,271	30,032
Securities	751,946	1,354,946
Loans and advances to customers	1,014,020	1,091,538
Non-current assets held for sale and discontinued operations	448	36
Other assets	18,876	20,365
Current income tax assets	684	776
Deferred tax assets	9,154	6,963
Investments in jointly controlled entities and associates	6,392	7,989
Intangibles, property and equipment	58,336	58,004
Total assets	**2,029,903**	**2,996,511**
Liabilities	0	0
Amounts due to other banks	313,323	620,692
Deposits and current accounts	1,370,420	2,016,905
Derivate financial liabilities	54,168	17,760
Liabilities held for sale and discontinued operations	0	0
Other liabilities and provisions	59,972	69,834
Current income tax liabilities	2	4
Deferred tax liabilities	133	89
Issued debt securities	0	0
Subordinated debt	43,252	45,034
Total liabilities	**1,841,270**	**2,770,318**
Equity	0	0
Share capital	100,000	100,000
Treasury Shares	-35	0
Reserves	88,633	126,193
Total equity attributable to equity holders of the Bank	**188,598**	**226,193**
Non-controlling interests	35	0
Total equity	**188,633**	**226,193**
Total liabilities and equity	**2,029,903**	**2,996,511**

3.2.3 Shareholders' assets

	Share capital	Treasury shares	Share premium	Share-based payments	Retained earnings	Revaluation on financial assets measured at FVTOCI	Non-controlling interests	Total equity
On 1 January 2020	**100,000**	**(35)**	**21,729**	**-**	**83,480**	**(6,747)**	**35**	**198,462**
Profit/ (loss) for the year	-	-	-	-	8,423	-	-	**8,423**
Other comprehensive income for the year	-	-	-	-	-	3,187	-	**3,187**
First / (final) consolidation of subsidiaries	-	-	-	-	(489)	-	-	**(489)**
Disposal of treasury shares	-	35	-	-	196	-	(35)	**196**
At 31 December 2020	**100,000**	**-**	**21,729**	**-**	**91,610**	**(3,560)**	**-**	**209,779**
Profit/ (loss) for the year	-	-	-	-	26,807	-	-	**26,807**
Other comprehensive income for the year	-	-	-	-	-	(10,393)	-	**(10,393)**
At 31 March 2021	**100,000**	**-**	**21,729**	**-**	**118,417**	**(13,953)**	**-**	**226,193**

3.3 Individual financial statements of MKB Bank Nyrt. according to IFRS

3.3.1 Income statement

	1Q 2020	1Q 2021
Interest income	10 691	16 127
Interest expense	4 612	6 292
Net interest income	**6 079**	**9 835**
Net income from commissions and fees	6 059	5 560
Other operating income / (expense), net	(1 099)	24 004
Impairments and provisions for losses	(942)	(1 058)
Operating expenses	10 980	12 731
Share of jointly controlled and associated companies' profit / (loss)	-	-
Profit / (Loss) before taxation	**1 001**	**27 726**
Income tax expense / (income)	12	2 066
Profit/ (Loss) for the year from continuing operation	**989**	**25 660**
Profit/ (Loss) for the year from discontinued operation	-	-
PROFIT/ (LOSS) FOR THE YEAR	**989**	**25 660**
Other comprehensive income:	-	-
Items that may be reclassified subsequently to profit or loss:	-	-
Revaluation on financial assets measured at FVTOCI	(11 637)	(10 393)
Other comprehensive income for the year net of tax	**(11 637)**	**(10 393)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(10 648)**	**15 267**

3.3.2 Balance sheet

	1Q 2020	1Q 2021
Assets		
Cash reserves	32,072	347,163
Loans and advances to banks	100,704	78,699
Derivative financial assets	37,271	30,032
Securities	751,946	1,354,946
Loans and advances to customers	1,010,248	1,080,965
Non-current assets held for sale and discontinued operations	448	36
Other assets	16,588	18,506
Current income tax assets	575	726
Deferred tax assets	8,874	6,700
Investments in jointly controlled entities and associates	46,710	49,885
Intangibles, property and equipment	37,958	39,383
Total assets	**2,043,394**	**3,007,041**
Liabilities	0	0
Amounts due to other banks	313,200	620,143
Deposits and current accounts	1,381,813	2,031,228
Derivate financial liabilities	54,168	17,760
Other liabilities and provisions	66,711	71,136
Deferred tax liabilities	12	0
Issued debt securities	1,331	3,499
Subordinated debt	43,252	45,034
Total liabilities	**1,860,487**	**2,788,800**
Equity	0	0
Share capital	100,000	100,000
Reserves	82,907	118,241
Total equity attributable to equity holders of the Bank	**182,907**	**218,241**
Non-controlling interests	0	0
Total equity	**182,907**	**218,241**
Total liabilities and equity	**2,043,394**	**3,007,041**

3.3.3 Shareholders' assets

	Share capital	Share premium	Retained earnings	Revaluation on financial assets measured at FVTOCI	Total equity
On 1 January 2020	**100,000**	**21,729**	**78,573**	**(6,747)**	**193,555**
Profit/ (loss) for the year	-	-	6,232	-	**6,232**
Other comprehensive income for the year	-	-	-	3,187	**3,187**
At 31 December 2020	**100,000**	**21,729**	**84,805**	**(3,560)**	**202,974**
Profit/ (loss) for the year	-	-	25,660	-	**25,660**
Other comprehensive income for the year	-	-	-	(10,393)	**(10,393)**
At 31 December 2020	**100,000**	**21,729**	**110,465**	**(13,953)**	**218,241**

3.4 Other information

Consolidated companies

Company	Percentage of equity owned	Percentage of voting rights	Country of incorporation	Brief description of activities
Euro - Immat Üzemeltetési Kft.	100.00%	100.00%	Hungary	Intangible assets, license maintenance
MKB-Euroleasing Autólízing Szolgáltató Zrt.	100.00%	100.00%	Hungary	Car and consumer finance activities, other finance activities
MKB Bank MRP Szervezet	100.00%	0.00%	Hungary	Special purpose entity for the Employee Share Program
MKB Üzemeltetési Kft.	100.00%	100.00%	Hungary	Property operation and maintenance
Retail Prod Zrt.	100.00%	100.00%	Hungary	Car and consumer finance activities
MKB-Pannónia Alapkezelő Zrt.	49.00%	49.00%	Hungary	Investment fund management activity
MKB Digital Szolgáltató Zrt.	100.00%	100.00%	Hungary	IT services

List and presentation of owners with more than 5% participation

Name	Number of shares	Ownership share (%)	Voting rights (%)
Hungarian Bankholding Ltd.	97,185,008	97.19%	97.19%

Full-time employees

FTE, end of period	31.12.2019	31.03.2020	31.12.2020	31.03.2021
MKB Bank Nyrt.	1,509.70	1,533.50	1,612.48	1,615.93
MKB Digital Zrt.	185.83	192.40	198.95	208.25
MKB Üzemeltetési Kft	40.11	45.11	45.61	43.86
Euroleasing Zrt.	0.00	0.00	0.00	0.00
MKB Euroleasing Autólízing Zrt.	146.73	160.65	165.40	167.65
MKB-Euroleasing Autóhitel Ker és Szolg Zrt.	0.00	0.00	0.00	0.00
Retail Prod Zrt.	0.18	0.18	0.18	0.18
MKB Nypénzt. és Eü.Pénzt.Kiszolgáló Kft.	6.25	5.00	0.00	0.00
Exter Adósságkezelő Kft.	0.00	0.00	0.00	0.00
Extercom Kft.	1.63	1.63	0.00	0.00
MKB Bank MRP Szervezet	2.00	2.00	2.00	2.00
MKB Group	**1,892.41**	**1,940.46**	**2,024.61**	**2,037.86**

Managers and strategic employees

Type[1]	Name	Position	Beginning of mandate	End/termination of mandate	Number of shares held
IT, VB	Dr. Zsolt Barna	Chairman and CEO	2021.01.01	2025.12.31	0
IT	Imre Kardos	member	2016.07.25	2021.07.24	0
IT	Mihály Valkó	member	2020.05.22	2025.05.21	0
IT	Dr. Gabriella Gombai	member	2020.06.11	2025.06.10	0
IT	Balázs Benczédi	member	2020.06.12	2025.06.11	0
IT	Marcell Tamás Takács	member	2020.07.30	2025.07.29	0
FB, VB	János Nyemcsok	member, Deputy CEO	2016.04.15	2021.03.31	0
FB	Albert Godena	member, Director	2016.07.25	2021.07.24	0
FB	Rita Feodor	member	2018.09.19	2023.09.18	0
FB	Dr. Ágnes Hornung	Chair Lady	2019.02.28	2024.02.27	0
FB	Törtel András Oszlányi	member	2019.02.25	2024.02.24	0
FB	Dr. László Ipacs	member	2019.02.25	2024.02.24	0
SP, VB	Dr. Ilona Török	Deputy CEO	2021.04.23		0
SP, VB	András Bakonyi	Deputy CEO	2017.09.22		0
SP, VB	Ildikó Ginzer	Deputy CEO	2016.12.21		0

[1] Employee in strategic positions (SP), Board of Directors member (IT), Supervisory Board member (FB), Executive Committee member (VB)

4 ANNEXES

4.1 Financial indicators

4.1.1 Adjusted KPIs on profit&loss

KPI	Short description	Formulation	Current cumulated figures
ROAE	Adjusted rate on average equities	Annualised adjusted PAT (HUF bln) / Average equities (HUF bln)	28,929 / 217,986 * 4/1 = 53.08%
ROMC	Adjusted rate on minimum capital	Annualised adjusted PAT (HUF bln) / Average minimum capital (HUF bln)	28,929 / 147,998 * 4/1 = 78.19%
ROAA	Adjusted rate on average total assets	Annualised adjusted PAT (HUF bln) / Average Total assets (HUF bln)	28,929 / 2,889,059 * 4/1 = 4.01%
TRM	Adjusted total revenue margin	Annualised adjusted Gross Operating Income (HUF bln) / Average Total assets (HUF bln)	43,085 / 2,889,059 * 4/1 = 5.97%
CIM	Adjusted core income margin	Annualised adjusted net interest + net fee + FX income (HUF bln) / Average Total assets (HUF bln)	(11,463 + 5,510 + 1,395) / 2,889,059 * 4/1 = 2.54%
NIM	Adjusted net interest income margin	Annualised adjusted Net Interest Income (HUF bln) / Average Total assets (HUF bln)	11,463 / 2,889,059 * 4/1 = 1.59%
NFM	Adjusted net fee margin	Annualised adjusted Net Fee Income (HUF bln) / Average Total assets (HUF bln)	5,510 / 2,889,059 * 4/1 = 0.76%
C/TA	Adjusted cost to total assets	Annualised adjusted General Admin. Expenses (HUF bln) / Average Total assets (HUF bln)	12,075 / 2,889,059 * 4/1 = 1.67%
CIR	Adjusted cost-income ratio	Adjusted General Admin. Expenses (HUF bln) / Adjusted Gross Operating Income (HUF bln)	12,075 / 43,085 = 28.03%
Risk%	Adjusted risk cost rate	Annualised adjusted provision for losses on loans (HUF bln) / Average gross loans (HUF bln)	-209 / 1,148,128 * 4/1 = -0.07%
GOI/RWA	Adjusted RWA efficiency	Annualised adjusted Gross Operating Income (HUF bln) / Average Total RWA (HUF bln)	43,085 / 1,013,040 * 4/1 = 17.01%
EPS	Adjusted earnings per share	Annualised adjusted PAT (HUF bln) / Average number of shares (bln pcs)	28,929 / 100 * 4/1 = 1157.14

4.1.2 KPIs on profit&loss as in financial statements

KPI	Short description	Formulation	Current cumulated figures
ROAE	Rate on average equities	Annualised PAT (HUF bln) / Average equities (HUF bln)	26,807 / 217,986 * 4 / 1 = **49.19%**
ROMC	Rate on minimum capital	Annualised PAT (HUF bln) / Average minimum capital (HUF bln)	26,807 / 147,998 * 4 / 1 = **72.45%**
ROAA	Rate on average total assets	Annualised PAT (HUF bln) / Average Total assets (HUF bln)	26,807 / 2,889,059 * 4 / 1 = **3.71%**
TRM	Total revenue margin	Annualised Gross Operating Income (HUF bln) / Average Total assets (HUF bln)	42,359 / 2,889,059 * 4 / 1 = **5.86%**
CIM	Core income margin	Annualised net interest + net fee + FX income (HUF bln) / Average Total assets (HUF bln)	(11,465 + 5,510 + 488) / 2,889,059 * 4 / 1 = **2.42%**
NIM	Net interest income margin	Annualised Net Interest Income (HUF bln) / Average Total assets (HUF bln)	11,465 / 2,889,059 * 4 / 1 = **1.59%**
NFM	Net fee margin	Annualised Net Fee Income (HUF bln) / Average Total assets (HUF bln)	5,510 / 2,889,059 * 4 / 1 = **0.76%**
C/TA	Cost to total assets	Annualised General Admin. Expenses (HUF bln) / Average Total assets (HUF bln)	14,482 / 2,889,059 * 4 / 1 = **2.01%**
CIR	Cost-income ratio	General Admin. Expenses (HUF bln) / Gross Operating Income (HUF bln)	14,482 / 42,359 = **34.19%**
Risk%	Risk cost rate	Annualised provision for losses on loans (HUF bln) / Average gross loans (HUF bln)	-848 / 1,148,128 * 4 / 1 = **-0.30%**
GOI/RWA	RWA efficiency	Annualised Gross Operating Income (HUF bln) / Average Total RWA (HUF bln)	42,359 / 1,013,040 * 4 / 1 = **16.73%**
EPS	Earnings per share, IFRS	PAT (HUF bln) / Average number of shares (bln pcs)	26,807 / 100 = **268.1**

4.1.3 Volume KPIs

KPI	Short description	Formulation	Current cumulated figures
Provision/ Total Assets	Provision to Total Assets	Provision for customer loans (HUF bln) / Total Assest (HUF bln)	44,797 / 2,996,511 = 1.49%
Securities rate	Securities to Total assets	Securities (HUF bln) / Total Assest (HUF bln)	1,354,946 / 2,996,511 = 45.22%
CAR	Capital adequacy ratio	Regulatory capital (HUF bln) / Total RWA (HUF bln)	193,277 / 1,021,454 = 18.92%
RWA/ Total Assets	Risk weighted assets to Total assets ratio	Total RWA (HUF bln) / Total Assest (HUF bln)	1,021,454 / 2,996,511 = 34.09%
DPD90+ rate	Rate of loans past due for more than 90 days	Loans past due for more than 90 days (HUF bln) / Gross customer loans (HUF bln)	13,922 / 1,136,335 = 1.23%
DPD coverage	Rate of loans past due for more than 90 days covered by provision	Provision for customer loans (HUF bln) / Loans past due for more than 90 days (HUF bln)	44,797 / 13,922 = 321.77%
NPL rate	Rate of non-performing loans	Non-performing customer loans (HUF bln) / Gross customer loans (HUF bln)	28,890 / 1,136,335 = 2.54%
Direct NPL coverage	Rate of non-performing loans covered directly by provision	Provision for non-performing customer loans (HUF bln) / Non-performing customer loans (HUF bln)	20,753 / 28,890 = 71.84%
Indirect NPL coverage	Rate of non-performing loans covered by provision	Provision for customer loans (HUF bln) / Non-performing customer loans (HUF bln)	44,797 / 28,890 = 155.06%

4.2 Abbreviations

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.
NBH, MNB	National Bank of Hungary (the central bank of Hungary)
y/y	Year on year
p/p	Period on period
bp	Basis point
CAGR	Compounded Annual Growth Rate
(Y), YTD	Year to date data
PAT	Profit after tax
PBT	Profit before tax
GOI	Gross Operating Income
GAE	General Administrative Expenses
OCI	Other comprenesive income
TOCI	Total other comprenesive income
FX	FX result
FV	Revaluation result
IRS	Interest rate swap
TA	Total assets
RWA	Risk weighted assets
Fedezett hitelek	Home Loans + Free-to-Use Mortgages
FVTOCI	Fair value through OCI
FVTPL	Fair value through P&L
FTE	Full time equivalent
NPL	Non performing loans
NPE	Non performing exposures
DPD90+	Days past due over 90 days
POCI	Purchased or Originated Credit Impaired Asset
ROE, ROAE	Return on average equity
ROMC	Return on minimum capital
ROA, ROAA	Return on average assets
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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