MKB Bank Nyrt.

Report on the
3Q 2021 results
(Flash Report)

Budapest, 25 November 2021

Table of Contents

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Reporting period:	01.07.2021-30.09.2021	**Investors' contact person:**	Dóra Bertalan

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1 MKB Group 3Q 2021 Results – overview

Main components of P&L (in MHUF)	Period					YTD		
	3Q 2020	2Q 2021	3Q 2021	P/P	Y/Y	3Q 2020	3Q 2021	Y/Y
TOCI (Total Comprensive Income)	**9,302**	**9,141**	**9,014**	**-1.4%**	**-3.1%**	**7,250**	**34,568**	**376.8%**
Revaluation on non HFC financial assets (OCI)	-5,971	-2,278	-7,305	220.7%	22.3%	-6,038	-19,976	230.8%
Profit after tax	**15,273**	**11,419**	**16,319**	**42.9%**	**6.8%**	**13,288**	**54,544**	**310.5%**
Adjustments total on PAT	250	213	1,084	-	-	9,475	3,420	-63.9%
Adjusted TOCI	**9,553**	**9,354**	**10,098**	**7.9%**	**5.7%**	**16,724**	**37,988**	**127.1%**
Adjusted revaluation on non HFC financial assets (OCI)	-5,971	-2,278	-7,305	220.7%	22.3%	-6,038	-19,976	230.8%
Adjusted Profit after tax	**15,524**	**11,632**	**17,403**	**49.6%**	**12.1%**	**22,762**	**57,964**	**154.6%**
Profit before tax (adjusted)	**15,665**	**13,210**	**18,997**	**43.8%**	**21.3%**	**23,853**	**63,468**	**166.1%**
Gross Operating Income (adjusted)	**27,556**	**24,962**	**31,196**	**25.0%**	**13.2%**	**55,042**	**99,242**	**80.3%**
Net Interest Income (adjusted)	9,336	12,677	13,023	2.7%	39.5%	25,481	37,163	45.8%
Net Fee Income (adjusted)	5,899	6,123	6,272	2.4%	6.3%	17,174	17,905	4.3%
Net Other Income (adjusted)	12,322	6,161	11,901	93.2%	-3.4%	12,387	44,174	256.6%
General Administrative Expenses (adjusted)	-10,017	-12,397	-12,790	3.2%	27.7%	-30,216	-37,262	23.3%
Provision for losses on loans (adjusted)	-2,222	619	683	10.3%	-130.7%	-1,301	1,510	-216.1%
Main components of Balance sheet (in MHUF)	**Volumes at the end of period**					**YTD average**		
	3Q 2020	2Q 2021	3Q 2021	P/P	Y/Y	3Q 2020	3Q 2021	Y/Y
Total Assets	**2,399,226**	**3,034,148**	**3,142,103**	**3.6%**	**31.0%**	**2,105,741**	**2,997,504**	**42.3%**
Customer Loans (net)	1,027,432	1,140,032	1,204,973	5.7%	17.3%	994,746	1,130,346	13.6%
Customer Loans (gross)	1,075,987	1,183,989	1,247,951	5.4%	16.0%	1,041,844	1,174,754	12.8%
Provision for Customer loans	-48,556	-43,957	-42,978	-2.2%	-11.5%	-47,098	-44,408	-5.7%
Deposits & C/A	1,582,662	1,840,938	2,031,108	10.3%	28.3%	1,411,149	1,868,075	32.4%
Subordinated debt	44,172	42,964	43,547	1.4%	-1.4%	42,580	44,044	3.4%
Shareholders' Equity	205,223	235,334	244,348	3.8%	19.1%	195,628	229,530	17.3%
KPIs based on adjusted and unadjusted PAT (%)	**Period**					**YTD**		
	3Q 2020	2Q 2021	3Q 2021	P-P	Y-Y	3Q 2020	3Q 2021	Y-Y
ROAE (Return on Average Equity - unadjusted)	30.4%	19.8%	27.2%	7.4%-pt	-3.2%-pt	9.1%	31.7%	22.6%-pt
EPS (Earning Per Share - unadjusted, IFRS)	152.7	114.2	163.2	49.0	10.5	132.9	545.4	412.6
ROAE (Return on Average Equity - adjusted)	30.9%	20.2%	29.0%	8.9%-pt	-1.9%-pt	15.5%	33.7%	18.2%-pt
ROMC (Return on Minimum Capital - adjusted)	42.7%	30.2%	43.8%	13.5%-pt	1.0%-pt	20.7%	50.3%	29.6%-pt
ROAA (Return on Average Assets - adjusted)	2.7%	1.5%	2.3%	0.7%-pt	-0.4%-pt	1.4%	2.6%	1.1%-pt
TRM (Total Revenue Margin - adjusted)	4.8%	3.3%	4.0%	0.7%-pt	-0.7%-pt	3.5%	4.4%	0.9%-pt
CIM (Core income margin - adjusted)	3.3%	2.8%	2.7%	-0.2%-pt	-0.6%-pt	3.2%	2.7%	-0.5%-pt
NIM (Net Interest Margin - adjusted)	1.6%	1.7%	1.7%	0.0%-pt	0.1%-pt	1.6%	1.7%	0.0%-pt
NFM (Net Fee Margin - adjusted)	1.0%	0.8%	0.8%	0.0%-pt	-0.2%-pt	1.1%	0.8%	-0.3%-pt
C/TA (Cost to Total Assets - adjusted)	1.7%	1.6%	1.7%	0.0%-pt	-0.1%-pt	1.9%	1.7%	-0.3%-pt
CIR (Cost Income Ratio - adjusted)	36.4%	49.7%	41.0%	-8.7%-pt	4.6%-pt	54.9%	37.5%	-17.3%-pt
Risk% (Risk cost rate - adjusted)	0.8%	-0.2%	-0.2%	0.0%-pt	-1.1%-pt	0.2%	-0.2%	-0.3%-pt
GOI/RWA (RWA efficiency - adjusted)	10.9%	9.5%	11.4%	1.9%-pt	0.5%-pt	7.4%	12.5%	5.1%-pt
EPS (Earning Per Share - adjusted)	620.9	465.3	696.1	230.8	75.2	303.5	772.8	469.3
Volume KPIs (%)	**Period**					**YTD**		
	3Q 2020	2Q 2021	3Q 2021	P-P	Y-Y	3Q 2020	3Q 2021	Y-Y
Provision/Total Assets	2.0%	1.4%	1.4%	-0.1%-pt	-0.7%-pt	2.0%	1.4%	-0.7%-pt
CAR (Capital Adequacy Ratio)	18.9%	17.8%	16.8%	-1.0%-pt	-2.1%-pt	18.9%	16.8%	-2.1%-pt
RWA/Total Assets	42.3%	35.9%	35.1%	-0.8%-pt	-7.2%-pt	42.3%	35.1%	-7.2%-pt
LTD (Loan to Deposit)	68.0%	64.3%	61.4%	-2.9%-pt	-6.5%-pt	68.0%	61.4%	-6.5%-pt
DPD90+ rate	1.9%	1.2%	1.1%	-0.1%-pt	-0.9%-pt	1.9%	1.1%	-0.9%-pt

MKB Group 3Q 2021 results are based on cumulated, consolidated, unaudited IFRS data of 30.09.2021. "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.

MKB Group had a successful 3Q despite the intensifying inflation pressure, rising yield environment and increasing market uncertainty. The stable profitability and quality of the expanding customer portfolio, as well as the FV result stemming from the increasing yield environment, propelled the total comprehensive income.

In 3Q the preparatory work for integration shifted into a higher gear as Hungarian Bankholding published its strategic goals and the roadmap of the merger.

In 3Q 2021 the following main factors were instrumental:

- **Strong demand for loans**: investment loans boosted corporate portfolio (+8.2% p/p; +20.3% y/y), whilst retail loan volumes (+3.7% p/p; +9.8% y/y) also increased.
- **Excellent business line performance persisted**: increasing flow market share in every segment, especially for corporate loans (5.8% stock; 10.5% flow market share).
- 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. As of 31 October 2021 2,238 customers indicated intention to participate in Moratorium III from November, resulting in 2.5% Moratorium III gross loan based participation rate. Moratorium III participation rate is the highest among retail secured loan customers, 8.5%.
- Customer attention shifted to the **Széchenyi Card Program** after the exhaustion of the FGS budget, Széchenyi GO! and Széchenyi Leasing GO! products are popular alternatives in the corporate segment.
- **Money market trends:** the increasing yield environment had a net positive impact on profitability and total comprehensive income (TOCI) through the fair value revaluation of the banking book portfolio**.**
- Merger activities, business development and regulatory projects put pressure on costs.

Financial highlights:

- **Total assets over HUF 3,100 bln (+3.6% p/p, +31.0% y/y):** customer loan's 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 as increasing customer related income together with strong FV results created substantial accumulated PAT and TOCI.
- Customer loan portfolio increase and the upturn in interest rates resulted in **higher net interest income (+39.5% y/y) and +9.7% yearly core income (HUF 20.7 bln in 3Q) increase.** Changes in swap and money market yields also supported fair value results, having HUF 14.3 bln effect on GOI in 3Q.
- Slightly deteriorating, but still impressive **CIR: 37.5%**.
- **HUF 0.7 bln credit risk cost** (unadjusted) was **release**d 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**.**

MKB Group's **unadjusted** total comprehensive income was HUF 34.6 bln in the first three quarters of 2021 (HUF +27.3 bln y/y) and HUF 9.0 bln in 3Q (HUF -0.3 bln y/y; HUF -0.1 bln p/p) as the increase of profit after tax (3Q YTD: HUF 54.5 bln, HUF +41.3 bln y/y; 3Q: HUF 16.3 bln, HUF +1.0 bln y/y) significantly outperformed the downturn in other comprehensive income (3Q YTD: HUF -20.0 bln, HUF -13.9 bln y/y; 3Q: HUF -7.3 bln, HUF -1.3 bln y/y). In p/p comparison the HUF -0.1 bln decrease in unadjusted total comprehensive income (TOCI) was the result of HUF +4.9 bln increase in after tax profit and HUF -5.0 bln decrease in other comprehensive income (OCI).

Adjusted total comprehensive income in the first three quarters of 2021 was HUF 38.0 bln (HUF +21.3 bln y/y) as adjustments on TOCI (and also on PAT) reached HUF 3.4 bln. Adjusted profit after tax in 3Q(Y) 2021 was HUF 58.0 bln. Other comprehensive income (adjusted) was HUF -20.0 bln (HUF -14.0 bln y/y).

Total assets increased to HUF 3,142.1 bln (+3.6% p/p; +31.0% y/y) mainly due to the increasing customer deposit portfolio in 3Q. **Deposits** grew by HUF +190.2 bln p/p (HUF +448.4 bln y/y) to HUF 2,031.1 bln. **Customer loan (gross)** portfolio was HUF 1,248.0 bln (+5.4% p/p) which marks a HUF +172.0 bln growth since 3Q 2020. Increase in the banking book securities portfolio was moderate in 3Q (+1.0%; HUF +13.4 bln p/p) as liquidity surplus was predominantly turned into customer volumes. In 3Q 2021 the loan-to-deposit ratio slightly decreased to 61.4% (-2.87%-pts p/p). The **shareholder's equity** increased to HUF 244.3 bln from HUF 235.3 bln at the end of 2Q 2021. Capital adequacy was 16.8% (-97 bps p/p). MKB Group's 3Q YTD 2021 annualised, adjusted ROAE was 33.7%, while unadjusted ROAE was 31.7%.

Excellent business line performances in 3Q:

- **Retail segment**: 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 entire ATM network.

- **Corporate segment:** significant interest towards Széchenyi GO! products as they serve as favourable alternative for both banks and SME customers.

  Demand for MFB and FGS bond products remains significant.

  Participation in the Moratorium III is limited in the medium and large corporate segment.

- **Leasing segment:** International trends – chip shortages, hiccups in supply chains – having a strong negative impact on the Hungarian car financing market became apparent, breaking the portfolio growth trend in 3Q.

  From September on – as one of the first players in the market – MKB Group offers also the "Széchenyi Leasing GO!" product.

  Steady market position maintained: 3rd among leasing companies in terms of new disbursement (based on Hungarian Leasing Association data).

Post closing events:

- **Monetary policy tweaks**: As part of the interest rate hike cycle that began in June, central bank base rate was raised further in October and November, reaching 2.10%. Reacting to the intensifying international inflation worries and domestic CPI accelerating to 6.5%, the central bank announced a significant retooling of monetary policy instruments on November 16. Aiming at shrinking the banking sector's HUF liquidity NBH announced that, limits on the 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 the one week deposit facility's interest rate will be determined 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.
- **Green Home Programme**: MKB launched its new Green Home Loan in the beginning of October. The new loan product with 2.5 per cent interest rate on the product makes borrowing affordable for a wide range of customers.

Capital and money market developments as well as changes in the macroeconomic environment continued to have a significant impact on the income generating capacity of MKB Group in the third quarter of 2021:

- **Yields:** The Fed holds the target range for the federal funds rate at 0-0.25% since March 2020 in order to mitigate the adverse economic impacts of the coronavirus pandemic. According to the Fed's latest economic forecast published in September, there is fairly high probability that the FOMC (the Federal Open Market Committee) starts raising the target range in the fourth quarter, while the gradual exit from the asset purchase programme (aka tapering) may start in November and will be finished by mid-2022. While 2021 was characterized by accelerating economic growth and stronger inflation, the former seems to have lost momentum recently. The PCE price index, which is closely monitored by the Fed, accelerated to as high as 3.6% by June and remained at this elevated level since then. Faster inflation is mostly driven by a surge in demand following the lifting of restrictions, short-term supply constraints (shortages), skyrocketing raw material and energy prices, wage induced price pressures due to the tightening of the labour market and the inflationary impacts of the USD 1.9 trillion stimulus package. However, the Fed expects these effects to be of temporary nature. Fed Chairman Jerome Powell emphasized that they were striving for flexibility in inflation. Since the annual rate of PCE was below 2% for an extended period, it is an explicit aim that inflation stays slightly above 2% for some time (which is made possible by the 2020 revision of the inflation targeting system, pursuing the 2% inflation target on average for a certain period). The yield on 10-year U.S. government bond fluctuated between 1.17% and 1.54% in the third quarter of 2021, closing at 1.49% at the end of September.

  The European Central Bank (ECB) kept its policy rates unchanged even in the third quarter (the rate on the main refinancing operations: 0.00%, those on marginal lending and on the deposit facility: 0.25% and -0.50%, respectively), while in order to support the economic stimulus, it continued its net purchases under the already existing asset purchase programme (APP) and its newly introduced programme (PEPP – pandemic emergency purchase programme, with a budget of EUR 1.85 trillion) – the latter is expected to be maintained until at least March 2022. These programmes represent a permanent easing of monetary conditions and are expected to help boosting inflation. The annual rate of inflation fluctuated in a range of 2.2% to 3.4% in the third quarter, well exceeding the 2% target level. Base effects, a pick-up in demand following the easing of restrictions and soaring commodity prices may lead to further acceleration in inflation. In order to increase the flexibility of monetary policy ECB made the inflation target symmetric, hence it temporarily tolerates inflation rates in excess of 2%. Yields on 10-year Euro Area government bonds ranged between -0.50% and -0.20% in the third quarter (at the end of September it stood at -0.20%).

Since the beginning of this year inflation has been steadily accelerating in Hungary: the 12-month rate of the headline CPI climbed to 5.5% in September (and even further to 6.5% in October) from July’s 4.6%, although even the latter was well above the upper edge (4%) of MNB's tolerance band.

In response to a rise in inflation risks and to prevent second-round inflation effects Hungary’s central bank (MNB) continued the tightening cycle that it began in June 2021, raising the base rate from 0.90% to 1.65% during the third quarter, and made an identical hike in the rate on the one-week deposit facility. MNB has raised the base rate by a further 45 bps and the one week deposit rate by 85 bps since the end 3Q. The HUF 3,000 billion budget of the Funding for Growth Scheme was depleted and thus the programme was terminated at the end of the second quarter. Nonetheless, MNB still considers the government bond purchase programme a key element of monetary policy tools, although it started to gradually decrease the volume of weekly purchases.

In the third quarter of 2021 the rise of yields in the Hungarian government securities market accelerated: domestic government bond benchmark yield increased 40-70 bps and the 10-year government bond yield, which stood at 2.83% at the end of June went up to 3.23% by the end of September, while swap yields shifted upwards by 50-75 bps.

Alongside continued rate hikes and an increase in inflation expectations yields went up across all maturities, but short term yields outpaced longer term yields, hence the yield curve flattened further. A deteriorating inflation outlook as well as markedly stronger rate hike expectations led to a further increase in longer term government bond yields as well as swap yields.

- **FX market:** The Forint’s exchange rate against the major currencies (EUR/HUF, USD/HUF) was primarily influenced by rate hike expectations, but the Hungarian currency’s exchange rate also continues to react sensitively to global impacts, among them the fluctuations of the US Dollar. The Forint spent the third quarter within a 347-360 band against the Euro, closing the quarter at the weaker edge of that band, since the slowing of the tempo of rate hikes in September did not favour the Hungarian currency. The MNB raised the base rate again by only 15bps in October, which pushed the EUR/HUF exchange rate temporarily to 366, but later the Forint strengthened back to the 360 level. Yet, MNB’s rate hikes have so far been insufficient to put the Forint on a strengthening path, partly due to external reasons as global risk aversion increased. Against the US Dollar the Forint weakened to the 310 level by the end of the third quarter (from 296.30 at the end of the second quarter), partly explained by the Euro’s own weakening against the Greenback. After the end of 3Q the weakening trend in the EUR/HUF exchange rate continued and reached a historic low, of more than 370 HUF in November.
- **Government finances:** By the end of the second quarter of 2021 Hungary’s public debt relative to GDP moderated to 77.4% mostly due to the rapid growth of nominal GDP. In fact, this indicator is still 12 percentage points higher than it was at the end of 2019. The accruals-based budget deficit amounted to 2.5% of GDP (HUF 333 billion) in the second quarter of 2021. According to the Ministry of Finance's forecast the annual budget deficit in 2021 is expected to reach 7.5% of GDP, somewhat down from last year’s 8.1%.

- **GDP**: The availability of vaccines from Eastern sources (China, Russia) gave a definite impetus to the vaccination process, which, together with the successful repression of the epidemic, made it possible to lift economic restrictions well earlier than it was possible in other member countries of the EU. With the easing and lifting of almost all restrictions by the end of the second quarter, recovery continued in the formerly most affected sectors, hence strong growth momentum was maintained also in the third quarter. Yet, the worldwide shortage of semiconductors was a clear drag on growth, mostly through a slowdown in the automotive industry. Besides, for some sectors, especially tourism, travel related services, civil aviation, event organization, various forms of entertainment, cultural and sports activities it will take more time to reach pre-pandemic levels. Although EU-level vaccination certificates were introduced, the different provisions by individual member states as well as the early phase of the fourth wave of the pandemic did hinder a recovery in intra-EU travels, while overseas travels still remained mostly infeasible. Due to the ongoing quick rebound after the end of lockdowns and still relatively low base figures from the previous year's third quarter, GDP-growth reached 6.1% on a year-over-year basis.

- **Wages and employment:** Domestic wage growth remained strong in both July and August. In August 2021, the average gross monthly wage of a full-time employee was HUF 426,507, 8.9% higher than a year earlier. In the average of the July-September three-month period, employment in the 15-74 age group amounted to 4,663 thousand, the highest value since the early 1990's, while the employment rate was 63.4%. The figure is 36 thousand higher than in the same period of 2020, when the employment rate in the 15-74 age group was only 62.5%. In September, employment just fell short of an historic peak at 4,687 thousand, exceeding the previous year's figure by 70 thousand.

  The rate of unemployment eased somewhat less spectacularly, since many from the inactive population returned to the labour market, thus raising the participation rate. In the average of the July-September period, the number of unemployed was 190 thousand, which translates into an unemployment rate of 3.9% (down from the previous year's 4.3%).

- **Inflation:** Partly due to the extremely low base of fuel prices a year ago and the tobacco excise duty raise, the annual rate of inflation was hovering around 5% for most of the third quarter of 2021.Driven by demand-supply imbalances following the lifting of restrictions and the steep rise in commodity prices inflation accelerated to 5.5% in September, and even further to 6.5% in October. Rising commodity prices, transportation costs, a strong pick-up in consumer demand and wage growth fuelled by labour shortages and an expected 20% rise in the official minimum wage continue to pose upward risks to inflation in the coming months.

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2 Management Report on the 3Q 2021 Results of the MKB Group

2.1 P&L development

MKB Group								
Consolidated, IFRS P&L (in MHUF)	Period					YTD		
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Adjustments total on PAT	**250**	**213**	**1,084**	**-**	**-**	**9,475**	**3,420**	**-63.9%**
Business corrections	92	-15	-2	-85.5%	-102.4%	3,396	2,751	-19.0%
Banking tax	*0*	*0*	*0*	*-*	*-*	*3,275*	*3,095*	*-5.5%*
Branch closure reserve	*96*	*0*	*0*	*-*	*-100.0%*	*137*	*0*	*-100.0%*
Dividend income	*-4*	*-15*	*-2*	*-85.5%*	*-45.9%*	*-16*	*-19*	*19.6%*
MBH related one-offs	*0*	*0*	*0*	*-*	*-*	*0*	*0*	*-*
Non-core one-offs	*0*	*0*	*0*	*-*	*-*	*0*	*-326*	*-*
Covid-19 effect	315	228	1,086	-	244.8%	6,496	669	-89.7%
Donation	*0*	*0*	*0*	*-*	*-*	*910*	*0*	*-100.0%*
COVID-19 costs	*402*	*0*	*0*	*-*	*-100.0%*	*731*	*0*	*-100.0%*
COVID-19 related expenditures	*-87*	*228*	*1,086*	*-*	*-*	*4,855*	*669*	*-86.2%*
FV corrections	*0*	*0*	*0*	*-*	*-*	*0*	*0*	*-*
Technical corrections	-157	0	0	-	-100.0%	-417	0	-100.0%
IFRS16 effect	*-157*	*0*	*0*	*-*	*-100.0%*	*-417*	*0*	*-100.0%*
Adjusted TOCI	**9,553**	**9,354**	**10,098**	**7.9%**	**5.7%**	**16,724**	**37,988**	**127.1%**
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Gross Operating Income (adjusted)	**27,556**	**24,962**	**31,196**	**25.0%**	**13.2%**	**55,042**	**99,242**	**80.3%**
Net Interest Income (adjusted)	**9,336**	**12,677**	**13,023**	**2.7%**	**39.5%**	**25,481**	**37,163**	**45.8%**
Interest Income (adjusted)	*13,279*	*19,308*	*21,180*	*9.7%*	*59.5%*	*38,837*	*58,144*	*49.7%*
Interest Expense (adjusted)	*-3,943*	*-6,631*	*-8,157*	*23.0%*	*106.9%*	*-13,356*	*-20,981*	*57.1%*
Net Fee Income (adjusted)	**5,899**	**6,123**	**6,272**	**2.4%**	**6.3%**	**17,174**	**17,905**	**4.3%**
Net Other Income (adjusted)	**12,322**	**6,161**	**11,901**	**93.2%**	**-3.4%**	**12,387**	**44,174**	**256.6%**
FX result (adjusted)	*3,633*	*2,627*	*1,402*	*-46.6%*	*-61.4%*	*7,264*	*5,425*	*-25.3%*
FV result (adjusted)	*12,007*	*6,332*	*14,307*	*125.9%*	*19.1%*	*14,437*	*48,623*	*236.8%*
Other Income (adjusted)	*-3,319*	*-2,798*	*-3,808*	*36.1%*	*14.8%*	*-9,314*	*-9,873*	*6.0%*
General Administrative Expenses (adjusted)	**-10,017**	**-12,397**	**-12,790**	**3.2%**	**27.7%**	**-30,216**	**-37,262**	**23.3%**
Personnel Expenses (adjusted)	*-5,082*	*-5,799*	*-5,895*	*1.7%*	*16.0%*	*-15,366*	*-17,235*	*12.2%*
Operating Expenses (adjusted)	*-3,164*	*-4,156*	*-4,491*	*8.1%*	*41.9%*	*-10,249*	*-13,060*	*27.4%*
Amortisation and depreciation (adjusted)	*-1,771*	*-2,441*	*-2,403*	*-1.5%*	*35.7%*	*-4,600*	*-6,966*	*51.4%*
Provisions (adjusted)	**-1,874**	**645**	**592**	**-8.2%**	**-131.6%**	**-973**	**1,487**	**-252.8%**
Provision for losses on loans (adjusted)	*-2,222*	*619*	*683*	*10.3%*	*-130.7%*	*-1,301*	*1,510*	*-216.1%*
Other provisions and impairments (adjusted)	*348*	*26*	*-91*	*-*	*-126.2%*	*328*	*-23*	*-107.1%*
Corporate income tax (adjusted)	**-141**	**-1,578**	**-1,594**	**1.1%**	**-**	**-1,091**	**-5,504**	**404.6%**
KPIs based on adjusted PAT (%)	Period					YTD		
	3Q 2020	2Q 2021	3Q 2021	P/P	Y/Y	3Q 2020	3Q 2021	Y/Y
ROAE (Return on Average Equity - adjusted)	30.9%	20.2%	29.0%	8.9%-pt	-1.9%-pt	15.5%	33.7%	18.2%-pt
ROAA (Return on Average Assets - adjusted)	2.7%	1.5%	2.3%	0.7%-pt	-0.4%-pt	1.4%	2.6%	1.1%-pt
TRM (Total Revenue Margin - adjusted)	4.8%	3.3%	4.0%	0.7%-pt	-0.7%-pt	3.5%	4.4%	0.9%-pt
CIM (Core income margin - adjusted)	3.3%	2.8%	2.7%	-0.2%-pt	-0.6%-pt	3.2%	2.7%	-0.5%-pt
NIM (Net Interest Margin - adjusted)	1.6%	1.7%	1.7%	0.0%-pt	0.1%-pt	1.6%	1.7%	0.0%-pt
NFM (Net Fee Margin - adjusted)	1.0%	0.8%	0.8%	0.0%-pt	-0.2%-pt	1.1%	0.8%	-0.3%-pt
C/TA (Cost to Total Assets - adjusted)	1.7%	1.6%	1.7%	0.0%-pt	-0.1%-pt	1.9%	1.7%	-0.3%-pt
CIR (Cost Income Ratio - adjusted)	36.4%	49.7%	41.0%	-8.7%-pt	4.6%-pt	54.9%	37.5%	-17.3%-pt
Risk% (Risk cost rate - adjusted)	0.8%	-0.2%	-0.2%	0.0%-pt	-1.1%-pt	0.2%	-0.2%	-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 *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.*

MKB Group reached HUF 58.0 bln cumulated 3Q(Y) and HUF 17.4 bln 3Q **adjusted profit** as a result of improved business performance, stable portfolio quality, strict cost management and strong revaluation income. 3Q(Y) adjusted total comprehensive income was HUF +38.0 bln (+21.3 bln y/y), the revaluation effect through the other comprehensive income partly offset the increase of cumulated profit.

Cumulated, adjusted **ROAE** for 3Q(Y) 2021 was 33.7% (+18.2%-pts y/y) propelled by outstanding profit.

3Q(Y) core income was supported by increasing **net interest income** (HUF +11.7 bln; +45.8% y/y) induced by portfolio growth and upturning interest rates, as well as the rising **net fee income** (+2.4% p/p; +6.3% y/y) attributable to the intensifying business activity. The total revenue margin (TRM) increased 0.9%-pts on yearly basis to 4.4% for 3Q.

HUF 1.5 bln cumulated release of **adjusted credit risk cost** in 3Q(Y) as portfolio quality remained stable, resulting in -0.17% adjusted risk cost rate (release).

Merger activity related costs, wage inflation, business development due to accelerated digitalization and regulatory projects drove the nominal cost levels upwards in 2021, but in the meantime operating expenses attributable to the daily banking operation remained mostly stable. **Costs/total assets** ratio (C/TA) decreased to 1.66% (-0.1%-pt y/y) in 3Q due to balance sheet growth. **Cost to income ratio** (CIR) was 37.5% in 3Q (Y) (-17.3%-pts y/y).

2.1.1 Adjusted profit after taxation

With HUF 17.4 bln (3Q) quarterly profit, MKB Group's adjusted, cumulated **consolidated profit** was HUF 58.0 bln in 3Q(Y) 2021 (HUF +35.2 bln y/y). Impressive cumulated profit marks excellent business line performance combined with robust money market impact, healthy portfolio, and continued strict costs control.

Net total adjustment on PAT sums up to HUF +1.1 bln in 3Q, adjustments were moratorium related. Cumulated adjustments were HUF +3.4 bln in 3Q(Y).

HUF 20.7 bln quarterly **core income** – increased by +9.7% y/y (-3.4% p/p) – was primarily supported by improving net interest income on expanding portfolio. YTD core income was HUF 60.5 bln (+21.2% y/y). Quarterly **core income margin** (CIM) decreased to 2.7% (-16 bps p/p) as net fee and FX results could not keep up with the expanding balance sheet total.

2.1.2 Comprehensive income

MKB Group reached HUF +34.6 bln **unadjusted total comprehensive income** in the first three quarters of 2021 (HUF +27.3 bln y/y).

The HUF 10.1 bln adjusted quarterly total comprehensive income was driven by HUF 17.4 bln PAT and HUF -7.3 bln unrealized FVTOCI. 3Q(Y) **adjusted TOCI** was HUF 38.0 bln (HUF +21.3 bln y/y) mainly due to significantly increasing income.

2.1.3 Net interest income

MKB Group's cumulated **net interest income** was HUF 37.2 bln in 3Q(Y) 2021 (HUF +11.7 bln; +45.8% y/y). Customer loan portfolio increase together with upturn in interest rates resulted in higher, HUF 13.0 bln net interest income compared to previous quarter (+2.7% p/p).

Interest income in 3Q (Y) 2021 was HUF 58.1 bln (HUF +19.3 bln; +49.7% y/y). The main drivers of the interest income were the expanding securities and interbank assets (all-in-all +80.6% y/y) as well as the income from developing customer loans (+32.6% y/y). Due to the upturn in market yields, interest income growth outperformed the increase of average volumes (gross loan increase +12.8% y/y; total securities: +66.9% y/y).

HUF 21.0 bln cumulated **interest expense** increased by HUF +7.6 bln on yearly basis (+57.1% y/y) together with the increasing customer deposit volumes as well as higher interbank liabilities portfolio.

The **net interest margin** (NIM) stagnated on 1.69% in 3Q since net interest income and average total asset growth were almost identical. Cumulated 3Q NIM ratio in 3Q 2021 was 1.65%, marginally, 4bps higher than the last year's same period value.

2.1.4 Net fee and commission revenues

HUF 6.3 bln quarterly **net fee income** marks only a HUF +0.1bln (+2.4% p/p) increase as fee expense related to credit guaranty facilities increased. On yearly basis net fees improved by HUF 0.4 bln mainly driven by the positive effect of the increasing turnaround and the increasing revenues from brokerage activities.

2.1.5 FX results

Results from **foreign exchange activities** were HUF 1.4 bln (HUF -1.2 bln p/p; HUF -2.2 bln y/y).

The volume of customer FX conversions slightly decreased both p/p and y/y resulting in a moderate variance in FX marge income. Additionally, gains on individually priced, fixing spot FX conversions and the exchange rate gains on forward and futures transactions were all over lower than in the previous quarter.

Moderate devaluation of HUF caused some losses on the FX position of the balance sheet.

2.1.6 Revaluation result

Due to the uncertain macro environment and intensifying domestic inflation worries NBH continued the base rate hike cycle. The base rate increased 45 bps in 3Q and as a result the swap yield curve increased significantly in 3Q (+54 bps, +52 bps and +60 bps in 3 year, 5 year, and 10 year maturities p/p), accompanied by 40-60 bps increase in ÁKK benchmarks (government bond yield curves). The asset swap spread further tightened and stayed at record low levels during the quarter.

As a result of yield curves shifting upwards, the revaluation result was HUF +14.3 bln in 3Q (HUF +8.0 bln p/p; HUF +2.3 bln y/y). The positive effect on PAT is partly offset by the fixed rate government bond portfolio's negative HUF -7.3 bln revaluation result in OCI. **Net revaluation result** (FVTPL+FVTOCI) was HUF +7.0 bln in 3Q.

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. Slightly increase at other results on yearly basis

(+6.0% y/y) mainly due to higher transaction levy, resulted by stronger turnover. Cumulated 3Q(Y) **other result** was HUF -9.9 bln.

2.1.8 General administrative expenses

MKB Group's **general administrative expenses** were HUF 12.8 bln in 3Q 2021. HUF 2.8 bln (+27.7%) y/y increase as merger activities, business development and regulatory compliance created pressure on cost, but in the meantime operating expenses attributable to the daily banking operation remained mostly stable throughout the year.

Personnel costs increased by +16.0% y/y to HUF 5.9 bln in 3Q 2021. Year-on-year increase is mainly driven by overlapping effect of the increase in headcount adjusted for business expansion, but wage inflation is also a strong contributing factor. The 3Q closing headcount of MKB Group was 2,048.3 FTE (+43.8 FTE; +2.2% y/y).

The y/y growth (+27.4%) of HUF 4.5 bln 3Q **operating expenses** was mostly caused by Hungarian Bankholding related items, without merger related expenditures, costs would have been on last year's level.

The amount of **depreciation** in 3Q 2021 was HUF 2.4 bln similar to 2Q, as accelerated digitalization together with the high investment needs stemming from regulatory compliance projects resulted in a HUF +0.6 bln y/y increase.

3Q(Y) adjusted (cumulated) **Cost-to-Assets ratio** was 1.66% (-26 bps y/y) as rapid balance sheet growth offset the pressure of merger costs, business developments and regulatory projects on GAE. Slightly deteriorating, but still impressive cumulated **cost-to-income ratio** (CIR): 37.5% (-17.3%-pts y/y) as a result of strong incomes and under control cost growth.

2.1.9 Risk costs

HUF 0.68 bln **adjusted total credit risk cost release** was booked in 3Q supported by the stable portfolio quality, thorough risk monitoring and adjusted customer ratings. Adjusted total credit risk cost in 3Q(Y) was HUF 1.5 bln (release).

The closing volume of the **NPL portfolio** in 3Q was HUF 26.3 bln following a y/y decrease of HUF 9.0 bln. NPL decrease in 3Q was due to excellent underlying portfolio quality, however the moratorium is a key factor behind the stable NPL rates throughout the banking sector. The **IFRS-based NPL ratio** dropped to 2.11% (-118 bps y/y), while **direct NPL coverage** increased from 69.2% to 69.9%.

2.1.10 Corporate income tax

In 3Q(Y) 2021 HUF 5.2 bln accounting **corporate income tax** expense was recorded, as a result of HUF 2.5 bln current corporate income tax expense and HUF 2.6 bln deferred tax expense.

The adjustments made in the flash report had a tax effect of HUF 0.4 bln therefore the **adjusted corporate income tax** was HUF 5.5 bln (expense).

2.2 Balance sheet

MKB Group							
Adjusted balance sheet (in MHUF)	**3Q 2020**	**4Q 2020**	**2Q 2021**	**3Q 2021**	**P/P**	**Y/Y**	**YTD**
Financial assets	**275,974**	**377,741**	**374,796**	**391,313**	4.4%	41.8%	3.6%
Trading portfolios	**46,881**	**33,980**	**48,062**	**64,395**	**34.0%**	**37.4%**	**89.5%**
Securities	**954,210**	**1,163,309**	**1,379,177**	**1,392,583**	**1.0%**	**45.9%**	**19.7%**
Loans and advances to customers/Customer Loans (net)	**1,027,432**	**1,113,962**	**1,140,032**	**1,204,973**	**5.7%**	**17.3%**	**8.2%**
Loans and advances to customers/Customer Loans (gross)	1,075,987	1,159,921	1,183,989	1,247,951	5.4%	16.0%	7.6%
Retail	*251,407*	*255,554*	*266,188*	*276,039*	*3.7%*	*9.8%*	*8.0%*
Corporate	*642,184*	*713,855*	*714,238*	*772,761*	*8.2%*	*20.3%*	*8.3%*
Leasing	*182,397*	*190,512*	*203,564*	*199,152*	*-2.2%*	*9.2%*	*4.5%*
Provision for Customer loans	-48,556	-45,959	-43,957	-42,978	-2.2%	-11.5%	-6.5%
Retail	*-10,027*	*-10,866*	*-9,364*	*-9,154*	*-2.2%*	*-8.7%*	*-15.8%*
Corporate	*-32,225*	*-28,550*	*-28,389*	*-27,854*	*-1.9%*	*-13.6%*	*-2.4%*
Leasing	*-6,303*	*-6,543*	*-6,204*	*-5,970*	*-3.8%*	*-5.3%*	*-8.7%*
Total Other assets	**94,728**	**92,614**	**92,080**	**88,839**	**-3.5%**	**-6.2%**	**-4.1%**
Investments in jointly controlled entities and associates	*6,028*	*7,295*	*8,325*	*5,563*	*-33.2%*	*-7.7%*	*-23.7%*
Intangibles, property and equipment	*57,962*	*58,194*	*56,421*	*56,638*	*0.4%*	*-2.3%*	*-2.7%*
Other assets	*30,738*	*27,125*	*27,334*	*26,637*	*-2.5%*	*-13.3%*	*-1.8%*
Total Assets	**2,399,226**	**2,781,607**	**3,034,148**	**3,142,103**	3.6%	31.0%	13.0%
Interbank liabilities	**473,254**	**575,097**	**842,263**	**746,231**	**-11.4%**	**57.7%**	**29.8%**
Deposits & C/A	**1,582,662**	**1,862,261**	**1,840,938**	**2,031,108**	**10.3%**	**28.3%**	**9.1%**
Retail	*374,796*	*401,888*	*415,012*	*418,160*	*0.8%*	*11.6%*	*4.0%*
Corporate	*1,207,867*	*1,460,373*	*1,425,926*	*1,612,948*	*13.1%*	*33.5%*	*10.4%*
Issued debt securities	**0**	**0**	**0**	**0**	**-**	**-100.0%**	**-**
Other liabilities	**93,914**	**89,746**	**72,648**	**76,870**	**5.8%**	**-18.1%**	**-14.3%**
Subordinated debt	**44,172**	**44,724**	**42,964**	**43,547**	**1.4%**	**-1.4%**	**-2.6%**
Shareholders' Equity	**205,223**	**209,779**	**235,334**	**244,348**	**3.8%**	**19.1%**	**16.5%**
Total Liabilities & Equity	**2,399,226**	**2,781,607**	**3,034,148**	**3,142,103**	3.6%	31.0%	13.0%
Guarantees	104,850	120,072	118,141	115,644	-2.1%	10.3%	-3.7%
Undrawn commitments to extend credit	254,982	276,333	358,686	382,231	6.6%	49.9%	38.3%
Obligations from letters of credit and other short term trade related items	17,142	17,178	16,492	1,698	-89.7%	-90.1%	-90.1%
Other contingent liablities (including litigation)	11,553	11,676	10,457	12,174	16.4%	5.4%	4.3%
Customer off Balance items	**388,527**	**425,259**	**503,776**	**511,747**	1.6%	31.7%	20.3%

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.

Driven by the increasing customer deposit portfolio in 3Q, **total assets** increased to HUF 3,142.1 bln which marks a HUF +108.0 bln; +3.6% p/p and HUF +742.9 bln; +31.0% yearly improvement. Deposits grew by HUF +190.2 bln p/p (HUF +448.4 bln y/y) to HUF 2,031.1 bln. On a yearly base, balance sheet growth was also supported by increase in interbank liabilities, as NBH refinancing volumes grew.

The 5.4% p/p (+16.0% y/y) increase in **gross customer loans** signals the acquisition capability of MKB; closing volume was HUF 1,248.0 bln in 3Q. **Securities portfolio** increased slightly (+1.0% p/p) as larger part of liquidity surplus was used up by customer loan growth.

Loan-to-deposit ratio was 61.4%. The 287 bps p/p decrease of the ratio shows strong liquidity position of the MKB Group.

MKB Group's capital **grew to HUF 244.3 bln** as a result of 3Q(Y) profit (+3.8% p/p; +19.1% y/y). **Capital adequacy ratio (CAR) was 16.8%,** being comfortably above regulatory minimum, despite substantial OCI effect.

2.2.1 Loans

Quarterly **gross customer loan's** growth (+5.7%; net: +5.4% p/p) exceeded total asset's development (+3.6% p/p). Comparing to the same period of the previous year, HUF 172.0 bln (+16.0% y/y) gross customer loan volume increase was recorded. During 3Q liquidity surplus was predominantly turned into customer volumes.

Corporate loan portfolio growth (+8.2% p/p; +20.3% y/y) was accompanied by retail loan volumes (+3.7% p/p; +9.8% y/y) increase.

Increase of **corporate loan volume** was driven by outstanding demand for investment loans, working capital loans, also Széchenyi and other subsidized loans. The **retail loan stock** increased mainly due to demand for secured loans (government subsidized) and long-term "Babaváró" loans in 3Q.

In 3Q 2021 **impairment losses on loans** decreased by 2.2% (HUF -1.0 bln) p/p, and by 11.5% (HUF -5.6 bln) y/y in line with stable portfolio quality.

2.2.2 Securities

Moderate increase in the banking book securities portfolio (HUF +13.4 bln, +1.0%; p/p) as 3Q liquidity surplus was mainly soaked up by new customer loan disbursements. Quarterly customer loan increase outperformed securities portfolio growth.

Securities reached HUF 1,392.6 bln (HUF +438.4 bln y/y) at the end of 3Q. The significant y/y increase is mostly driven by the strong deposit inflow. Effective, positive margin liquidity management successfully enhanced business incomes by utilising the income generating potential of the excess liquidity.

The increasing share of floating-rate government bonds also had a positive effect on incomes as yield environment shifted upwards in 3Q.

The increase of corporate bonds acquired through the Bond Funding for Growth programme also contributed to the securities portfolio growth.

2.2.3 Financial assets

Financial assets increased slightly p/p (HUF +16.5 bln) and amounted to HUF 391.3 bln in 3Q. The p/p change and the HUF +115.4 bln y/y increase was driven by the changing volumes of NBH's "Preferential Deposit Plus" facility, which amounted to nearly half of financial assets. The pace of financial asset growth was moderate in 3Q compared to earlier periods as the disbursement of economic stimulus programs is decreasing since 2Q therefore the available volume of preferential deposit is also decreasing.

2.2.4 Deposits and C/A

Customer deposit stock expanded over 2020 year end peak level and reached HUF 2,000 bln (HUF 2,031.1 bln) in 3Q. Quarterly growth (+10.3% p/p) was supported mainly by **corporate deposits** (+13.1% p/p), and also **retail deposits** (+0.8% p/p).

Every business segment contributed to the yearly deposit stock increase of HUF 448.4 bln (+28.3% y/y): corporate +33.5% y/y; retail +11.6% y/y. Retail deposit stock increase was mostly supported by the moratorium: household savings are still high.

2.2.5 Interbank liabilities

Interbank liabilities were HUF 746.2 bln (HUF -96.0 bln p/p; HUF +273.0 y/y) at the end of 3Q. The quarterly decrease was mostly driven by the decrease of short term borrowings parallel with increasing deposit stock. The y/y growth was fuelled by the economic stimulus programs and the NBH liquidity boosting facilities, however many of these programs were phased out, or modified significantly, therefore the growth rate of refinancing liabilities attached to these programs decreased.

2.2.6 Capital

MKB Group reported **HUF 244.3 bln capital** at the end of the period. Capital accumulation continued both in p/p and y/y comparison: 3.8% increase on p/p and 19.1% increase on y/y basis, which significantly increases shock absorbing capabilities of the Bank.

Year-to-date increase of HUF 34.6 bln is due to the HUF 54.5 bln after-tax profit of the reporting period, which was partially offset by the revaluation result of HUF -20.0 bln.

2.2.7 Off-balance sheet exposures to customers

MKB Group's **off-balance sheet exposure** was HUF 511.7 bln at the end of 3Q 2021, which is a 1.6% (HUF +8.0 bln p/p) growth on quarterly basis (+31.7%; HUF +123.2 bln y/y). The increase was mainly attributable to the higher volume of credit lines (+6.6% p/p; +49.9% y/y).

2.3 Capital adequacy

MKB Group's **capital adequacy ratio was 16.8%** at the end of 3Q 2021, being comfortably above regulatory minimum despite elevated RWA volume and decreasing regulatory capital level as intra-year 3Q(Y) cumulated profit not accounted for in regulatory capital.

Compared to the end of 2020 regulatory capital decreased by 9.9% mostly due to the HUF -20.0 bln OCI stipulated by the increasing bond yields as NBH base rate hike cycle continues. According to IFRS accounting rules the HUF 54.5 bln profit of the first three quarter is not yet accounted for in the regulatory capital.

RWA extension (HUF +99.1 bln; +9.9% YTD) is parallel with the gross loan and securities portfolio growth.

The 3.7%-pts YTD decrease in CAR was mostly attributable to the above two factors. Should the substantial intra-year profit be considered in the regulatory capital, capital adequacy would have reached 19.1% at the end of 3Q.

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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 and business values, MKB's ongoing strategic goal is to maintain its strong corporate business line by focusing on local knowledge, professional service, innovative solutions and consulting-based sales.

Small and medium-sized enterprise (SME) customers are still considered as a key segment in 2021, where increasing product penetration is a priority task. Customers in the agricultural sector, regardless of their size, will receive additional special attention.

As Moratorium II draws to a close, only 1.5% of gross corporate exposures remained under Moratorium III.

MKB Group's corporate loan volume was HUF 772.8 bln at the end of 3Q 2021 (+20.3%, HUF +130.6 bln y/y; +8.2% p/p).

Non-financial companies' loans amounted to HUF 574.6 bln, reflecting a 7.8% (HUF +41.5 bln) increase compared to the previous quarter. Y/y change was +25.1%, (HUF +115.2 bln) mainly due to new disbursements of working capital loans, Investment loans and Széchenyi loans. Loan disbursements during the 3Q period increased 44% compared to same period of last year, reached HUF 83.0 bln, resulting in 10.48% flow market share. Széchenyi loans disbursement market share was 5.1%.

Non-financial large corporate gross loan volumes were HUF 205.1 bln, increased by 20.8 bln (+11.3% p/p). SME loan portfolio increased to HUF 334.2 bln (HUF +21.6 bln; +6.9% p/p) mainly due to working capital loans disbursements. Micro enterprises' loan stock was HUF 35.2 bln at the end of the period (HUF -1.0 bln p/p; +18.1% y/y).

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. Non-financial corporate deposit volume increased 13.5% y/y, to HUF 878.5 bln (HUF +104.5 bln y/y; HUF -25.3 bln p/p), while market share decreased -48 bps p/p to 7.11%.

Corporate customer count at the end of 3Q 2021 was 35.3 thousand.

Funding for Growth Scheme Bond program is still an important and popular form of financing within customers. As one of the major underwriter, MKB Bank actively and successfully participated in numerous issuances with over HUF 100 bln in face value in total.

2.4.2 Retail business

The recovery of the economy after the third wave of COVID-19 pandemic had a positive effect on the 3Q results of MKB Bank's Retail business.

The aim of MKB Bank Retail's business strategy is the continuous improvement of customer service quality, in which providing the most efficient and convenient customer service is the main focus. Due to the circumstances generated by the pandemic, MKB Digital Platform and other online available products are the flagships of MKB Bank's digital strategy.

MKB Bank took a major step in enhancing its customer experience as the ongoing development of the ATM network reached an important milestone in the third quarter of 2021. The roll-out of the depositing function was completed and become available in all the ATMs.

As another digital development, MKB Bank completes the installment of tablets in its branches until the end of 2021, to allow customers to conveniently access the transparently structured product catalogs, terms of services, regulatory and branch announcements.

The 3Q retail loan closing volume was HUF 270.1 bln, representing HUF 6.9 bln p/p and HUF 22.6 bln y/y increase. The improvement was mainly due to the strong secured loans disbursement in 2Q and 3Q and the long-term „Babaváró" loans. Retail loan disbursements in 3Q were outstanding and reached HUF 19.5 bln which means 62.5% increase compared to 3Q 2020 (HUF +2.8 bln p/p; HUF +7.5 bln y/y). Quarterly unsecured and other loan disbursements' volume remained on the same level as in 2Q 2021, while secured loan disbursement increased by HUF 2.8 bln p/p. As a result of impressive quarterly disbursements, flow market share of retail loans increased significantly by 36 bps.

Secured loan's closing volumes grew (HUF +2.7 bln p/p) to HUF 200.5 bln, while market share slightly decreased in 3Q 2021 (-9 bps p/p and -33 bps y/y). Secured loan disbursements increased significantly to HUF 13.4 bln in 3Q (HUF +2.8 bln p/p). The government subsidies on housing, and competitive pricing of secured loans had a positive impact on secured loan disbursements in 3Q. Flow market share strongly increased to 3.31% in 3Q (+60 bps p/p; +87 bps y/y).

Unsecured and other loan volumes increased by HUF +3.5 bln compared to the end of 2Q 2021 and reached HUF 55.7 bln (HUF +17.1 bln y/y). Market share rose by 22 bps to 1.68% on yearly basis (+1 bps p/p) mainly due to the considerable demand for personal loans, the availability of online personal loan products and the increased activity of sales partners.

The unsecured and other loans disbursements' volume did not change compared to 2Q 2021 (HUF 6.1 bln), however the market share of personal loans' disbursement increased by +6 bps p/p and +24 bps y/y and reached 1.97%.

Deposit closing volume was HUF 398.3 bln, increased by HUF 14.3 bln compared to the end of 2Q 2021 while the annual growth was 21.5% (HUF +70.5 bln y/y) despite COVID-19. The increase was mostly due to the moratorium induced higher household saving rates.

The total retail client number increased by 2,400 customers compared to 2Q 2021 (372.6 thousand customers in 3Q 2021), and also compared to 3Q 2020 by 1.40%.

The number of premium customers (+4.0% p/p) and their assets under management (+4.3% p/p) increased in 3Q owing to the focused, elaborated value proposals in customer acquisitions and the efficient utilization of the value-added premium consulting system. As a result of using the model portfolio-based investment consulting, the portfolio of open-end investment funds of MKB-Pannónia Alapkezelő Zrt. continued to grow, further enhancing the diversification of the premium customers' investments.

2.4.3 Leasing business[1]

In terms of new disbursements, MKB Group has also in 2021 a stable position among the three largest actors in the Hungarian leasing market according to the data of the Hungarian Leasing Association.

The vehicle financing segment closed an outstanding successful first half year. International trends – chip shortages, hiccups in supply chains – having a strong negative impact on the Hungarian car financing market became apparent, breaking the portfolio growth trend in 3Q.

The inventory financing portfolio- which increased significantly in 2020- stagnated in the first quarter of the year, partly due to shipping difficulties caused by the global trend of chip shortage, but increased slightly again in the second quarter, mainly due to significant increases in car prices. 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. Inventory financing portfolio is still adequately diversified in terms of both manufacturers (brands) and trading partners. The aging and turnover rate of the financed stock is favorable.

Agricultural machinery and agricultural vehicle financing performed outstandingly in the first quarter, and exceeded figures of last year's same period significantly. In the second quarter the market – together with the new disbursements – re-adjusted, buyers partially postponed their purchases, waiting for new subsidized programs to be implemented. The trend continued in the third quarter.

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

The expansion of the SME customer base is still an important strategic aspect, which is mainly supported by MKB Group strong participation in the distribution of the available "FGS Go!" resources as well as in the management of other state launched programs. With the exhaustion of "FGS Go!" funding, self-financed and other subsidized products (eg. EXIM) became more popular. From September on, MKB Group - 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.

In addition to the growing portfolio, the non-performing portfolio is continuously decreasing, 15% during the first nine months, while its provision coverage remained stable over 80%. The overwhelming majority of the non-performing portfolio stems from loans disbursed in 2007 and 2008.

The share of customers participating in the payment moratorium differs per customer and/or product segment. Overall, around 21% of the eligible volumes of the customers were under moratorium as of 30 September 2021, which means a favorable risk position.

MKB Group's leasing portfolio was HUF 199.2 bln at the end of the third quarter of 2021. The portfolio increased significantly, by 4.5%, HUF +8.6 bln during the first nine months of this year. The vehicle financing sector's leasing volume was HUF 123.5 bln (+7.6%, HUF +8.7 bln increase during the first three quarters), while the volume of equipment financing was HUF 52.9 bln at the end of September.

[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 stock financing portfolio decrease was HUF 2.3 bln, while other receivables declined slightly by HUF 12 million.

2.4.4 Investments and Treasury

Quarterly **treasury sales and trading income** was HUF 5.3 bln (HUF +0.9 bln p/p; HUF +0.2 bln y/y).

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.

Declaration

MKB Bank Nyrt. (hereinafter Bank) issues the following declaration in relation to its report on the 3Q 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, 25 November 2021

MKB Bank Nyrt.

Mr Zsolt Barna, dr.	Ms Ildikó Ginzer
Chairman Chief Executive	Deputy CEO

3 FINANCIAL FIGURES

3.1 Correction factors 3Q 2021

	3Q 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 related expenditures	
Interest income	58,165	0	0	0	-21	0	58,144
Interest expense	-20,981	0	0	0	0	0	-20,981
Net interest income	**37,184**	**0**	**0**		**-21**	**0**	**37,163**
Net income from commissions and fees	17,905	0	0	0	0	0	17,905
Other operating income / (expense), net	41,942	476	2,005	-358	0	109	44,174
Impairments and provisions for losses	1,100	-239	0	0	0	626	1,487
Operating expenses	-39,526	867	1,397	0	0	0	-37,262
Share of jointly controlled and associated companies' profit / (loss)	1,106	-1,106	0	0	0	0	0
Profit / (Loss) before taxation	**59,711**	**-1**	**3,401**	**-358**	**-21**	**735**	**63,468**
Income tax expense / (income)	-5,166	0	-306	32	2	-66	-5,504
Profit/ (Loss) for the year from continuing operation	**54,545**	**-1**	**3,095**	**-326**	**-19**	**669**	**57,964**
PROFIT/ (LOSS) FOR THE YEAR	**54,545**	**-1**	**3,095**	**-326**	**-19**	**669**	**57,964**
Other comprehensive income:		0	0	0	0	0	0
Revaluation on financial assets measured at FVTOCI	-19,976	0	0	0	0	0	-19,976
Other comprehensive income for the year net of tax	**-19,976**	**0**	**0**	**0**	**0**	**0**	**-19,976**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**34,569**	**-1**	**3,095**	**-326**	**-19**	**669**	**37,988**

	3Q 2021 Quarterly Report	Structure corrections		Adjusted BS structure
		Liabilities	Assets	
		Repo reallocation	Trading securities reclassification	
Total Assets	**3,142,103**		**0**	**3,142,103**
Financial assets	391,313		0	391,313
Loans and advances to banks (net)	50,271			50,271
Cash and cash equivalents	341,042			341,042
Trading portfolios	52,340		12,054	64,395
Trading securities	0		12,054	12,054
Derivative financial assets	52,340			52,340
Securities	1,404,638		-12,054	1,392,583
Loans and advances to customers/Customer Loans (net)	1,204,973			1,204,973
Total Other assets	88,839		0	88,839
Total liabilities and equity	**3,142,103**	**0**	**0**	**3,142,103**
Interbank liabilities (Amounts due to other banks)	691,939	54,291		746,231
Deposits and current accounts	2,085,399	-54,291		2,031,108
Other Liabilities	76,870		0	76,870
Subordinated debt	43,547			43,547
Shareholders' Equity	244,348	0	0	244,348
Subscribed capital	100,000			100,000
Reserves	144,348			144,348
Treasury shares	0			0
Non-controlling interests	0			0

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

3.2.1 Income statement

	3Q 2020	3Q 2021
Interest income	39,067	58,165
Interest expense	15,277	20,981
Net interest income	**23,790**	**37,184**
Net income from commissions and fees	17,174	17,905
Other operating income / (expense), net	7,666	41,942
Impairments and provisions for losses	4,867	(1,100)
Operating expenses	31,879	39,526
Share of jointly controlled and associated companies' profit / (loss)	1,558	1,106
Profit / (Loss) before taxation	**13,442**	**59,711**
Income tax expense / (income)	154	5,166
Profit/ (Loss) for the year from continuing operation	**13,288**	**54,545**
Profit/ (Loss) for the year from discontinued operation	-	-
PROFIT/ (LOSS) FOR THE YEAR	**13,288**	**54,545**
Other comprehensive income:	-	-
Items that may be reclassified subsequently to profit or loss:	-	-
Revaluation on financial assets measured at FVTOCI	(6,038)	(19,976)
Other comprehensive income for the year net of tax	**(6,038)**	**(19,976)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**7,250**	**34,569**

3.2.2 Balance sheet

	3Q 2020	3Q 2021
Assets		
Cash reserves	172,804	341,042
Loans and advances to banks	103,170	50,271
Derivative financial assets	24,572	52,340
Securities	976,519	1,404,638
Loans and advances to customers	1,027,432	1,204,973
Non-current assets held for sale and discontinued operations	2,289	23
Other assets	18,506	20,240
Current income tax assets	1,355	8
Deferred tax assets	8,589	6,367
Investments in jointly controlled entities and associates	6,028	5,563
Intangibles, property and equipment	57,962	56,638
Total assets	**2,399,226**	**3,142,103**
Liabilities		
Amounts due to other banks	473,254	691,939
Deposits and current accounts	1,582,662	2,085,399
Derivate financial liabilities	34,109	18,244
Other liabilities and provisions	59,621	56,684
Current income tax liabilities	2	1,807
Deferred tax liabilities	183	135
Subordinated debt	44,172	43,547
Total liabilities	**2,194,003**	**2,897,755**
Equity		
Share capital	100,000	100,000
Reserves	105,223	144,348
Total equity	**205,223**	**244,348**
Total liabilities and equity	**2,399,226**	**3,142,103**

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.07.2021-30.09.2021
Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Bertalan

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	-	-	-	-	54,545	-	-	**54,545**
Other comprehensive income for the year	-	-	-	-	-	(19,976)	-	**(19,976)**
At 30 September 2021	**100,000**	**-**	**21,729**	**-**	**146,155**	**(23,536)**	**-**	**244,348**

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Investors' contact person: Dóra Bertalan

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

3.3.1 Income statement

	3Q(Y) 2020	3Q(Y) 2021
Interest income	37,232	56,523
Interest expense	15,652	21,250
Net interest income	**21,580**	**35,273**
Net income from commissions and fees	17,288	18,071
Other operating income / (expense), net	9,638	40,895
Impairments and provisions for losses	4,420	(673)
Operating expenses	31,020	35,956
Share of jointly controlled and associated companies' profit / (loss)	-	-
Profit / (Loss) before taxation	**13,066**	**58,956**
Income tax expense / (income)	85	4,986
Profit/ (Loss) for the year from continuing operation	**12,981**	**53,970**
Profit/ (Loss) for the year from discontinued operation	-	-
PROFIT/ (LOSS) FOR THE YEAR	**12,981**	**53,970**
Other comprehensive income:	-	-
Items that may be reclassified subsequently to profit or loss:	-	-
Revaluation on financial assets measured at FVTOCI	(6,038)	(19,976)
Other comprehensive income for the year net of tax	**(6,038)**	**(19,976)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**6,943**	**33,994**

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E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Bertalan

3.3.2 Balance sheet

	3Q 2020	3Q 2021
Assets		
Cash reserves	172,804	341,042
Loans and advances to banks	103,170	50,269
Derivative financial assets	24,572	52,397
Securities	976,519	1,404,638
Loans and advances to customers	1,018,456	1,191,904
Non-current assets held for sale and discontinued operations	2,289	23
Other assets	17,071	19,061
Current income tax assets	1,204	0
Deferred tax assets	8,329	6,178
Investments in jointly controlled entities and associates	48,510	48,675
Intangibles, property and equipment	36,775	39,422
Total assets	**2,409,699**	**3,153,609**
Liabilities		
Amounts due to other banks	473,127	689,277
Deposits and current accounts	1,590,608	2,101,017
Derivate financial liabilities	34,109	18,244
Other liabilities and provisions	64,734	60,231
Current income tax liabilities	0	1,804
Deferred tax liabilities	50	0
Issued debt securities	2,402	2,521
Subordinated debt	44,172	43,547
Total liabilities	**2,209,202**	**2,916,641**
Equity		
Share capital	100,000	100,000
Reserves	100,497	136,968
Total equity	**200,497**	**236,968**
Total liabilities and equity	**2,409,699**	**3,153,609**

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	-	-	53,970	-	**53,970**
Other comprehensive income for the year	-	-	-	(19,976)	**(19,976)**
At 30 September 2021	**100,000**	**21,729**	**138,775**	**(23,536)**	**236,968**

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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	30.09.2020	31.12.2020	30.06.2021	30.09.2021
MKB Bank Nyrt.	1,608.10	1,612.48	1,609.60	1,604.18
MKB Digital Zrt.	185.08	198.95	221.20	216.60
MKB Üzemeltetési Kft	44.61	45.61	48.11	47.11
MKB Euroleasing Autólízing Zrt.	164.55	165.40	171.40	178.30
Retail Prod Zrt.	0.18	0.18	0.18	0.15
MKB Nypénzt. és Eü.Pénzt.Kiszolgáló Kft.	0.00	0.00	0.00	0.00
Extercom Kft.	0.00	0.00	0.00	0.00
MKB Bank MRP Szervezet	2.00	2.00	2.00	2.00
MKB Group	**2,004.51**	**2,024.61**	**2,052.49**	**2,048.34**

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	01.01.2021	31.12.2025	0
IT	Mihály Valkó	member	22.05.2020	21.05.2025	0
IT	Dr. Gabriella Gombai	member	11.06.2020	10.06.2025	0
IT	Balázs Benczédi	member	12.06.2020	11.06.2025	0
IT	Marcell Tamás Takács	member	30.07.2020	29.07.2025	0
IT, VB	Ginzer Ildikó[2]	member, deputy CEO	13.09.2021	06.07.2026	0
IT	Dr. Zsuzsa Piller[3]	member	23.09.2021	07.24.2026	0
FB, VB	János Nyemcsok	member, Deputy CEO	18.05.2021	31.03.2026	0
FB	Rita Feodor	member	19.09.2018	18.09.2023	0
FB	Dr. Ágnes Hornung	Chair Lady	28.02.2019	27.02.2024	0
FB	Törtel András Oszlányi	member	25.02.2019	24.02.2024	0
FB	Dr. László Ipacs	member	25.02.2019	24.02.2024	0
FB	Kitti Dobi	member	26.07.2021	24.07.2026	0
FB	Balázs Bechtold	member	26.07.2021	06.07.2026	0
SP, VB	Dr. Ilona Török	Deputy CEO	23.04.2021		0
SP, VB	András Bakonyi	Deputy CEO	22.09.2017		0

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

[2] Ginzer Ildikó has been Deputy CEO since 21.12.2016. Elected by the Extraordinary General Meeting held on 7 July 2021 to member of the Board of Directors until 6 July 2026. Membership entered into force as of 13 September 2021.

[3] Elected by the Extraordinary General Meeting held on 7 July 2021 to member of the Board of Directors until 24 July 2026. Membership entered into force as of 23 September 2021.

4 ANNEXES

4.1 Financial indicators

4.1.1 Adjusted KPIs on profit&loss

KPI	Short description	Formulation	Current cumulated figures
ROAE	Adjusted rate on average equities	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{57,964}{229,530} * \frac{4}{3} =$ **33.67%**
ROMC	Adjusted rate on minimum capital	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{57,964}{153,672} * \frac{4}{3} =$ **50.29%**
ROAA	Adjusted rate on average total assets	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{57,964}{2,997,504} * \frac{4}{3} =$ **2.58%**
TRM	Adjusted total revenue margin	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{99,242}{2,997,504} * \frac{4}{3} =$ **4.41%**
CIM	Adjusted core income margin	$\frac{\text{Annualised adjusted net interest + net fee + FX income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(37,163 + 17,905 + 5,425)}{2,997,504} * \frac{4}{3} =$ **2.69%**
NIM	Adjusted net interest income margin	$\frac{\text{Annualised adjusted Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{37,163}{2,997,504} * \frac{4}{3} =$ **1.65%**
NFM	Adjusted net fee margin	$\frac{\text{Annualised adjusted Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{17,905}{2,997,504} * \frac{4}{3} =$ **0.80%**
C/TA	Adjusted cost to total assets	$\frac{\text{Annualised adjusted General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{37,262}{2,997,504} * \frac{4}{3} =$ **1.66%**
CIR	Adjusted cost-income ratio	$\frac{\text{Adjusted General Admin. Expenses (HUF bln)}}{\text{Adjusted Gross Operating Income (HUF bln)}}$	$\frac{37,262}{99,242} =$ **37.55%**
Risk%	Adjusted risk cost rate	$\frac{\text{Annualised adjusted provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{-1,510}{1,174,754} * \frac{4}{3} =$ **-0.17%**
GOI/RWA	Adjusted RWA efficiency	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{99,242}{1,055,251} * \frac{4}{3} =$ **12.54%**
EPS	Adjusted earnings per share	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{57,964}{100} * \frac{4}{3} =$ **772.85**

4.1.2 KPIs on profit&loss as in financial statements

KPI	Short description	Formulation	Current cumulated figures
ROAE	Rate on average equities	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{54{,}544}{229{,}530} * \frac{4}{3} =$ **31.68%**
ROMC	Rate on minimum capital	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{54{,}544}{153{,}672} * \frac{4}{3} =$ **47.32%**
ROAA	Rate on average total assets	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{54{,}544}{2{,}997{,}504} * \frac{4}{3} =$ **2.43%**
TRM	Total revenue margin	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{98{,}137}{2{,}997{,}504} * \frac{4}{3} =$ **4.37%**
CIM	Core income margin	$\frac{\text{Annualised net interest + net fee + FX income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(37{,}184 + 17{,}905 + 5{,}425)}{2{,}997{,}504} * \frac{4}{3} =$ **2.69%**
NIM	Net interest income margin	$\frac{\text{Annualised Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{37{,}184}{2{,}997{,}504} * \frac{4}{3} =$ **1.65%**
NFM	Net fee margin	$\frac{\text{Annualised Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{17{,}905}{2{,}997{,}504} * \frac{4}{3} =$ **0.80%**
C/TA	Cost to total assets	$\frac{\text{Annualised General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{39{,}526}{2{,}997{,}504} * \frac{4}{3} =$ **1.76%**
CIR	Cost-income ratio	$\frac{\text{General Admin. Expenses (HUF bln)}}{\text{Gross Operating Income (HUF bln)}}$	$\frac{39{,}526}{98{,}137} =$ **40.28%**
Risk%	Risk cost rate	$\frac{\text{Annualised provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{-2{,}150}{1{,}174{,}754} * \frac{4}{3} =$ **-0.24%**
GOI/RWA	RWA efficiency	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{98{,}137}{1{,}055{,}251} * \frac{4}{3} =$ **12.40%**
EPS	Earnings per share, IFRS	$\frac{\text{PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{54{,}544}{100} =$ **545.4**

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4.1.3 Volume KPIs

KPI	Short description	Formulation	Current cumulated figures
Provision/ Total Assets	Provision to Total Assets	Provision for customer loans (HUF bln) / Total Assest (HUF bln)	42,978 / 3,142,103 = **1.37%**
Securities rate	Securities to Total assets	Securities (HUF bln) / Total Assest (HUF bln)	1,404,638 / 3,142,103 = **44.70%**
CAR	Capital adequacy ratio	Regulatory capital (HUF bln) / Total RWA (HUF bln)	185,373 / 1,103,720 = **16.80%**
RWA/ Total Assets	Risk weighted assets to Total assets ratio	Total RWA (HUF bln) / Total Assest (HUF bln)	1,103,720 / 3,142,103 = **35.13%**
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)	13,413 / 1,247,951 = **1.07%**
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)	42,978 / 13,413 = **320.41%**
NPL rate	Rate of non-performing loans	Non-performing customer loans (HUF bln) / Gross customer loans (HUF bln)	26,304 / 1,247,951 = **2.11%**
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)	18,376 / 26,304 = **69.86%**
Indirect NPL coverage	Rate of non-performing loans covered by provision	Provision for customer loans (HUF bln) / Non-performing customer loans (HUF bln)	42,978 / 26,304 = **163.39%**

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