



MKB Bank Nyrt.

Report on the 4Q 2020 results (Flash Report)

Budapest, 25. March 2021

Table of Contents

1	MKB Group 4Q 2020 Results – overview.....	3
2	Management Report on the 4Q 2020 Results of the MKB Group.....	9
2.1	P&L development.....	9
2.1.1	Adjusted profit after taxation.....	10
2.1.2	Comprehensive income.....	10
2.1.3	Net interest income	10
2.1.4	Net fee and commission revenues.....	11
2.1.5	FX results.....	11
2.1.6	Revaluation result.....	11
2.1.7	Other results.....	11
2.1.8	Operating expenses.....	12
2.1.9	Risk costs.....	12
2.1.10	Corporate income tax.....	12
2.2	Balance sheet.....	13
2.2.1	Loans.....	13
2.2.2	Securities.....	14
2.2.3	Financial assets.....	14
2.2.4	Deposits.....	14
2.2.5	Interbank liabilities.....	14
2.2.6	Capital.....	15
2.2.7	Off-balance sheet exposures to customers	15
2.3	Capital adequacy.....	15
2.4	Presentation of business segment results	16
2.4.1	Corporate business	16
2.4.2	Retail business	17
2.4.3	Leasing business	18
2.4.4	Investments and Treasury.....	19
3	Financial figures.....	21
3.1	Correction factors 2020	21
3.2	Consolidated financial statements of the MKB Group according to IFRS	23
3.2.1	Income statement.....	23
3.2.2	Balance sheet	24
3.2.3	Shareholders’ assets.....	25
3.3	Individual financial statements of MKB Bank Nyrt. according to IFRS.....	26

3.3.1	Income statement.....	26
3.3.2	Balance sheet	27
3.3.3	Shareholders' assets.....	28
3.4	Other information.....	29
4	Annexes	31
4.1	Financial indicators	31
4.1.1	Adjusted KPIs on profit&loss.....	31
4.1.2	KPIs on profit&loss as in financial statements	32
4.1.3	Volume KPIs.....	33
4.2	Abbreviations	34

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

1 MKB GROUP 4Q 2020 RESULTS – OVERVIEW

Main components of P&L (in MHUF)	Period					YTD		
	4Q2019	3Q2020	4Q2020	P/P	Y/Y	2019	2020	Y/Y
TOCI (Total Other Comprehensive Income)	7,792	9,302	4,360	-53.1%	-44.0%	40,867	11,610	-71.6%
Revaluation on non HFC financial assets (OCI)	-131	-5,971	9,225	-254.5%	-	-3,281	3,187	-197.1%
Profit after tax	7,924	15,273	-4,865	-131.9%	-161.4%	44,148	8,423	-80.9%
Adjustments total on PAT	-4,181	250	4,065	-	-197.2%	-6,792	13,539	-299.3%
Adjusted TOCI	3,611	9,553	8,425	-11.8%	133.3%	34,075	25,149	-26.2%
Adjusted revaluation on non HFC financial assets (OCI)	-131	-5,971	9,225	-254.5%	-	-3,281	3,187	-197.1%
Adjusted Profit after tax	3,743	15,524	-800	-105.2%	-121.4%	37,356	21,962	-41.2%
Profit before tax (adjusted)	3,102	15,665	159	-99.0%	-94.9%	36,576	24,012	-34.4%
Gross Operating Income (adjusted)	20,229	27,556	13,715	-50.2%	-32.2%	80,664	68,757	-14.8%
Net Interest Income (adjusted)	8,798	9,336	10,635	13.9%	20.9%	40,803	36,116	-11.5%
Net Fee Income (adjusted)	7,847	5,899	6,394	8.4%	-18.5%	27,316	23,568	-13.7%
Net Other Income (adjusted)	3,584	12,322	-3,315	-126.9%	-192.5%	12,545	9,072	-27.7%
General Administrative Expenses (adjusted)	-14,615	-10,017	-13,515	34.9%	-7.5%	-41,181	-43,730	6.2%
Provision for losses on loans (adjusted)	-2,241	-2,222	-146	-93.4%	-93.5%	-3,055	-1,447	-52.6%
Main components of Balance sheet (in MHUF)	Volumes at the end of period					YTD average		
	4Q2019	3Q2020	4Q2020	P/P	Y/Y	2019	2020	Y/Y
Total Assets	1,759,796	2,399,226	2,781,607	15.9%	58.1%	1,872,572	2,226,910	18.9%
Customer Loans (net)	930,314	1,027,432	1,113,962	8.4%	19.7%	924,829	1,013,734	9.6%
Customer Loans (gross)	976,681	1,075,987	1,159,921	7.8%	18.8%	974,732	1,060,871	8.8%
Provision for Customer loans	-46,368	-48,556	-45,959	-5.3%	-0.9%	-49,902	-47,138	-5.5%
Deposits & C/A	1,226,529	1,582,662	1,862,261	17.7%	51.8%	1,351,409	1,488,977	10.2%
Subordinated debt	39,381	44,172	44,724	1.2%	13.6%	37,254	43,047	15.5%
Shareholders' Equity	198,462	205,223	209,779	2.2%	5.7%	176,192	198,596	12.7%
KPIs based on adjusted and unadjusted PAT (%)	Period					YTD		
	4Q2019	3Q2020	4Q2020	P-P	Y-Y	2019	2020	Y-Y
ROAE (Return on Average Equity - unadjusted)	16.3%	30.4%	-9.4%	-39.8%-pt	-25.7%-pt	25.1%	4.2%	-20.8%-pt
EPS (Earning Per Share - unadjusted, IFRS)	79.2	152.7	-48.6	-201.4	-127.9	441.5	84.2	-357.3
ROAE (Return on Average Equity - adjusted)	7.7%	30.9%	-1.5%	-32.5%-pt	-9.2%-pt	21.2%	11.1%	-10.1%-pt
ROMC (Return on Minimum Capital - adjusted)	11.3%	42.7%	-2.2%	-45.0%-pt	-13.5%-pt	29.0%	15.0%	-14.0%-pt
ROAA (Return on Average Assets - adjusted)	0.8%	2.7%	-0.1%	-2.8%-pt	-0.9%-pt	2.0%	1.0%	-1.0%-pt
TRM (Total Revenue Margin - adjusted)	4.4%	4.8%	2.1%	-2.7%-pt	-2.3%-pt	4.3%	3.1%	-1.2%-pt
CIM (Core income margin - adjusted)	4.2%	3.3%	3.0%	-0.3%-pt	-1.2%-pt	4.2%	3.1%	-1.1%-pt
NIM (Net Interest Margin - adjusted)	1.9%	1.6%	1.6%	0.0%-pt	-0.3%-pt	2.2%	1.6%	-0.6%-pt
NFM (Net Fee Margin - adjusted)	1.7%	1.0%	1.0%	0.0%-pt	-0.7%-pt	1.5%	1.1%	-0.4%-pt
C/TA (Cost to Total Assets - adjusted)	3.2%	1.7%	2.1%	0.3%-pt	-1.1%-pt	2.2%	2.0%	-0.2%-pt
CIR (Cost Income Ratio - adjusted)	72.2%	36.4%	98.5%	62.2%-pt	26.3%-pt	51.1%	63.6%	12.5%-pt
Risk% (Risk cost rate - adjusted)	0.9%	0.8%	0.1%	-0.8%-pt	-0.9%-pt	0.3%	0.1%	-0.2%-pt
GOI/RWA (RWA efficiency - adjusted)	9.0%	10.9%	5.4%	-5.5%-pt	-3.6%-pt	8.9%	6.9%	-2.0%-pt
EPS (Earning Per Share - adjusted)	149.7	620.9	-32.0	-653.0	-181.7	373.6	219.6	-153.9
Volume KPIs (%)	Period					YTD		
	4Q2019	3Q2020	4Q2020	P-P	Y-Y	2019	2020	Y-Y
Provision/Total Assets	2.6%	2.0%	1.7%	-0.4%-pt	-1.0%-pt	2.6%	1.7%	-1.0%-pt
CAR (Capital Adequacy Ratio)	22.6%	18.9%	20.5%	1.6%-pt	-2.1%-pt	22.6%	20.5%	-2.1%-pt
RWA/Total Assets	49.4%	42.3%	36.1%	-6.2%-pt	-13.3%-pt	49.4%	36.1%	-13.3%-pt
LTD (Loan to Deposit)	79.6%	68.0%	62.3%	-5.7%-pt	-17.3%-pt	79.6%	62.3%	-17.3%-pt
DPD90+ rate	2.6%	1.9%	1.3%	-0.6%-pt	-1.3%-pt	2.6%	1.3%	-1.3%-pt

MKB Group 4Q 2020 results are based on cumulated, consolidated, audited IFRS data of 31.12.2020. "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.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

The year 2020 was a pivotal year for MKB Group. Despite the year-long economic turmoil and volatile macroeconomic environment, capital and money market conditions created by COVID-19, MKB Group managed to accomplish its targets set by the management based on the strong 2019Y results and fulfilment of the EU restrictions.

MKB Group recorded positive results for 2020, in which the following main factors were instrumental:

- Utilising its loyal customer base and strong market presence MKB Group took a huge step in 2020 to regain its market share lost between 2015-2019. Substantial inflow of deposits allowed for above the market and over 50% growth of the balance sheet, as well as resulted in a comfortable liquidity position.
- Stable capital and liquidity position made allowance for almost 20% customer loan growth. Corporate customer loan demand was fulfilled with classic MKB products as well as with economic stimulus program loans, according to customer needs. MKB Group punched above its weight regarding its market share in FGS GO, MFB, EXIM and Széchenyi loan disbursements. Retail business targets were also reached: retail market presence was enhanced and customer count in strategically important segments (premium, affluent) grew significantly.
- Utilising its highly effective organisation, MKB Group was able to quickly and adequately adapt to challenges presented by the COVID-19 pandemic.
- Favourable cost effectiveness was maintained despite the immense pressure on costs stemming mainly from digitalisation, legislative changes, anti-COVID actions and increasing headcount.
- The excellent underlying portfolio quality was preserved during the year regardless of the rapid customer loan growth and moratorium. Risk cost changes were triggered by the moratorium and macroeconomic changes during the year. Further decreasing NPL rate marks the results of prudent lending policy as well as persistent and rigorous portfolio monitoring.
- Ongoing digitalisation efforts were re-scheduled and re-focused around initiatives aimed at serving customers with contactless solutions:
 - Digital queue management and VideoBank was rapidly implemented with high levels of customer satisfaction.
 - ApplePay became available for MKB Bank's clients from 3Q.
 - ATM network renewal completed; state-of-the-art, touch-screen units serve MKB customers.
- As a socially responsible institution MKB Group donated HUF 1 bln to anti-pandemic Government activities as an integral part of its CSR activity.

Fourth quarter financials lay the foundation for a successful 2021 year:

- Liquidity enhanced as balance sheet growth continued due to rapid deposit collection (above 15% p/p change)
- Economic stimulus loan disbursements significantly increased in 4Q pushing the overall market share of the Bank upwards
- ALM portfolio results supported capital accumulation as mid- and long term yields decreased accompanied by shrinking asset-swap spreads.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

- Newly published moratorium related rules together with changing macroeconomic forecast resulted in booking of additional risk cost and expenses (presented as part of the unadjusted results)
- MKB Group become a member of the Hungarian Bankholding, starting from 15th of December 2020.

Post-closing events:

- Moody's credit rating upgrade: on 18 February Moody's Investor Service upgraded MKB Bank Plc.'s deposit ratings to Ba2 with positive outlook
- Bid submission for the ordinary shares of MKB Bank Plc. closed on 17 February 2021.
- On 26 February, MKB Bank has purchased 100% of shares of Első Értékpapírosítási Tanácsadó Zrt. (a securitisation advisory company) from Budapest Stock Exchange Ltd.
- Hungarian Bankholding: The new and unified bank will launch in 2023. The Hungarian Bankholding Ltd. has approved the five-year business strategy for the merger of Budapest Bank, MKB Bank and Takarékbank. The aim of the emerging large bank is to be the most modern bank in Hungary, which will introduce flexible, internationally leading digital solutions. With the integration of Budapest Bank, MKB Bank and Takarékbank, the population and businesses of Hungary will be served by a unified financial institution from 2023, which will transform the traditional image of banks.
- Changes in top management:
 - Employment relationship of Dr. András Csapó, Deputy CEO for Legal, Corporate Governance, Group Management and Priority Deals and therefore his internal membership in the Board of Directors was terminated as of 3 March 2021 with mutual consent.
 - Dr. Zsolt Barna, CEO of MKB appoints Dr. Ilona Török as Head of the CEO's Cabinet in Deputy CEO position with the effect of the receipt of the relevant approval of the National Bank of Hungary.

Maintaining its strong capital position allows for further growth of the MKB Group as well as of the Hungarian Bankholding in 2021

MKB Group's **unadjusted** total comprehensive income was HUF 11.6 bln in 2020 (HUF -29.3 bln y/y) as improvements (HUF +6.5bln y/y) in comprehensive income (2020: HUF 3.2bln) only partially mitigated the decreasing profit after tax (2020: HUF 8.4 bln; HUF -35.7bln y/y). In 4Q the total comprehensive income (unadjusted) was HUF +4.4 bln as the accounting (unadjusted) 4Q after tax profit of HUF -4.9 bln (HUF -12.8 bln y/y) was overcompensated by the HUF +9.2 bln (HUF +9.4 bln y/y) other comprehensive income (OCI).

Adjusted total comprehensive income for 2020 was HUF 25.1 bln (HUF -8.9 bln y/y) as adjustments on TOCI (and also on PAT) reached HUF 13.5 bln. YTD adjusted profit after tax in 2020 was HUF 22.0 bln. Other comprehensive income (adjusted) was HUF 3.2 bln (HUF +6.5 bln y/y). Fourth quarter adjusted TOCI was HUF 8.4 bln (HUF -1.1 bln p/p; HUF +4.8 bln y/y), while OCI was HUF 9.2bln (HUF +15.2 bln p/p; HUF +9.4 bln y/y) and profit after tax was HUF -0.8 bln (HUF -16.3 bln p/p; HUF -4.5 bln y/y).

Total assets increased to HUF 2,781.6 bln (+15.9% p/p; +58.1% y/y) as a result of rapid customer portfolio growth. Deposits grew by HUF 635.7 bln since the end of 2019, accompanied by HUF 379.3

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mbk.hu
Investors' contact person: Dóra Sebestyén-Bertalan

bln increase in interbank liabilities. **Customer loans (gross) portfolio increased to HUF 1,159.9 bln** (+18.8% y/y) which marks a HUF 183.2 bln growth since 2019. Interbank assets growth was driven by NBH preferential deposit increase. In the meantime loan-to-deposit ratio decreased to 62.3% (-17.3% pts y/y); excess liquidity was soaked up by **securities portfolio, which grew by HUF +568.6 bln y/y**. While swift **deposit growth continued also in 4Q (HUF +279.6 bln p/p)**, customer demand for economic stimulus program loans increased, and in the meantime, ‘Babaváró’ and mortgage loan demand was still high, resulting in +83.9 bln p/p gross customer loan stock growth. **The shareholder’s equity increased to HUF 209.8 bln** from HUF 205.2 bln in 4Q. Capital adequacy was 20.5% (-210 bps y/y). MKB Group’s 2020 cumulated, adjusted ROAE was 11.06%, while unadjusted ROAE was 4.24%.

Despite the COVID-19 pandemic MKB Group’s market presence has expanded rapidly in 2020:

- **Retail segment:** More than 50% y/y increase in premium segment customer count in 2020 reflects the successful execution of strategy.

ATM network renewal completed in 4Q: 72 new, state of the art ATM-s at our client’s disposal.

MKB Bank has renewed its Android mobile payment service in 4Q a faster, more convenient and simpler payment solution had been rolled out. Steady market share growth in retail loans disbursement as a result of MKB’s efforts to increase retail lending activity.

On 20 November MKB kicked off its latest card campaign: „metal card” product was introduced, targeting the premium customer segment

- **Corporate segment:** MKB Group successfully increased its corporate market presence after the restructuring period was completed in 2019. Gross corporate loans increased by 25.5% y/y, corporate deposit upturn recorded with HUF 568.5 bln deposit inflow in 2020 (63.7% y/y). MKB products as well as Economic stimulus loan disbursements propelled the overall market share of the Bank.
- **Leasing segment:** The MKB-Euroleasing Group continued to achieve an outstanding market share in 2020, mainly in the area of motor vehicle and agricultural machinery financing, as in previous years.

Steady market position in terms of new disbursement: 4Q figures mark healthy y/y improvement despite market setbacks. As of December 2020, around 35% of eligible leasing customers participate in the moratorium. Continuous growth in retail car financing despite the COVID-19 pandemic.

The economic effects of the coronavirus pandemic, related capital and money market developments and changes in macroeconomic environment in 4Q 2020 had a moderate impact on the income generating capacity of the MKB Group:

- **Yields:** The Fed has maintained its target range for the federal funds rate at 0-0.25% in 4Q 2020, after the cuts in March 2020 (in two steps from the range of 1.50-1.75%). This was driven by the sharp economic recession due to the pandemic and the low level of inflation. Since April 2020, the inflation has been in the range of 0.5-1.4%, year-on-year figures. The target range may remain at the current low level until 2023, as it was announced in December. An important factor in Fed’s interest rate trajectory was the 2020 change in the central bank’s inflation targeting system (an average inflation target of 2%), which allows policymakers to avoid reacting to a temporary rise in inflation. Consequently, monetary policy in the US may remain loose for a longer period than under the previous target system. In addition, they operate a

significant bond-buying program. The 10-year U.S. government bond market yield ranged from 0.7-1.0% in the 4Q 2020, closing the year at 0.91%.

The European Central Bank (ECB) kept its interest rates unchanged in 4Q, despite the effects of the pandemic (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 PEPP program (Pandemic Emergency Purchase Programme), which was introduced at the beginning of the pandemic. The PEPP represents a permanent easing of monetary conditions and is expected to help to boost the inflation (October - December: -0.3%, year-on-year). Yields on 10-year euro area government bonds ranged between -0.36% to -0.53% in 4Q (it was still -0.14% at the beginning of 2020).

The National Bank of Hungary (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 programs were maintained, long-term secured loan program was launched, the Funding for Growth Scheme Program was expanded and easing in the Bond Funding for Growth Scheme (BGS) was introduced. Furthermore, in the summer of 2020, the NBH reduced its base rate in two steps from 0.90% to 0.60%. During autumn, NBH changed the one-week deposit from 0.6% to 0.75% due to rising inflation risks (remaining at 0.75% until the end of the year).

In 4Q 2020, yields decreased in addition to the volatility of the Hungarian government securities market: the 10-year domestic government bond yield stood at 2.43% at the end of September and at 2.08% at the end of December.

- **FX market:** The forint's exchange rate against the major currencies (EUR/HUF, USD/HUF) was heavily influenced by the pandemic in 2020. By the end of 3Q, the forint weakened to 363.5 against the euro, while at the end of October it was at the level of 369.3 (similarly to the first wave of the pandemic) and it continued to weaken to 365 by the end of the year. The forint closed at 297 against the dollar at the end of the year, which fell short of the 340 level experienced during the first wave of the coronavirus epidemic.
- **Government finances:** At the end of 2020, the Hungarian public debt to GDP ratio has risen to 81.2%, 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 the 1Q-3Q of as a result of the coronavirus epidemic and the measures taken against it the general government deficit was HUF 1,629 billion, amounting to 4.6% of the GDP. The deficit increased the most in second and third quarter of 2020 as revenues increased by 1.0% y/y, while expenditures increased by 10.2%. In 2020, the accrual-based budget deficit was around 8.1% the of GDP (HUF 3,832 billion).
- **GDP:** In 2020, a significant recession could be witnessed due to the negative economic effects of the coronavirus epidemic. The 4Q performance was marked by the second wave of COVID-19 during the fall. At the same time, domestic GDP exceeded expectations: in 4Q 2020, the economic downturn in Hungary was 3.6% on an annual basis, while in 2020 domestic GDP fell by 5.0% compared to 2019. The more favourable data was driven by a smaller-than-expected decline in the services sector, a stronger-than-expected momentum in industrial production and a faster-than-expected recovery in the 4Q 2020.
- **Wages and employment:** The growth of domestic wages continued also in the period of October-December 2020, just like during the whole year. In December 2020, the average gross

earnings were HUF 449,400, 10.6% higher than a year earlier. In October – December 2020, the number of employees in the 15–64 age group was 4,398,000, while the employment rate was 70.2%. The figure is 40,000 lower than in the 4Q of 2019, when the employment rate of 15-64 age group was 70.3%.

The unemployment rate also followed the development of the epidemic. In October – December 2020, the average number of unemployed was 197,000, which meant an unemployment rate of 4.2% (October-December 2019: 3.3%).

- **Inflation:** During 2020 almost all epidemic-related developments were influencing the Hungarian inflation rate, except for the first two months of the year. The indicator moved within the NBH's tolerance band (2-4%). Since September, inflation has been steadily slowing down, hovering around 3%, closing the year at 2.7%, while the 2020 average was 3.3%. The second wave of the epidemic (repeated decline in demand, stagnation / decline in service prices) played a key role in the slowdown of the inflation in the autumn. Despite these factors, internal price pressures remained high in 2020, core inflation ranged from 3.8-4.0% in the 4Q of 2020 (on an annual average of 4.1% (year-on-year)).

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mbk.hu
Investors' contact person: Dóra Sebestyén-Bertalan

2 MANAGEMENT REPORT ON THE 4Q 2020 RESULTS OF THE MKB GROUP

2.1 P&L development

MKB Group									
Consolidated, IFRS P&L (in MHUF)	Period					YTD			
	4Q2019	3Q2020	4Q2020	P/P	Y/Y	2019	2020	Y/Y	
TOCI (Total Other Comprehensive Income)	7,792	9,302	4,360	-53.1%	-44.0%	40,867	11,610	-71.6%	
Revaluation on non HFC financial assets (OCI)	-131	-5,971	9,225	-254.5%	-	-3,281	3,187	-197.1%	
Profit after tax	7,924	15,273	-4,865	-131.9%	-161.4%	44,148	8,423	-80.9%	
Adjustments total on PAT	-4,181	250	4,065	-	-197.2%	-6,792	13,539	-299.3%	
Business corrections	-3,999	92	638	-	-116.0%	-6,200	4,035	-165.1%	
Banking tax	0	0	19	-	-	4,047	3,294	-18.6%	
Branch closure reserve	-703	96	17	-82.0%	-102.5%	-703	154	-122.0%	
Dividend income	-4	-4	-8	103.9%	110.5%	-89	-24	-72.8%	
Managed portfolio downsizings	-984	0	0	-	-100.0%	-2,886	0	-100.0%	
Distressed portfolio downsizing	-2,308	0	0	-	-100.0%	-6,569	0	-100.0%	
MBH related one-offs	0	0	610	-	-	0	610	-	
Covid-19 effect	0	315	3,624	-	-	0	10,120	-	
Donation	0	0	5	-	-	0	915	-	
COVID-19 costs	0	402	4	-99.0%	-	0	735	-	
COVID-19 risk costs	0	-87	3,615	-	-	0	8,469	-	
Technical corrections	-182	-157	-198	25.9%	8.7%	-592	-615	3.9%	
IFRS16 effect	-182	-157	-198	25.9%	8.7%	-592	-615	3.9%	
Adjusted TOCI	3,611	9,553	8,425	-11.8%	133.3%	34,075	25,149	-26.2%	
Adjusted revaluation on non HFC financial assets (OCI)	-131	-5,971	9,225	-254.5%	-	-3,281	3,187	-197.1%	
Adjusted Profit after tax	3,743	15,524	-800	-105.2%	-121.4%	37,356	21,962	-41.2%	
Adjusted Profit before tax	3,102	15,665	159	-99.0%	-94.9%	36,576	24,012	-34.4%	
Gross Operating Income (adjusted)	20,229	27,556	13,715	-50.2%	-32.2%	80,664	68,757	-14.8%	
Net Interest Income (adjusted)	8,798	9,336	10,635	13.9%	20.9%	40,803	36,116	-11.5%	
Interest Income (adjusted)	13,736	13,279	14,503	9.2%	5.6%	59,128	53,341	-9.8%	
Interest Expense (adjusted)	-4,938	-3,943	-3,869	-1.9%	-21.7%	-18,325	-17,224	-6.0%	
Net Fee Income (adjusted)	7,847	5,899	6,394	8.4%	-18.5%	27,316	23,568	-13.7%	
Net Other Income (adjusted)	3,584	12,322	-3,315	-126.9%	-192.5%	12,545	9,072	-27.7%	
FX result (adjusted)	2,929	3,633	2,477	-31.8%	-15.4%	10,228	9,740	-4.8%	
FV result (adjusted)	4,712	12,007	-5,050	-142.1%	-207.2%	16,836	9,387	-44.2%	
Other Income (adjusted)	-4,056	-3,319	-741	-77.7%	-81.7%	-14,518	-10,055	-30.7%	
General Administrative Expenses (adjusted)	-14,615	-10,017	-13,515	34.9%	-7.5%	-41,181	-43,730	6.2%	
Personnel Expenses (adjusted)	-7,517	-5,082	-6,133	20.7%	-18.4%	-21,320	-21,499	0.8%	
Operating Expenses (adjusted)	-5,840	-3,164	-5,414	71.1%	-7.3%	-14,741	-15,664	6.3%	
Amortisation and depreciation (adjusted)	-1,257	-1,771	-1,968	11.1%	56.5%	-5,120	-6,568	28.3%	
Provisions (adjusted)	-2,512	-1,874	-41	-97.8%	-98.4%	-2,907	-1,015	-65.1%	
Provision for losses on loans (adjusted)	-2,241	-2,222	-146	-93.4%	-93.5%	-3,055	-1,447	-52.6%	
Other provisions and impairments (adjusted)	-271	348	104	-70.0%	-138.6%	148	432	192.0%	
Corporate income tax (adjusted)	641	-141	-959	-	-249.7%	780	-2,050	-	
KPIs based on adjusted PAT (%)		Period					YTD		
	4Q2019	3Q2020	4Q2020	P/P	Y/Y	2019	2020	Y/Y	
ROAE (Return on Average Equity - adjusted)	7.7%	30.9%	-1.5%	-32.5%-pt	-9.2%-pt	21.2%	11.1%	-10.1%-pt	
ROAA (Return on Average Assets - adjusted)	0.8%	2.7%	-0.1%	-2.8%-pt	-0.9%-pt	2.0%	1.0%	-1.0%-pt	
TRM (Total Revenue Margin - adjusted)	4.4%	4.8%	2.1%	-2.7%-pt	-2.3%-pt	4.3%	3.1%	-1.2%-pt	
CIM (Core income margin - adjusted)	4.2%	3.3%	3.0%	-0.3%-pt	-1.2%-pt	4.2%	3.1%	-1.1%-pt	
NIM (Net Interest Margin - adjusted)	1.9%	1.6%	1.6%	0.0%-pt	-0.3%-pt	2.2%	1.6%	-0.6%-pt	
NFM (Net Fee Margin - adjusted)	1.7%	1.0%	1.0%	0.0%-pt	-0.7%-pt	1.5%	1.1%	-0.4%-pt	
C/TA (Cost to Total Assets - adjusted)	3.2%	1.7%	2.1%	0.3%-pt	-1.1%-pt	2.2%	2.0%	-0.2%-pt	
CIR (Cost Income Ratio - adjusted)	72.2%	36.4%	98.5%	62.2%-pt	26.3%-pt	51.1%	63.6%	12.5%-pt	
Risk% (Risk cost rate - adjusted)	0.9%	0.8%	0.1%	-0.8%-pt	-0.9%-pt	0.3%	0.1%	-0.2%-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.

2.1.1 Adjusted profit after taxation

MKB Group's yearly adjusted **consolidated profit** in 2020 was HUF 22.0 bln (-41.2% y/y) as the income on expanding customer assets and stringent cost management could only partially offset indirect pandemic effects and the decrease in market related revenues. **Gross operating income** (GOI) in 4Q was HUF 13.7 bln (HUF -13.8 bln p/p) stemming from the negative effect of FV results due to p/p decreasing long term yields.

Net total adjustments of HUF 4.1 bln on PAT are mostly related to COVID-19 risk effects and MBH related one-offs in 4Q.

The **ROAE** (adjusted) in 4Q 2020 was -1.5% (-32.5%-pts p/p; -9.2%-pts y/y), while ROAE for 2020 was 11.06% (-10.1%-pt y/y).

The **total revenue margin** (TRM) margin decreased by 2.7%-pts p/p to 2.1% as a result of lower 4Q gross operating income and the significantly higher balance sheet size. Yearly value decreased by 1.2%-pts y/y, to 3.1%.

The yearly **core income margin** (CIM) was 3.1%, (-107 bps y/y). The 4Q quarterly figure p/p decreased by 26 bps to 3.0%. Although core income increased p/p in 4Q as interest income on expanding customer assets compensated the fee decrease due to COVID-19 business activity effects, boosting total assets deteriorated the margin.

The 4Q **net interest margin** (NIM) p/p stagnated at 1.6%, while there was a 26 bps decrease on yearly basis, stemming from the increasing weight of variable rate instruments in the securities portfolio.

Cost-to-income ratio (CIR) in 2020 was 63.6%, +12.5% y/y increase shows the indirect effect of COVID-19 as stringent cost management only allowed for a slight cost increase, and the deterioration of the ratio is driven by the pandemic impacted revenues.

Risk cost on loans was HUF -0.1 bln (charge) in 4Q. Yearly risk cost was HUF -1.4 bln, which resulted a risk cost ratio of 0.14%. The IFRS NPL ratio decreased from 3.28% to 2.60% p/p, and NPL indirect coverage rose from 137.4% to 152.2%.

Despite the uncertainties and mixed market circumstances MKB Group was able to more maintain its strong and healthy capital position. **Capital adequacy ratio was 20.5%** at the end of 2020.

2.1.2 Comprehensive income

MKB Group's unadjusted TOCI in 2020 was HUF 11.6 bln (HUF -29.3 bln y/y) and HUF 4.4 bln in 4Q 2020 (-53.1% p/p).

Adjusted total comprehensive income was HUF 8.4 bln in the last quarter of 2020 (HUF -1.1 bln p/p). Yearly adjusted TOCI was HUF 25.1 bln in 2020 (-26.2% y/y). The y/y decrease is mostly attributable to the impacts of COVID-19, as the epidemic heavily influenced the market circumstances and the outlook of the Hungarian economy throughout the whole year.

2.1.3 Net interest income

HUF 10.6 bln net interest income of MKB Group in 4Q 2020 exceeded quarterly figures of the previous quarter by 13.9% as customer loans and the banking book securities portfolio both increased significantly in 4Q resulting in higher net interest income. HUF 36.1 bln YTD income marks a -11.5%

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

change on yearly basis. Most of the decrease is stemming from the securities portfolio's lower average interest rate as the impact of the increasing weight of variable rate instruments and changing market circumstances put pressure on average interest rate of the securities portfolio.

Interest income on quarterly basis grew (+9.2% p/p) to HUF 14.5 bln. Yearly figure was HUF 53.3 bln in 2020 (-9.8% y/y). Year-on-year decrease is linked to lower securities interest rates which was only partially mitigated by increasing volumes, while customer loan interest rates show an increasing trend in both corporate and retail segments, driven by the higher average BUBOR in the whole year.

Interest expense HUF 3.9 bln changed slightly by -1.9% p/p. Yearly expense was HUF 17.2 bln in 2020 decreasing by -6.0% y/y despite the slightly increased interest rate environment, and significantly larger balance sheet total (+58.1% y/y) and customer deposit base (+51.8% y/y).

2.1.4 Net fee and commission revenues

On yearly basis net fee income decreased by 13.7% to HUF 23.6 bln attributable to the y/y sharp downturn of client transactions due to the negative impacts of COVID-19. But in the meantime in 4Q net fee income (HUF 6.4 bln) grew by 8.4% on p/p basis, as the slowly improving economic outlook and increasing business activity generated higher revenues, especially from lending and turnover related fees.

2.1.5 FX results

Results from foreign exchange activities in 4Q were HUF 2.5 bln YTD, (HUF -1.2 bln p/p; HUF -0.5 bln y/y) as individually priced and fixing spot FX conversions and the exchange rate gain on forward and futures transactions of retail and corporate customers were all slightly behind 2019 levels, due to the restricted business activity and decreased client FX transaction volume. Annual FX results were HUF 9.7 bln (HUF -0,5 bln y/y) as additional income stemming from the higher yearly average EUR/HUF exchange rate partly counterbalanced the lower volume of client FX transactions.

2.1.6 Revaluation result

During the last quarter, reflecting the uncertain and hectic international market environment, above one year maturity swap yields decreased since September (-43 bps, -38 bps and -23 bps in 3 year, 5 year, and 10 year maturities p/p) accompanied by moderate decrease in mid and long term bond yields resulting in shrinking asset-swap spreads. The decreasing interest rates resulted in a HUF -5.0 bln (HUF -9.8 bln y/y; HUF -17.1 bln p/p) adjusted 4Q fair value (FVTPL) result, however the negative effect on PAT was offset by HUF +9.2 bln (HUF +9.4 bln y/y; HUF 15.2 bln p/p) gain in OCI (FVTOCI result) netting in HUF +4.2 billion quarterly net revaluation results (FVTPL+FVTOCI).

The annual net revaluation result was HUF +12.6 bln (-1.0 bln y/y), as the 1H results (+2.4 bln) were heavily affected by the pandemic, and most of the earnings were made in 2H (HUF +10.2 bln) through active ALM portfolio management.

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. In 2020 other income was HUF -10.1 bln (-30.7% y/y), as transaction and other levy expenses decreased due to lower turnover and incomes over the year.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mbk.hu
Investors' contact person: Dóra Sebestyén-Bertalan

2.1.8 Operating expenses

MKB Group's general administrative expenses were HUF 43.7 bln in 2020 YTD. This represents a moderate, 6.2% increase compared to 2019 despite the immense pressure on costs stemming mainly from intensified digitalisation efforts, legislative changes, business activity driven headcount increase and wage inflation.

The adjusted cumulative CIR ratio was 63.6% in 2020. This represents a 12.5% increase compared to the previous year: strict cost control measures were maintained while deterioration was driven by the pandemic affected revenues.

Personnel costs amounted to HUF 21.5 bln in 2020 YTD. This is 0.8% increase compared to last year due to rising headcount and wage inflation.

The closing headcount of MKB Group in 2020 was 2025 FTE (+133 FTE y/y). The increase in headcount was attributable to the expanding business activity and digitalization efforts.

Operating expenses amounted to HUF 15.7 bln in 2020 YTD. The 6.3% y/y rise was due to higher marketing costs, IT costs and project-related expert fees to support expanding market presence.

Total depreciation in 2020 was HUF 6.6 bln (HUF +1.45 bln, +28.3% y/y). The increase is mainly attributable to the high IT investment rate stemming from regulatory and business related projects.

Anti-spread measures related costs (HUF 735 mln) are adjusted for due to the one-off nature of such items.

2.1.9 Risk costs

HUF 0.15 bln adjusted total risk cost charge in 4Q (HUF -2.1 bln p/p) while annual adjusted risk cost charge was HUF 1.4 bln as the excellent underlying portfolio quality was preserved during the year regardless of the rapid customer loan portfolio growth.

Moratorium and macroeconomic changes triggered risk cost charges booked during the year (2020: HUF 6.9 bln; 4Q: HUF 2.8bln) were eliminated when compiling the adjusted figures.

The closing volume of the NPL portfolio in 4Q was HUF 30.2 bln, following a decrease of HUF 11.8 bln compared to 4Q 2019. 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 2.6% (-170 bps y/y), while direct NPL coverage rose from 72.0% to 71.0%. Divestment of NPL portfolio in 2020 only as part of BAU.

2.1.10 Corporate income tax

In 2020 HUF 795.3 mln accounting corporate income tax expense was recorded, as a result of HUF 96.8 mln current corporate income tax expense, HUF 742.6 mln deferred tax expense and HUF 44.1 mln deferred tax revenue.

The adjustments made in the flash report had a tax effect of HUF 1,254.5 mln therefore the adjusted corporate income tax was HUF 2,049.8 mln (expense).

2.2 Balance sheet

MKB Group						
Adjusted balance sheet (in MHUF)	4Q2018	4Q2019	3Q2020	4Q2020	P/P	Y/Y
Financial assets	82,850	117,780	275,974	377,741	36.9%	220.7%
Trading portfolios	79,333	20,734	46,881	33,980	-27.5%	63.9%
Securities	710,669	594,677	954,210	1,163,309	21.9%	95.6%
Loans and advances to customers/Customer Loans (net)	895,203	930,314	1,027,432	1,113,962	8.4%	19.7%
Loans and advances to customers/Customer Loans (gross)	965,315	976,681	1,075,987	1,159,921	7.8%	18.8%
Retail	240,241	239,236	251,407	255,554	1.6%	6.8%
Corporate	574,006	569,018	642,184	713,855	11.2%	25.5%
Leasing	151,069	168,427	182,397	190,512	4.4%	13.1%
Provision for Customer loans	-70,112	-46,368	-48,556	-45,959	-5.3%	-0.9%
Retail	-23,784	-9,697	-10,027	-10,866	8.4%	12.1%
Corporate	-40,301	-30,730	-32,225	-28,550	-11.4%	-7.1%
Leasing	-6,028	-5,941	-6,303	-6,543	3.8%	10.1%
Total Other assets	89,523	96,293	94,728	92,614	-2.2%	-3.8%
Investments in jointly controlled entities and associates	5,627	7,312	6,028	7,295	21.0%	-0.2%
Intangibles, property and equipment	52,143	58,907	57,962	58,194	0.4%	-1.2%
Other assets	31,753	30,073	30,738	27,125	-11.8%	-9.8%
Total Assets	1,857,579	1,759,796	2,399,226	2,781,607	15.9%	58.1%
Interbank liabilities	214,340	195,810	473,254	575,097	21.5%	193.7%
Deposits & C/A	1,372,046	1,226,529	1,582,662	1,862,261	17.7%	51.8%
Retail	328,649	334,660	374,796	401,888	7.2%	20.1%
Corporate	1,043,397	891,869	1,207,867	1,460,373	20.9%	63.7%
Issued debt securities	4,974	0	0	0	-100.0%	-100.0%
Other liabilities	80,053	99,614	93,914	89,746	-4.4%	-9.9%
Subordinated debt	28,002	39,381	44,172	44,724	1.2%	13.6%
Shareholders' Equity	158,166	198,462	205,223	209,779	2.2%	5.7%
Total Liabilities & Equity	1,857,579	1,759,796	2,399,226	2,781,607	15.9%	58.1%
Guarantees	147,627	98,357	104,850	120,072	14.5%	22.1%
Undrawn commitments to extend credit	251,299	235,494	254,982	276,333	8.4%	17.3%
Obligations from letters of credit and	4,625	14,570	17,142	17,178	0.2%	17.9%
Other contingent liabilities (including litigation)	24,075	9,232	11,553	11,676	1.1%	26.5%
Customer off Balance items	427,626	357,653	388,527	425,259	9.5%	18.9%

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 2020 growth ambitions were fulfilled, as the intensive deposit inflow and rapid customer growth boosted the balance sheet to HUF 2,781.6 bln. Market share of MKB Group grew to 5.2% from 4.0% in 2019 (+1.2%-pt y/y).

MKB loan disbursement and participation in the government stimulus programs supported the 4Q growth of the gross customer loan portfolio (+7.8% p/p). Interbank liabilities also grew (+21.5% p/p) due to increase in refinancing. Securities portfolio increased +21.9% p/p absorbing the liquidity surplus stemming from NBH liquidity programs and deposit growth.

The MKB Group's loan-to-deposit ratio was 62.3%, which is lower compared to the previous quarter's 68.0% signalling a healthy balance sheet and liquidity position.

2.2.1 Loans

Increasing trend continued in 4Q demonstrating the results of flexible customer relationship management approach, fostering agile and focused customer acquisition. 2020 closing volumes were supported by MKB Group's active participation in the stimulus programs, the improving business outlook, as well as the growth from classic loan products. On a quarterly basis the corporate loan

portfolio increased by 11.2%; the retail loan volume and the leasing portfolio expanded with 1.6% and 4.4% respectively.

On a yearly basis customer loans increased significantly (+18.8% y/y) as asset volumes expanded rapidly in every business segments: corporate loans +25.5%, retail loans +6.8% and leasing portfolio +13.1% in 2020.

The y/y difference of provisions on customer loans was below 1%, and in the last quarter provision volume decreased by 5.3% (HUF -2.6 bln p/p) signing healthy and improving portfolio quality.

2.2.2 Securities

MKB Group actively participated in the central bank's liquidity boosting facilities, together with the quickly accumulating excess liquidity from the customer portfolio caused the securities portfolio to increase significantly.

Securities volumes at the end of 4Q reached HUF 1,163.3 bln (HUF +209.1 bln p/p; HUF +568.6 bln y/y). Changing market conditions together with the increasing share of floating-rate instruments put pressure on average interest rate of the securities portfolio.

2.2.3 Financial assets

Financial assets amounted to HUF 377.7 bln at the end of 4Q representing a significant increase over the previous quarter (+101.8 bln p/p), driven by the increasing volumes in NBH's "preferential plus" facility.

Changes in financial assets are determined by the liquidity position and balance sheet size of the MKB Group, used as an ALM tool.

2.2.4 Deposits

MKB's rapid customer deposit increase (+51.8%; HUF +635.7 bln y/y) outperformed market growth, and reached HUF 1,862.3 bln by the end of 2020. The sharp yearly increase in both retail (+20.1% y/y) and corporate deposits (+63.7% y/y) demonstrates MKB Group's improving market presence and robust customer base.

The p/p expansion (+17.7%; HUF +279.6 bln p/p) was mostly driven by the sight deposit inflow of large corporate and SME clients (HUF 1,460.4 bln at the end of 2020; +20.9% p/p) as the customer base of the Bank was able to capitalise on anti-pandemic programs. Retail deposit stock also grew significantly to HUF 401.9 bln (+7.2% p/p) due to restricted spending opportunities and the favourable effect of the moratorium.

2.2.5 Interbank liabilities

MKB Group's active participation in NBH liquidity boosting facilities and the government's economic stimulus loan programs resulted in a rapid increase of interbank liabilities to HUF 575.1 bln (HUF +379.3 y/y, HUF +101.8 bln p/p).

The increase in long term, covered NBH liabilities ensure a long-term stable operation and funding mix and contributes to the further reduction of short term funding in MKB's balance sheet. Refinancing liabilities also grew in 4Q as customer demand for subsidized (refinanced) loans were also high.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

2.2.6 Capital

MKB Group had HUF 209.8 bln capital at the end of 2020 which shows an increase compared to both previous year (+5.7% y/y) and last quarter (+2.2% on p/p). Despite COVID-19 related extra provisioning, cumulated profit (unadjusted) remained positive (HUF 8.4 bln), supporting capital accumulation and the resolution of challenges caused by the pandemic. Revaluation reserves increased to HUF -3.6 bln (+9.2bln p/p and +3.2bln y/y) as the bond yields decreased towards the end of the year.

Sound capital position underpins the 2021 business growth and supports the implementation of the Hungarian Bankholding goals.

2.2.7 Off-balance sheet exposures to customers

MKB Group's off-balance sheet exposure was HUF 425.3 bln at the end of 2020, which is a 18.9% increase on a yearly basis, while in the last quarter HUF 36.7 bln (+9.5% p/p) growth was recorded. The increase was attributable mainly to the higher volume of guarantees (HUF +15.2 bln p/p; +22.1% y/y) and credit lines (HUF +21.4 bln p/p; +17.3% y/y).

2.3 Capital adequacy

Despite the uncertainties and negative market circumstances MKB Group was able to maintain its strong and healthy capital position. Capital adequacy ratio was 20.5% at the end of 2020.

The moderate 2.1%-pt y/y decrease in CAR is stemming from the rapid loan growth driven RWA increase while regulatory capital also increased (+7.5%, HUF +14.3 bln p/p; +4.7% HUF +9.3 bln y/y) partially mitigating the RWA increase. Tier1 growth was mainly supported by positive 2020 TOCI.

RWA was HUF 1,004.6 bln at the end of 2020. The slight decrease in 4Q (HUF -9.8 bln p/p) – despite customer loan growth – was caused by the implementation of CRR-based preferential COVID-19 RWA rates, as required by regulation. Yearly growth (+134.4 bln y/y) echoes the strong customer acquisition potential of the group.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

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 a strong corporate business line. The business line focuses on local knowledge, professional service, innovative solutions and consulting-based sales.

In order to further enhance the customer lifecycle-based approach, the Bank devoted significant resources in 2020 to optimise product development processes and models, including allocating extra resources to strengthen digitisation solutions in response to the challenges posed by the pandemic.

Business demand for loans declined in the initial stage of the pandemic but started gradually increasing in the second half of the year. MKB Bank was among the first to smoothly introduce the various new subsidised and refinanced loans and surety programs included in the economic stimulus packages offering individualised solutions tailored to customers need. In the NBH's FGS Go! program, the Bank managed to achieve an outstanding market share of 8.8%.

Small and medium-sized enterprise (SME) customers were still considered as a key segment in 2020, where increasing product penetration was a priority task.

Loan repayment moratorium was implemented in the second quarter and was later extended to ease off pressure on customers' liquidity and profitability. Slightly decreased moratorium participation ratio among corporate clients as 52% of eligible corporate exposures were under moratorium in 4Q.

Disbursement of classic MKB loan products as well as economic stimulus program loans and guarantees significantly increased during the fourth quarter. Disbursements of new subsidized products accounted for more than 54% of total loan disbursement.

MKB Group's corporate loan volume was HUF 713.9 bln at the end of 4Q 2020 (+11.2% or HUF +71.7 bln p/p; +25.5% y/y).

Non-financial companies' loans amounted to HUF 477.3 bln, reflecting 3.9%, HUF 17.9 bln increase compared to the previous quarter, y/y change was 12.4%, due to new disbursements of FGS Go!, Exim and Széchenyi loans. Loan disbursements during the 4Q period reached HUF 74.4 bln resulting in 6.12% flow market share.

Non-financial large corporate gross loan volumes slightly decreased due to lower credit line utilization levels as customer demand focused more on anti-pandemic type loans: total volume decreased to HUF 185.5 bln (-4.7% p/p). SME loan portfolio increased to HUF 260.7 bln (HUF +25.8 bln p/p) due to the government's economic stimulus loan programs. Micro enterprises loan stock was HUF 31.1 bln at the end of the period (HUF +1.3 bln p/p; +10.7% y/y) due to the disbursement of new Széchenyi loan products.

MKB Group's strong customer base allowed for rapid customer deposit increase supported by the government programs and the moratorium induced lack of repayments. Non-financial corporate deposit volume increased 21.9% p/p, to HUF 943.7 bln (HUF +169.7 bln p/p; +72.9% or HUF +397.9 bln y/y), while market share increased 61 bps p/p to 7.8%.

Corporate customer count at the end of 4Q 2020 was 35.2 thousand.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

2.4.2 Retail business

In 2020 the pandemic altered customers' previous expectations and habits in a high number of areas. Under the changing circumstances, greater emphasis was placed on expert consulting and customer support in retail sales, such as: liquidity management, crisis loans, a moratorium or digital solutions providing remote access.

Customer relations were mostly redirected to digital channels. The bank started a pilot program for digital queue management system in 3Q with 13 branches, what was extended throughout the full network. Branches with significant client base were upgraded and renovated in 2020 to adapt to changing customer expectations.

Developments continued, focusing on quality customer service, customer experience enhancement, lending and the premium segment, further increasing the market share of MKB Bank's retail business line even under the pandemic affected circumstances. As an important step in digital consumer lending, an online, mobile app based personal loan product was introduced for pre-approved clients.

The number of premium customers (+50,2% y/y) and their managed assets (+41% y/y) increased outstandingly again due 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 17%, further increasing the diversification of the premium customers' investments.

The 4Q retail loan closing volume was HUF 250.9 bln, representing HUF 3.5 bln p/p and 14.1 bln y/y increase and a slight decrease in market share compared to 3Q. Retail loan disbursements in 4Q were HUF 12.9 bln (HUF +0.9 bln p/p; HUF +1.0 bln y/y). Annual retail disbursements were HUF 46.9 bln (+23.4% y/y) as disbursements grew in every retail product type. Quarterly unsecured and other loan disbursements decreased by HUF 0.2 bln, while secured loan disbursement increased by HUF 1.1 bln p/p. On a year on year comparison 4Q unsecured loan disbursements decreased by HUF 1.6 bln, secured loan disbursements increased strongly by HUF 2.7 bln.

Secured loan's closing volumes decreased slightly (HUF -0.5 bln p/p), to HUF 195.3 bln. The increasing opt-out rates induced higher repayments and the sales of non-performing loans in 4Q led to flat secured loan volume levels. The stock market share slightly decreased due to rapid market growth in 4Q 2020 (-9bps p/p and -41 bps y/y). Secured loan disbursements grew to HUF 7.4 bln in 4Q (HUF +1.1 bln p/p) and annual cumulated disbursements increased by +14.1% compared to 2019. Seasonality, high demand for secured loans and the increased activity of sales partners were the main drivers of disbursement growth which had a positive effect on the quarterly sales results. Flow market share continued to grow and reached 2.92% in 4Q (+48 bps p/p and +104 bps y/y).

Unsecured and other loan volume increased by HUF 4.6 bln compared to the end of 3Q 2020 and reached HUF 43.2 bln (HUF +18.6 bln y/y) - while the stock market share increased by 8bps to 1.56% (+38 bps y/y) - mainly due to the increasing demand for Personal loans and continuous demand for "Babaváró" loans in 4Q 2020. The market share of personal loans' disbursement grew by +42 bps to 2.15% p/p and increased by +173 bps compared to the same period in 2019. The APR cap introduced in April and the Online Pre-approved personal loan process still have positive effect on the Personal loan's disbursement.

Deposit closing volume was HUF 356.4 bln, increased by HUF +28.6 bln compared to the end of 3Q 2020. Despite COVID-19 the volume of deposit grew significantly: by HUF 69.9 bln compared to same period of 2019.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

Number of premium customer increased by 12.2% p/p in 4Q and more than 50% in 2020 y/y, which reflects the successful execution of MKB's retail strategy. The total retail client number increased compared to 3Q 2020 by 0.25% (368.3 thousand customers in 4Q 2020), and also compared to 4Q 2019 by 0.49%.

2.4.3 Leasing business¹

As one of the leading domestic leasing companies, MKB Group was able to remain an outstandingly active player despite the challenging 2020 year. The payment moratorium had a slight effect on the leasing business: the operation of the business line remained stable and trouble-free even in the changing circumstances.

MKB Group continued to achieve an outstanding market share, as in previous years, mainly in the area of motor vehicle and agricultural machinery financing. In addition to these segments, it also provides a full range of services to its customers in the area of large commercial vehicle and general machinery financing.

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.

In the first quarter of the year, the new disbursements in vehicle financing exceeded expectations. In April and May the new financing volume - because of measures taken in response to the epidemic - has dropped remarkably. After easing the restrictions the volume of new disbursements increased significantly, and in the second half of the year were around the same level as 2019.

The stability of vehicle financing is still further enhanced by vehicle manufacturer collaborations (in terms of financing).

Inventory financing portfolio - increased in 2020 – is still adequately diversified, both for manufacturers (brands) and trading partners. The aging and turnover rate of the financed stock is favourable.

Agricultural machinery and agricultural vehicle financing remained stable throughout the whole period, taking seasonality into account. In this sector, the volume was significantly higher than in the same period of the previous year, which led to an increase in the group's market share. Equipment and heavy duty utility vehicle financing was affected to the greatest extent by the pandemic, which was reflected in the decreased 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 FGS Go! resources according to its market share, and is involved in other state launched programs too.

MKB Group's leasing portfolio was HUF 190.5 bln at 31st Dec 2020. The portfolio increased significantly, by 13.1% (HUF +22.1 bln y/y) during the year. The vehicle financing volume was HUF 114.8 bln at the end of the year (+11.6%, HUF +11.9 bln increase y/y), while the volume of equipment financing was HUF 50.7 bln, meaning an increase of 3.3% y/y. The stock financing portfolio expanded by HUF 8.1 bln y/y, while other receivables increased by HUF 0.4 bln over the year.

As of December 2020, around 35% of eligible leasing exposures are under moratorium.

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.

2.4.4 Investments and Treasury

Annual treasury sales and trading income was HUF 14.1 bln (+1.9 bln y/y) and quarterly income was HUF 5.05 bln (+2.0 bln p/p).

Due to the 4Q stock market volatility the turnover of customer related trading volumes remained high resulting in similarly high revenue levels as in the previous quarters in both transactional and custody fees. Revenues related to customer swap deals also heavily contributed to 4Q results.

The customer foreign exchange conversion turnover and revenue was able to grow in the last quarter, however, it was still slightly below the previous year's level due to COVID-19.

Retail government securities related fees realised by MKB Group or its sub-distributors slightly decreased p/p as the growth rate of the outstanding stock was lower than in the previous quarter.

Changes in the yield environment had a positive FVTPL revaluation impact on the profitability of the proprietary trading portfolio offsetting the negative trends of previous quarters.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

Declaration

MKB Bank Nyrt. (hereinafter Bank) issues the following declaration in relation to its report on the 4Q 2020 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. March 2021

MKB Bank Nyrt.

Mr Zsolt Barna, dr.
Chairman Chief Executive

Mr János Nyemcsok
Deputy CEO

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

3 FINANCIAL FIGURES

3.1 Correction factors 2020

	2020 Yearly Accounting Report	Structure corrections	Business corrections				COVID-19 effects			Technical corrections	Adjusted PAT
			Banking tax and other taxes	Branch closure reserve	MBH related one-offs	Dividend income	Donation	COVID-19 costs	COVID-19 risk costs	IFRS16 effect	
Interest income	54,308	-941	0	0	0	-26	0	0	0	0	53,341
Interest expense	-24,668	7,355	0	0	0	0	0	0	0	88	-17,224
Net interest income	29,640	6,414	0	0	0	-26	0	0	0	88	36,116
Net income from commissions and fees	23,568	0	0	0	0	0	0	0	0	0	23,568
Other operating income / (expense), net	6,071	-807	1,800	0	667	0	1,000	0	0	342	9,072
Impairments and provisions for losses	-7,968	-2,301	0	0	0	0	0	0	9,254	0	-1,015
Operating expenses	-45,042	-358	1,800	169	0	0	0	803	0	-1,102	-43,730
Share of jointly controlled and associated companies' profit / (loss)	2,949	-2,949	0	0	0	0	0	0	0	0	0
Profit / (Loss) before taxation	9,218	0	3,599	169	667	-26	1,000	803	9,254	-672	24,012
Income tax expense / (income)	-795	0	-305	-14	-57	2	-85	-68	-785	57	-2,050
Profit/ (Loss) for the year from continuing operation	8,423	0	3,294	154	610	-24	915	735	8,469	-615	21,962
PROFIT/ (LOSS) FOR THE YEAR	8,423	0	3,294	154	610	-24	915	735	8,469	-615	21,962
Other comprehensive income:		0	0	0	0	0	0	0	0	0	0
Revaluation on financial assets measured at FVTOCI	3,187	0	0	0	0	0	0	0	0	0	3,187
Other comprehensive income for the year net of tax	3,187	0	0	0	0	0	0	0	0	0	3,187
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	11,610	0	3,294	154	610	-24	915	735	8,469	-615	25,149

Majority of the structure corrections are COVID-19 related losses and/or the reallocation of the profit from jointly controlled companies – they are used in order to foster understanding of the underlying financial performance.

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

	2020 Accounting Report	Structure corrections	
		Assets	Adjusted BS structure
		Trading securities reclassification	
Total Assets	2,781,607	0	2,781,607
Financial assets	377,741	0	377,741
Loans and advances to banks (net)	83,558		83,558
Cash and cash equivalents	294,183		294,183
Trading portfolios	23,262	10,718	33,980
Trading securities	0	10,718	10,718
Derivative financial assets	23,262		23,262
Securities	1,174,027	-10,718	1,163,309
Loans and advances to customers/Customer Loans (net)	1,113,962		1,113,962
Total Other assets	92,615	0	92,614
Total liabilities and equity	2,781,607	0	2,781,607
Interbank liabilities (Amounts due to other banks)	575,097		575,097
Deposits and current accounts	1,862,261		1,862,261
Other Liabilities	89,746	0	89,746
Subordinated debt	44,724		44,724
Shareholders' Equity	209,779	0	209,779
Subscribed capital	100,000		100,000
Reserves	109,779		109,779
Treasury shares	0		0
Non-controlling interests	0		0

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

3.2 Consolidated financial statements of the MKB Group according to IFRS

3.2.1 Income statement

	2019	2020
Interest income	59,217	54,308
Interest expense	18,420	24,668
Net interest income	40,797	29,640
Net income from commissions and fees	27,316	23,568
Other operating income / (expense), net	10,108	6,071
Impairments and provisions for losses	(5,350)	7,968
Operating expenses	43,240	45,042
Share of jointly controlled and associated companies' profit / (loss)	3,037	2,949
Profit / (Loss) before taxation	43,368	9,218
Income tax expense / (income)	(780)	795
Profit/ (Loss) for the year from continuing operation	44,148	8,423
Profit/ (Loss) for the year from discontinued operation	-	-
PROFIT/ (LOSS) FOR THE YEAR	44,148	8,423
<i>Other comprehensive income:</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>	-	-
Revaluation on financial assets measured at FVTOCI	(3,281)	3,187
Other comprehensive income for the year net of tax	(3,281)	3,187
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	40,867	11,610

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

3.2.2 Balance sheet

	2019	2020
Assets		
Cash reserves	55,388	294,183
Loans and advances to banks	62,392	83,558
Derivative financial assets	18,193	23,262
Securities	600,894	1,174,027
Loans and advances to customers	930,313	1,113,962
Non-current assets held for sale and discontinued operations	4,075	1,533
Other assets	15,176	17,146
Current income tax assets	539	1,468
Deferred tax assets	8,008	6,979
Investments in jointly controlled entities and associates	5,911	7,295
Intangibles, property and equipment	58,907	58,194
Total assets	1,759,796	2,781,607
Liabilities	0	0
Amounts due to other banks	195,810	575,097
Deposits and current accounts	1,226,529	1,862,261
Derivate financial liabilities	44,263	35,406
Liabilities held for sale and discontinued operations	0	0
Other liabilities and provisions	55,222	54,249
Current income tax liabilities	3	3
Deferred tax liabilities	126	88
Issued debt securities	0	0
Subordinated debt	39,381	44,724
Total liabilities	1,561,334	2,571,828
Equity	0	0
Share capital	100,000	100,000
Treasury Shares	-35	0
Reserves	98,462	109,779
Total equity attributable to equity holders of the Bank	198,427	209,779
Non-controlling interests	35	0
Total equity	198,462	209,779
Total liabilities and equity	1,759,796	2,781,607

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mbk.hu
Investors' contact person: Dóra Sebestyén-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
At 1 January 2019	100,000	(1,987)	21,729	194	39,709	(3,466)	1,987	158,166
Dividend for the year 2018	-	-	-	-	(4,665)	-	-	(4,665)
Profit/ (loss) for the year	-	-	-	-	44,148	-	-	44,148
Other comprehensive income for the year	-	-	-	-	-	(3,281)	-	(3,281)
Equity settled share-based payments	-	-	-	(194)	194	-	-	-
Disposal of treasury shares	-	1,952	-	-	4,094	-	(1,952)	4,094
At 31 December 2019	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

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

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

3.3.1 Income statement

	2019	2020
Interest income	56,927	50,895
Interest expense	19,008	24,988
Net interest income	37,919	25,907
Net income from commissions and fees	27,371	23,731
Other operating income / (expense), net	11,612	6,121
Impairments and provisions for losses	(4,027)	7,204
Operating expenses	39,590	41,602
Share of jointly controlled and associated companies' profit / (loss)	-	-
Profit / (Loss) before taxation	41,339	6,953
Income tax expense / (income)	(673)	721
Profit/ (Loss) for the year from continuing operation	42,012	6,232
Profit/ (Loss) for the year from discontinued operation	-	-
PROFIT/ (LOSS) FOR THE YEAR	42,012	6,232
<i>Other comprehensive income:</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>	-	-
Revaluation on financial assets measured at FVTOCI	(3,281)	3,187
Other comprehensive income for the year net of tax	(3,281)	3,187
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	38,731	9,419

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

3.3.2 Balance sheet

	2019	2020
Assets		
Cash reserves	55,388	294,183
Loans and advances to banks	62,392	83,558
Derivative financial assets	18,193	23,262
Securities	600,894	1,174,027
Loans and advances to customers	923,938	1,106,242
Non-current assets held for sale and discontinued operations	4,075	504
Other assets	14,256	15,149
Current income tax assets	455	1,418
Deferred tax assets	7,718	6,707
Investments in jointly controlled entities and associates	46,708	48,373
Intangibles, property and equipment	38,439	39,213
Total assets	1,772,456	2,792,636
Liabilities	0	0
Amounts due to other banks	195,683	574,825
Deposits and current accounts	1,237,260	1,877,454
Derivate financial liabilities	44,263	35,406
Other liabilities and provisions	60,983	54,910
Issued debt securities	1,331	2,343
Subordinated debt	39,381	44,724
Total liabilities	1,578,901	2,589,662
Equity	0	0
Share capital	100,000	100,000
Reserves	93,555	102,974
Total equity attributable to equity holders of the Bank	193,555	202,974
Non-controlling interests	0	0
Total equity	193,555	202,974
Total liabilities and equity	1,772,456	2,792,636

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

3.3.3 Shareholders' assets

	Share capital	Share premium	Retained earnings	Revaluation on financial assets measured at FVTOCI	Total equity
At 1 January 2019	100,000	21,729	41,361	(3,466)	159,624
Dividend for the year 2018	-	-	(4,800)	-	(4,800)
Profit/ (loss) for the year	-	-	42,012	-	42,012
Other comprehensive income for the year	-	-	-	(3,281)	(3,281)
At 31 December 2019	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

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mbk.hu
Investors' contact person: Dóra Sebestyén-Bertalan

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 Autólízis 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%

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

Full-time employees

FTE, end of period	31.12.2018	31.12.2019	30.06.2019	31.12.2020
MKB Bank Nyrt.	1,763.15	1,509.70	1,573.98	1,612.48
MKB Digital Zrt.	0.00	185.83	186.33	198.95
MKB Üzemeltetési Kft	43.50	40.11	41.61	45.61
Euroleasing Zrt.	0.10	0.00	0.00	0.00
MKB Euroleasing Autólízing Zrt.	119.35	146.73	159.43	165.40
MKB-Euroleasing Autóhitel Ker és Szolg Zrt.	15.90	0.00	0.00	0.00
Retail Prod Zrt.	0.33	0.18	0.18	0.18
MKB Nypénzt. és Eü.Pénzt.Kiszolgáló Kft.	10.22	6.25	5.00	0.00
Exter Adósságkezelő Kft.	1.00	0.00	0.00	0.00
Extercom Kft.	2.15	1.63	1.63	0.00
MKB Bank MRP Szervezet	2.00	2.00	2.00	2.00
MKB Group	1,957.70	1,892.41	1,970.14	2,024.61

Managers and strategic employees

Type ¹	Name	Position	Beginning of mandate	End/termination of mandate	Number of shares held
IT, VB	Dr. Ádám Balog*	Chairman and CEO	2020.07.23	2025.07.22	0
IT, VB	Dr. András Csapó	member, Deputy CEO	2020.07.23	2025.07.22	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	Ferenc Müller	member, Chief Strategic Consultant	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	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)

* Considering the resignation of Dr. Ádám Balog, and in line with the resolutions of the Extraordinary General Meeting, Dr. Zsolt Barna is the CEO and Chairman of the Board of Directors of MKB Bank Plc. from 1 January 2021

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

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	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{21,962}{198,596} = 11.06\%$
ROMC	Adjusted rate on minimum capital	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{21,962}{146,154} = 15.03\%$
ROAA	Adjusted rate on average total assets	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{21,962}{2,226,910} = 0.99\%$
TRM	Adjusted total revenue margin	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{68,757}{2,226,910} = 3.09\%$
CIM	Adjusted core income margin	$\frac{\text{Annualised adjusted net interest + net fee + FX income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(36,116 + 23,568 + 9,740)}{2,226,910} = 3.12\%$
NIM	Adjusted net interest income margin	$\frac{\text{Annualised adjusted Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{36,116}{2,226,910} = 1.62\%$
NFM	Adjusted net fee margin	$\frac{\text{Annualised adjusted Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{23,568}{2,226,910} = 1.06\%$
C/TA	Adjusted cost to total assets	$\frac{\text{Annualised adjusted General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{43,730}{2,226,910} = 1.96\%$
CIR	Adjusted cost-income ratio	$\frac{\text{Adjusted General Admin. Expenses (HUF bln)}}{\text{Adjusted Gross Operating Income (HUF bln)}}$	$\frac{43,730}{68,757} = 63.60\%$
Risk%	Adjusted risk cost rate	$\frac{\text{Annualised adjusted provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{1,447}{1,060,871} = 0.14\%$
GOI/RWA	Adjusted RWA efficiency	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{68,757}{996,823} = 6.90\%$
EPS	Adjusted earnings per share	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{21,962}{100} = 219.62$

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

4.1.2 KPIs on profit&loss as in financial statements

KPI	Short description	Formulation	Current cumulated figures
ROAE	Rate on average equities	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{8,423}{198,596} = 4.24\%$
ROMC	Rate on minimum capital	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{8,423}{146,154} = 5.76\%$
ROAA	Rate on average total assets	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{8,423}{2,226,910} = 0.38\%$
TRM	Total revenue margin	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{62,228}{2,226,910} = 2.79\%$
CIM	Core income margin	$\frac{\text{Annualised net interest + net fee + FX income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(29,640 + 23,568 + 9,740)}{2,226,910} = 2.83\%$
NIM	Net interest income margin	$\frac{\text{Annualised Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{29,640}{2,226,910} = 1.33\%$
NFM	Net fee margin	$\frac{\text{Annualised Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{23,568}{2,226,910} = 1.06\%$
C/TA	Cost to total assets	$\frac{\text{Annualised General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{45,042}{2,226,910} = 2.02\%$
CIR	Cost-income ratio	$\frac{\text{General Admin. Expenses (HUF bln)}}{\text{Gross Operating Income (HUF bln)}}$	$\frac{45,042}{62,228} = 72.38\%$
Risk%	Risk cost rate	$\frac{\text{Annualised provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{8,330}{1,060,871} = 0.79\%$
GOI/RWA	RWA efficiency	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{62,228}{996,823} = 6.24\%$
EPS	Earnings per share, IFRS	$\frac{\text{PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{8,423}{100} = 84.2$

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

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)	45,959
		Total Assest (HUF bln)	2,781,607 = 1.65%
Securities rate	Securities to Total assets	Securities (HUF bln)	1,174,027
		Total Assest (HUF bln)	2,781,607 = 42.21%
CAR	Capital adequacy ratio	Regulatory capital (HUF bln)	205,820
		Total RWA (HUF bln)	1,004,627 = 20.49%
RWA/ Total Assets	Risk weighted assets to Total assets ratio	Total RWA (HUF bln)	1,004,627
		Total Assest (HUF bln)	2,781,607 = 36.12%
DPD90+ rate	Rate of loans past due for more than 90 days	Loans past due for more than 90 days (HUF bln)	15,191
		Gross customer loans (HUF bln)	1,159,921 = 1.31%
DPD coverage	Rate of loans past due for more than 90 days covered by provision	Provision for customer loans (HUF bln)	45,959
		Loans past due for more than 90 days (HUF bln)	15,191 = 302.55%
NPL rate	Rate of non-performing loans	Non-performing customer loans (HUF bln)	30,196
		Gross customer loans (HUF bln)	1,159,921 = 2.60%
Direct NPL coverage	Rate of non-performing loans covered directly by provision	Provision for non-performing customer loans (HUF bln)	21,454
		Non-performing customer loans (HUF bln)	30,196 = 71.05%
Indirect NPL coverage	Rate of non-performing loans covered by provision	Provision for customer loans (HUF bln)	45,959
		Non-performing customer loans (HUF bln)	30,196 = 152.20%

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan

4.2 Abbreviations

MKB, MKB Bank, MKB Group	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	National Bank of Hungary (the central bank of Hungary)
MNB	Magyar Nemzeti Bank (the Hungarian name of 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 comprehensive income
TOCI	Total other comprehensive 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

Company name: MKB Bank Nyrt.
Address: 1056 Budapest, Váci u. 38.
Sector: Other monetary activity
Reporting period: 01.10.2020-31.12.2020

Phone: +36 (1) 268-8004
Fax: +36 (1) 268-7555
E-mail address: investorrelations@mkb.hu
Investors' contact person: Dóra Sebestyén-Bertalan