

# MBH Group

## 4Q 2023 results

Investor Presentation

28th March 2024

**MBH** BANK



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

For definition and calculation methodology of alternative performance measurement indicators please refer to 4Q 2023 Report chapter 4.1. – Financial indicators.

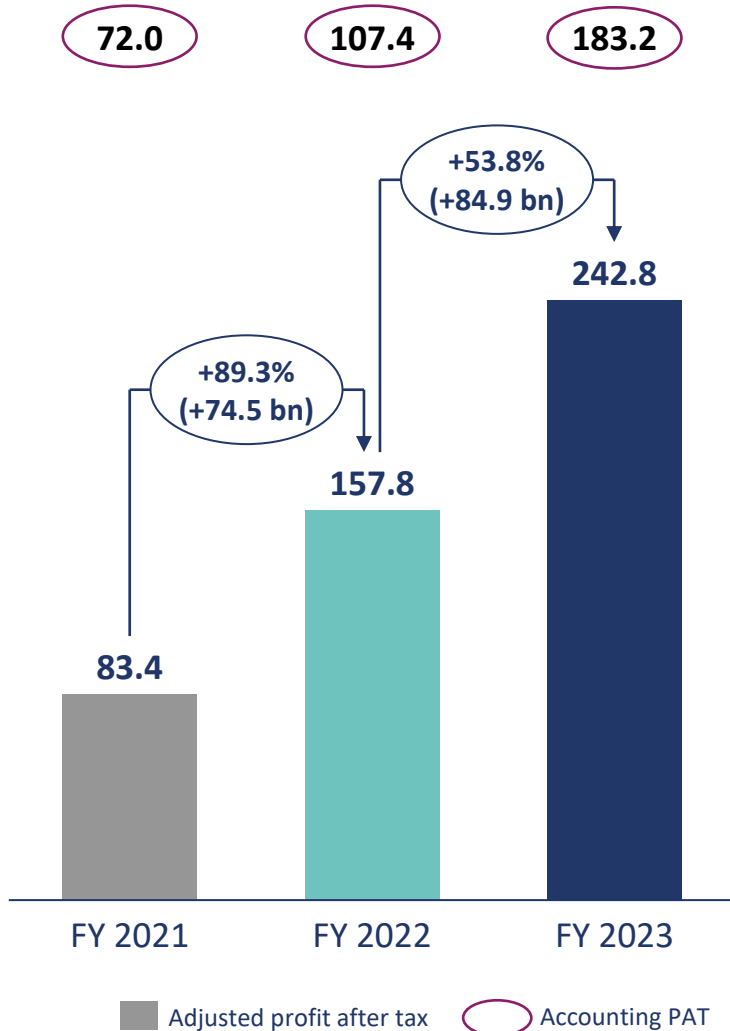
This presentation is to support the understanding of the underlying financial performance of MBH Group and it is a close and inseparable part of the 4Q 2023 Report.

<b>Executive summary</b>	<b>3</b>
<b>Business environment</b>	<b>6</b>
<b>Financial performance</b>	<b>9</b>
<b>Additional information</b>	<b>20</b>
<b>Annexes</b>	<b>29</b>
<b>Disclaimer</b>	<b>38</b>



# Executive summary

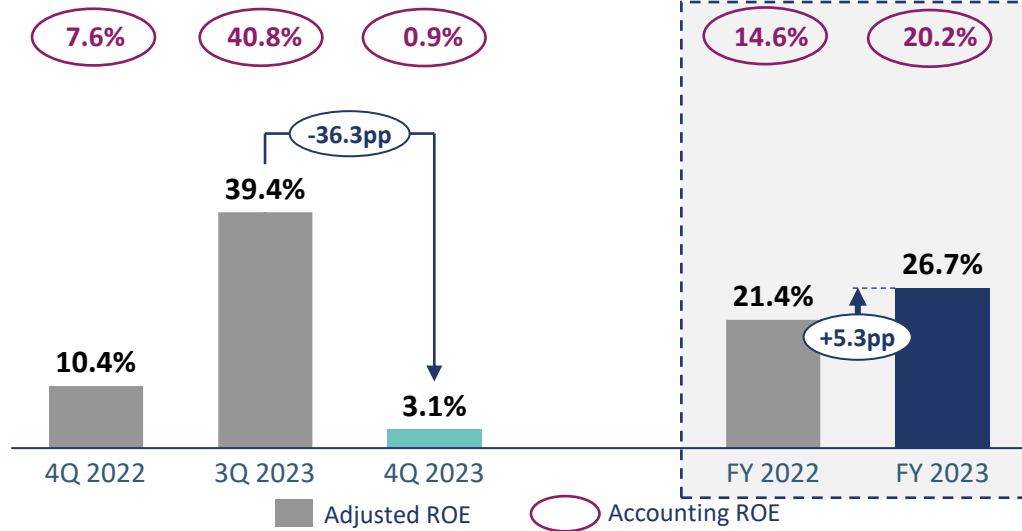
Adjusted and accounting PAT (HUF bn)



- Outstanding profitability, robust capital and liquidity positions**
- Increasing portfolio, stable market shares**
- Successful entry into international bond markets, capturing in-organic growth opportunities**

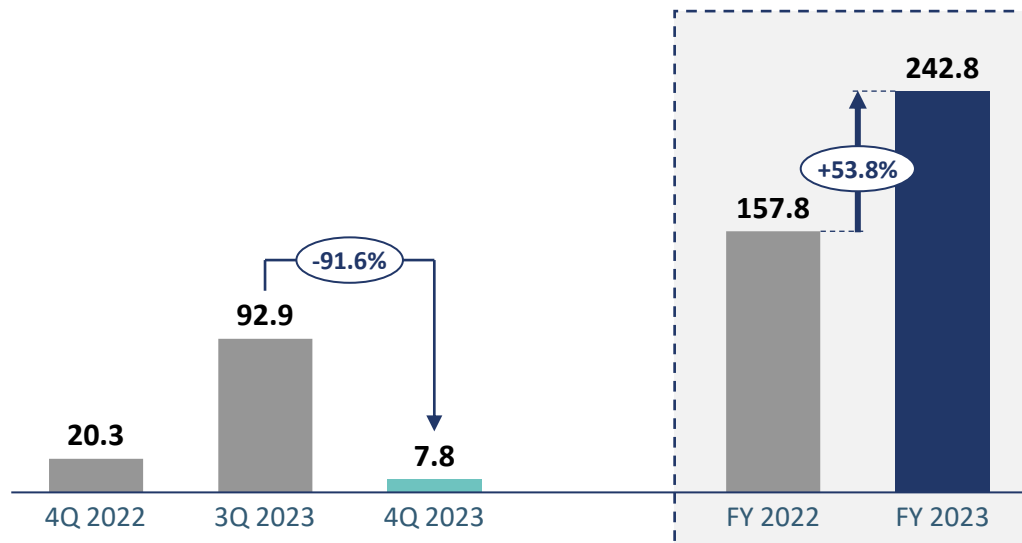
# Robust profit growth with 2023 adjusted profits increasing more than 53% y/y

Adjusted ROE, accounting ROE (%)

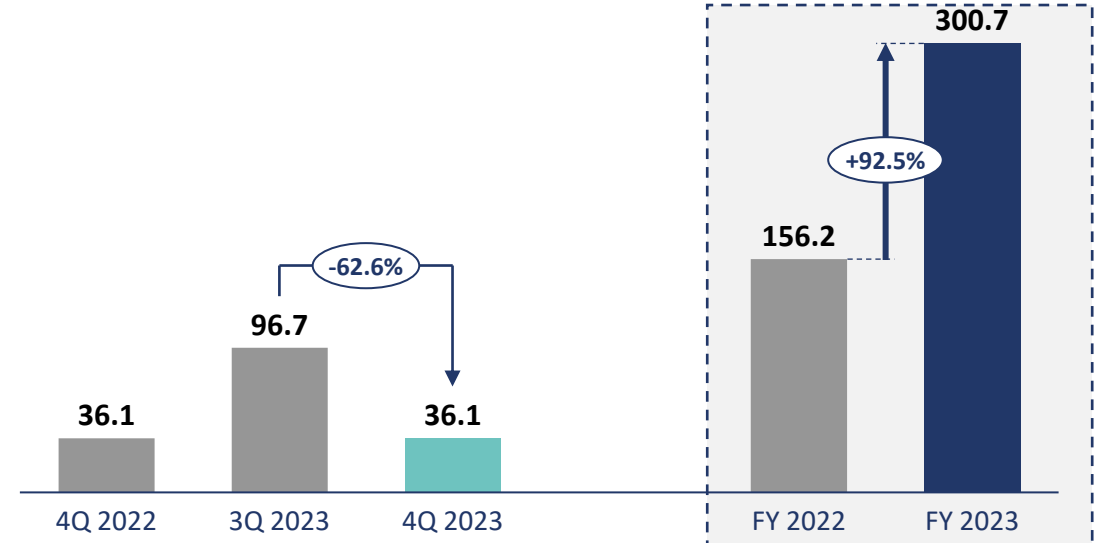


- **Outstanding profitability in 2023, with adjusted return on equity reaching 26.7% in FY 2023** (accounting ROE also very strong at 20.2%), driven by strong revenue margins during the year.
- **HUF 242.8 bn adjusted profit after tax (+53.8% y/y)** in 2023, reflecting the increased profitability levels of the Group. The decrease in 4Q was mainly driven by the increase in risk costs – mostly due to impairment charges as a result of PD and rating changes (the NPL rate actually improved) –, and seasonally higher staff and IT costs.
- **Total comprehensive income for FY 2023** nearly doubled over the year to **HUF 300.7 bn (+92.5% y/y)**.

Adjusted PAT (HUF bn)



Adjusted TOCI (HUF bn)





# Business environment

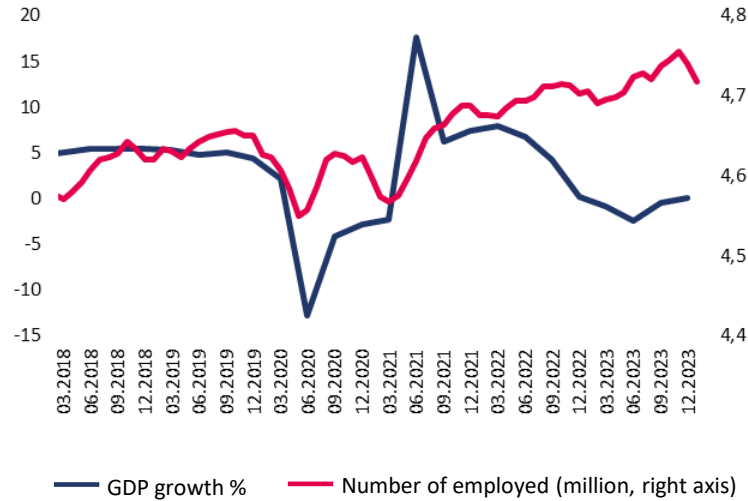
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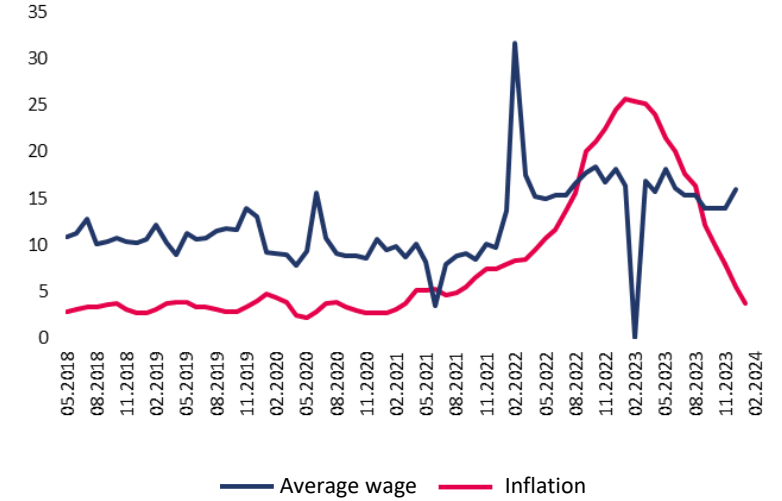
# MBH BANK Inflation is expected to fall further, GDP gradually gather steam

- Hungary's GDP was unchanged (both annual and quarterly basis) in 4Q 2023. Due to weak performance in industry and some services sectors, annual GDP in 2023 decreased by 0.7% compared to 2022.
- Inflation moderated to 5.5% in December from 12.2% in September. The marked improvement was helped by base effects. The average inflation rate for 2023 was 17.6%.
- Employment continues to be at its peak, with 37,000 new jobs created in the domestic primary labor market in a year. The employment rate remains at a historically high level, with 74.9% of the population aged 15-64 working in the latest quarter, compared with 75.0% in the previous quarter.
- The Hungarian forint showed some volatility during 4Q, but the improvement in Hungary's external balance conditions remained strong. The euro exchange rate moved between 376 and 388 forints.
- Alongside moderate loan growth in 4Q, households also experienced a growth in deposits (corporate deposits were already on the rise in 3Q).

## GDP growth (y/y%) and employment



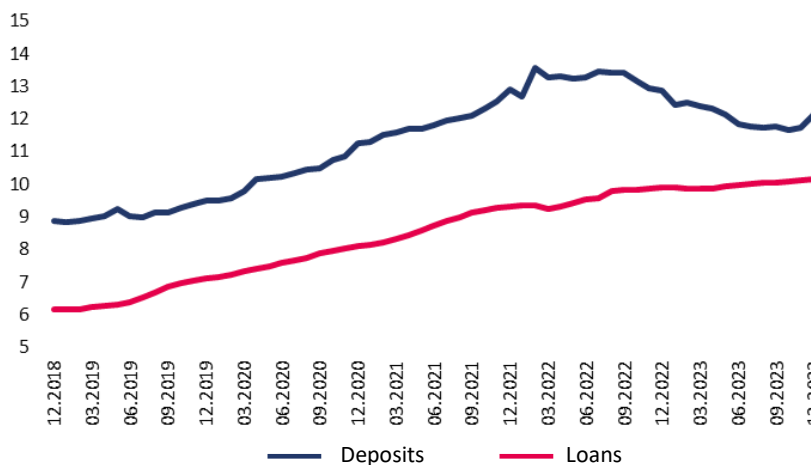
## Average inflation and wage growth\* (y/y %)



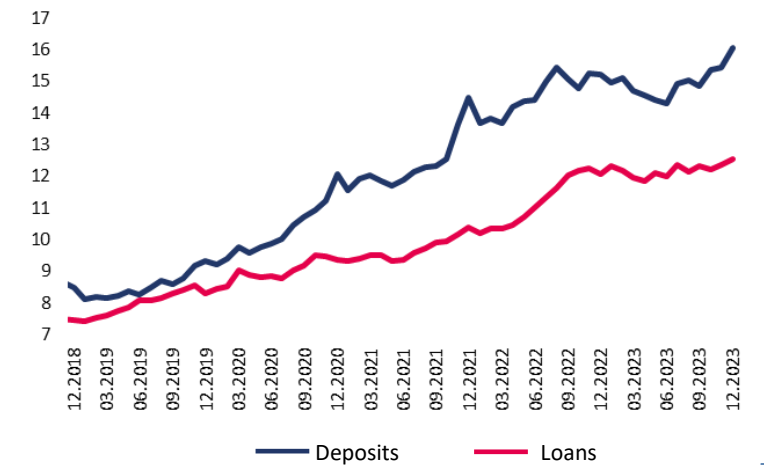
## EUR/HUF rate



## Household volumes (HUF thous. bn)



## Corporate volumes (HUF thous. bn)

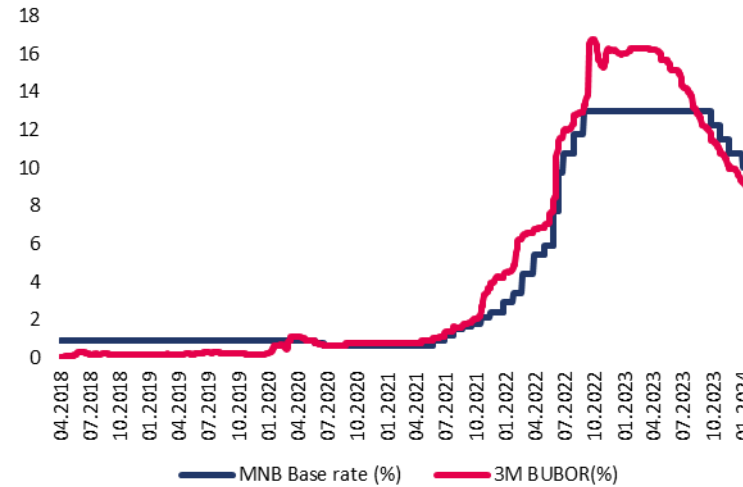


\* Febr. wage growth data was affected by the payment of the 'service premium' (the so-called 'firearms money') for the army and the law enforcement personnel corresponding to six-month salary in February 2022

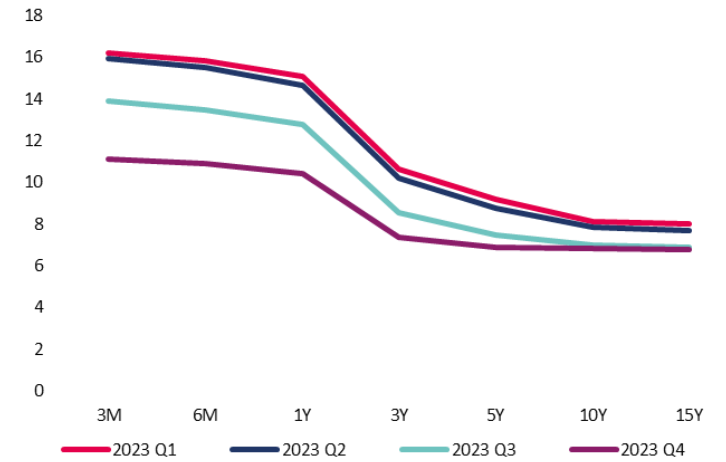
# Hungarian base rate could fall to 6% by mid-summer

- By the end of 2023, most of the key external and internal factors monitored by the MNB showed further improvement or stabilization, maintaining Hungary's favorable risk assessment. In response to the continued rapid decline in inflation, the Monetary Council decided to cut the policy rate by 75-75 basis points at its October, November and December policy meetings, bringing the base rate down to 10.75% by the end of the year.
- Yields have fallen sharply since last year, particularly on the front end, on the back of interest rate cuts, improving perceptions and government measures to boost demand for government bonds.
- Demand in the government bond market is stable, with multiple oversubscriptions in government bond auctions and continued retail demand.

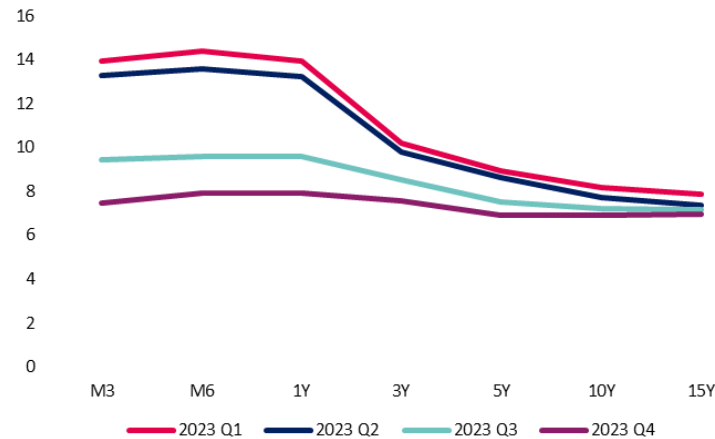
MNB base rate and 3M BUBOR (%)



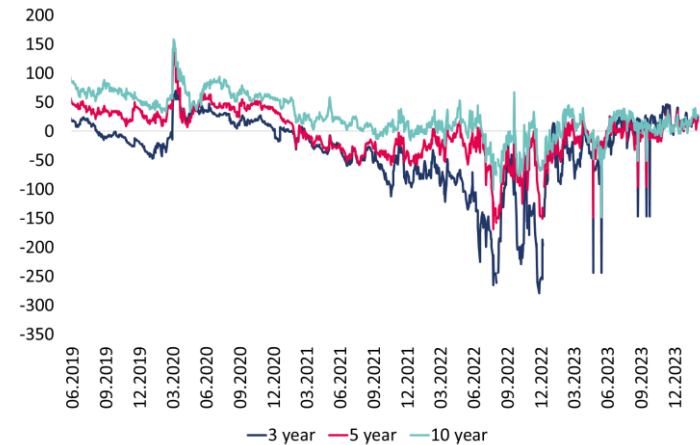
SWAP yield curves (%)



GDMA benchmark yields (%)



GDMA-SWAP spread (%-pts)





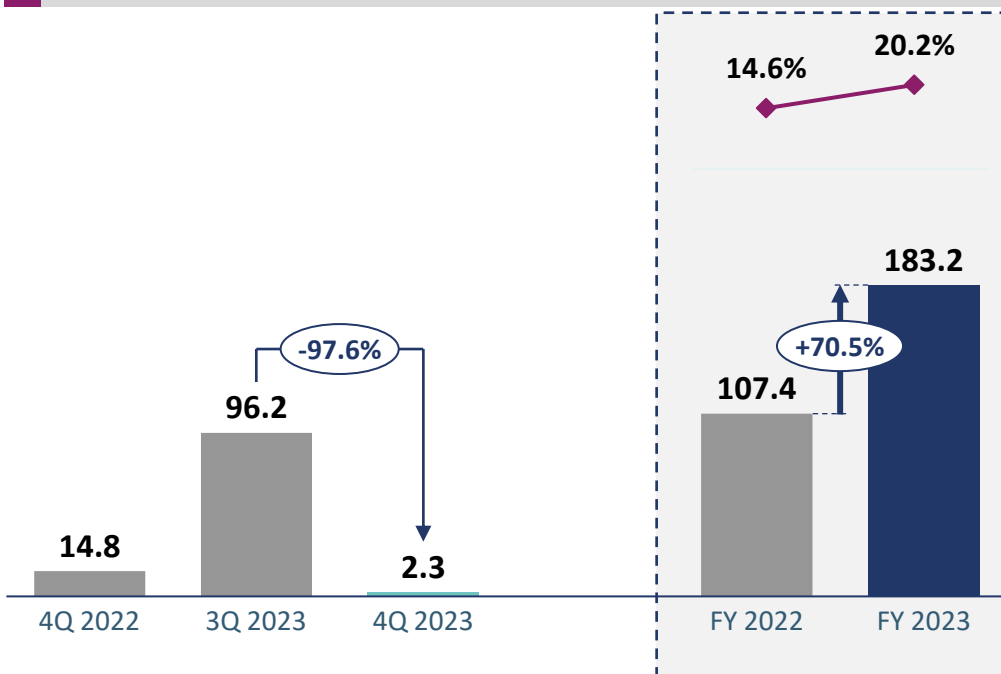


# Financial performance

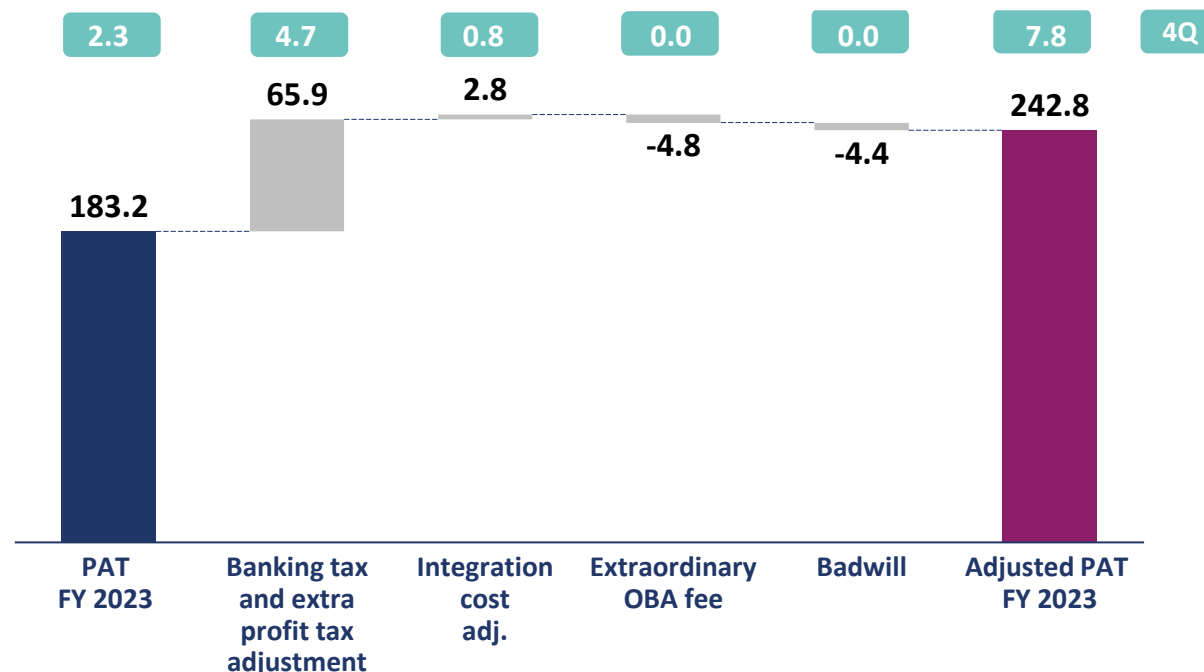
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# Accounting profits increased to HUF 183.2 bn; extra profit tax and banking tax are the main adjustments on PAT in FY 2023

Accounting profit after tax\*(HUF bn), ROE (%) p/p and y/y changes



FY 2023 adjusted Profit after tax breakdown (HUF bn)



- Accounting profit after tax in FY 2023 was HUF 183.2 bn, with profit after tax for the last quarter decreasing to HUF 2.3 bn. The decrease in 4Q was primarily driven by the increase in risk costs – mostly due to impairment charges as a result of PD and rating changes (the NPL rate actually improved) –, and seasonally higher staff and IT costs.
- The annual accounting profit after tax was **70.5% higher than FY 2022**.

In order to provide better understanding and comparable views of the underlying financial performance, MBH Group uses adjustments in this report.

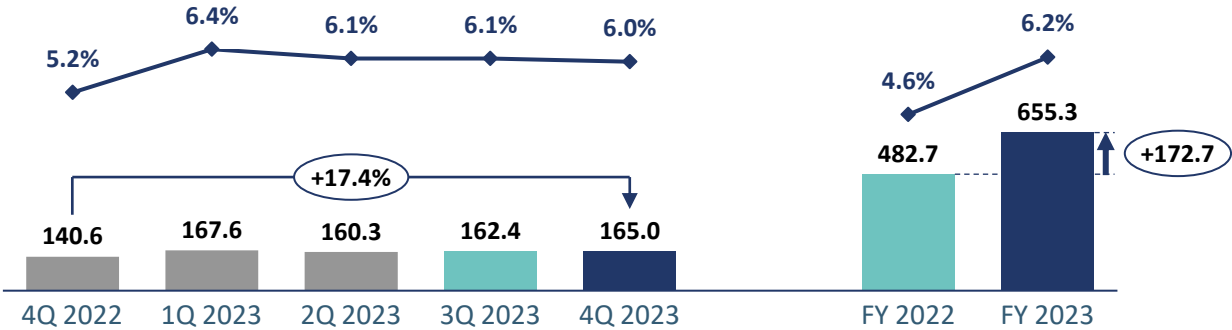
Adjustments for FY 2023 (after tax) are the following:

- Banking tax and extra profit tax** adjustment totalling HUF 65.9 bn
- Integration cost adjustment** comprises of MBH Bank and Takarékbank merger related expenses
- Adjustment on extraordinary OBA fee:** HUF 4,8 bn Sberbank bankruptcy related extra fee was returned in 1Q 2023
- Badwill** impact related to the acquisition of MBH Duna Bank Zrt.

\*Merged Bank's financials for periods prior to 2Q 2022 are calculated on a pro-forma basis, including BB 1Q 2022 results

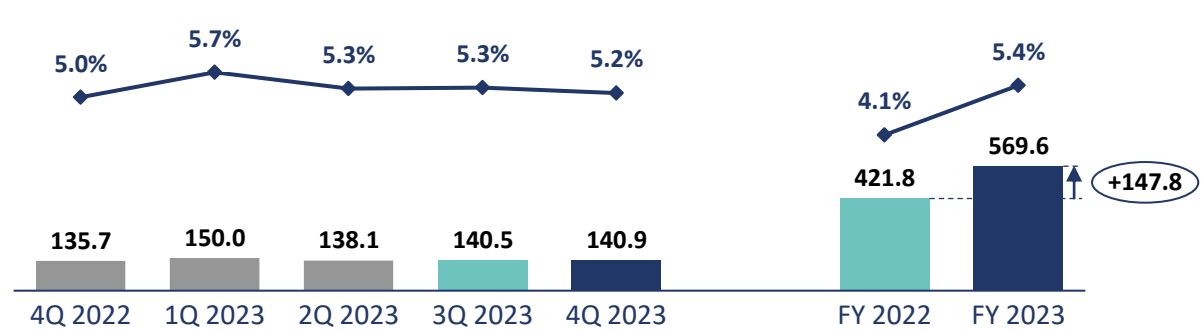
# MBH Group's gross income grew by HUF 172.7 bn y/y, driven by the growth in net interest income

## Gross Operating Income (HUF bn), TRM %

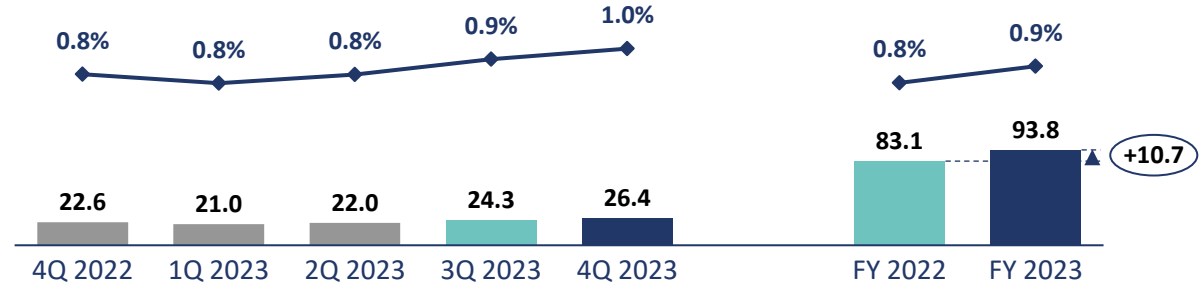


- **Gross Operating Income** reached HUF 165.0 bn (HUF +2.6 bn p/p, HUF +24.4 bn y/y) in 4Q 2023, which is **up by 17.4%** compared to the same quarter last year, mainly driven by the growth in NII.
- **Net interest income** reached HUF 569.6 bn in 2023 (HUF +147.8 bn, +35.0% y/y), while in 4Q it reached HUF 140.9 bn (+3.9% y/y). The net interest margin decreased minimally to the level of 5.2%.
- **Net fee & Commission income** was HUF 93.8 bn in FY 2023 (+12.9% y/y) and HUF 26.4 bn in 4Q 2023 (+8.8% p/p), quarterly growth driven mainly by the increasing turnover at the end of the year.
- **Other income** totalled HUF 26.0 bn in 4Q 2023 with the p/p changes being driven by volatile money market conditions through other comprehensive income (OCI) and results of financial transactions.

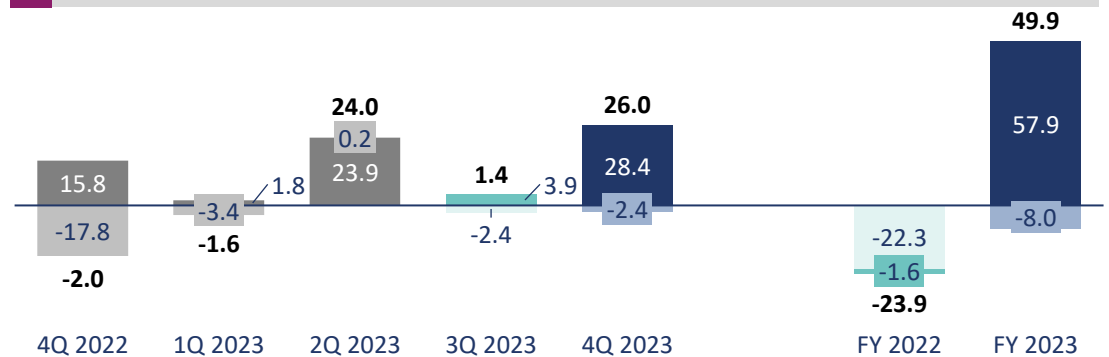
## Net interest income (HUF bn), NIM %



## Net fee income, NFM %



## Other income<sup>1</sup>



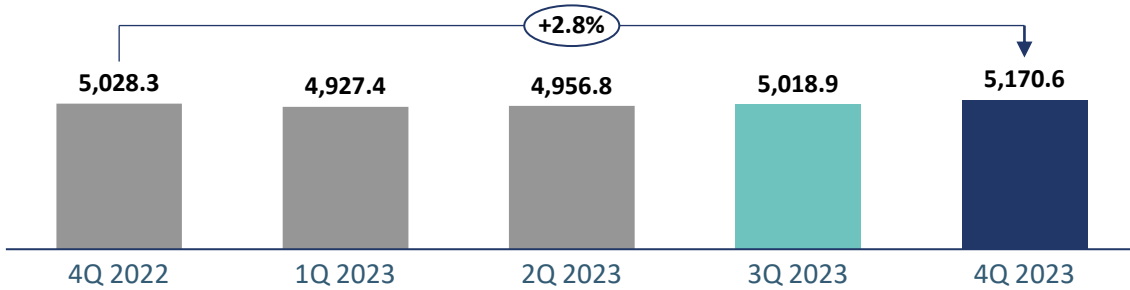
Other income OCI

<sup>1</sup> Other income + other comprehensive income

Note: Merged Bank's financials for periods prior to 2Q 2022 are calculated on a pro-forma basis  
Results of client FX conversion have been reclassified to net fee & commissions from other income retrospective.

# Stable customer loan portfolios in 2023

## Customer gross loan portfolio (HUF bn)



MBH's gross loans increased during the fourth quarter by 3.0% p/p (HUF +151.6 bn). Growth was primarily in corporate segments.

### Corporate Loans:

- Corporate business increased by 5.8% during 4Q on loan portfolio, reaching HUF 2,840.5 bn at the end of December 2023 (+5.6% y/y). The Bank's market share stood at 19.4%.

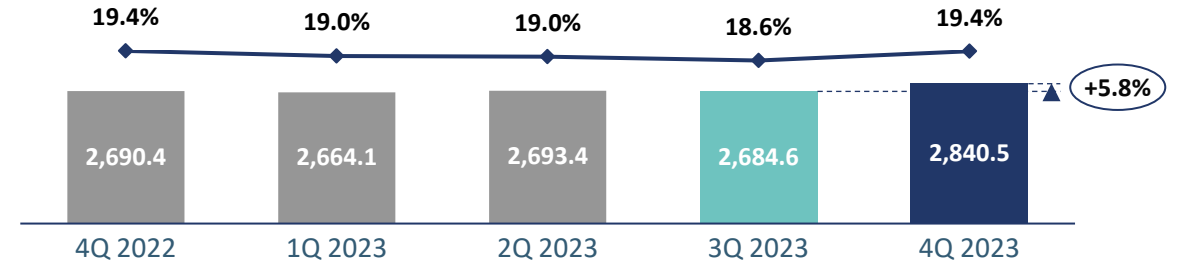
### Retail Loans:

- Total retail loans portfolio was at HUF 1,741.1 bn at the end of the year (-1.1% y/y), while p/p up was 1.3%. Market share minimally decreased in 4Q 2023.

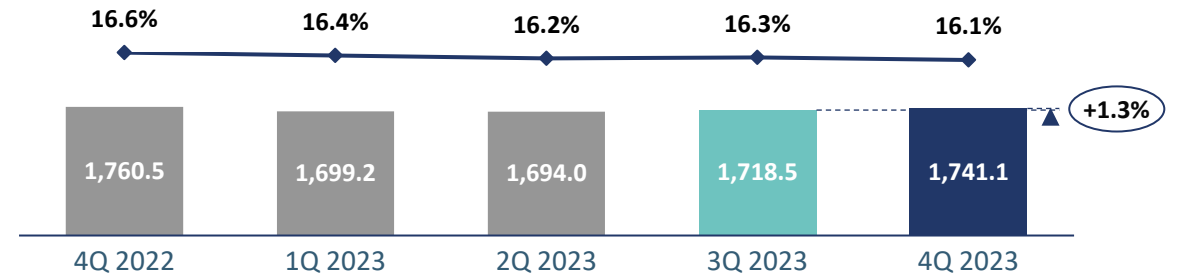
### Leasing:

- MBH Group leasing portfolio amounted to HUF 559.8 bn as of 31 December 2023, HUF 36.9 bn (+7.1% y/y) higher compared to 4Q 2022.

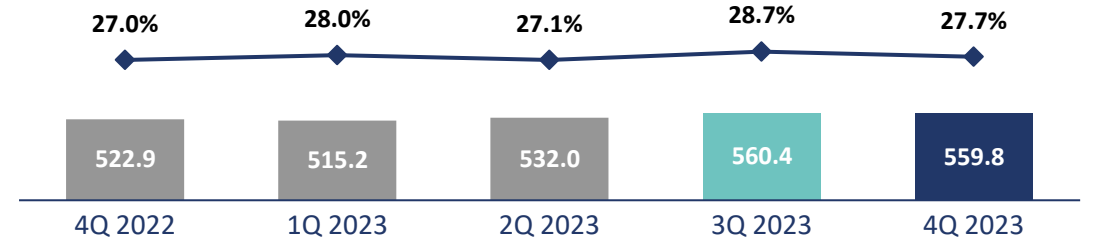
## Corporate<sup>1</sup>



## Retail<sup>1</sup>



## Leasing<sup>2</sup>

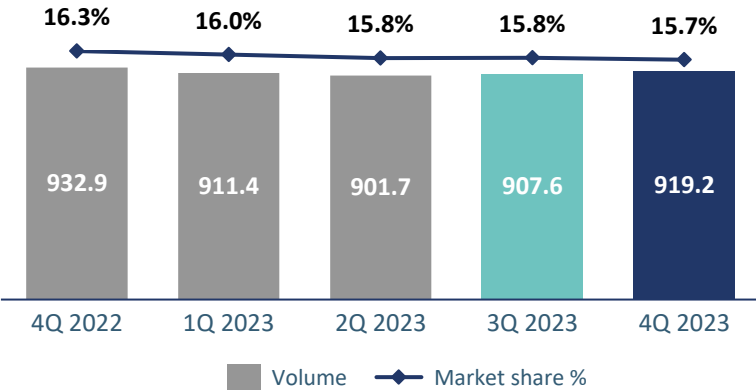


<sup>1</sup> Retail and corporate portfolio is presented according to MBH Bank's internal segmentation methodology, Market share: HNB segmentation, household and non-financial corporate

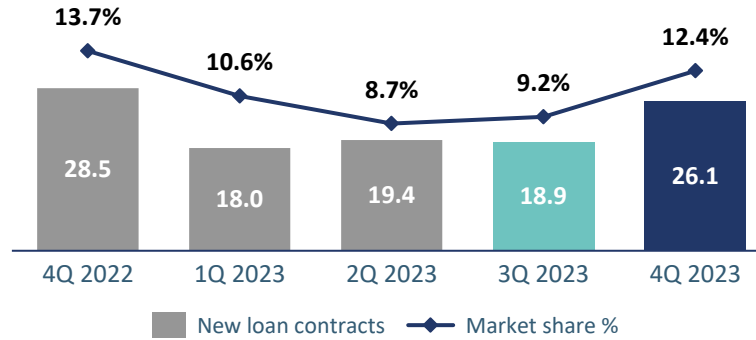
<sup>2</sup> Leasing market share: partially based on Leasing Association data and internal estimates

# Growth in personal loans in 2023

**Retail mortgage loans – Gross volume (HUF bn) and market share (%)**



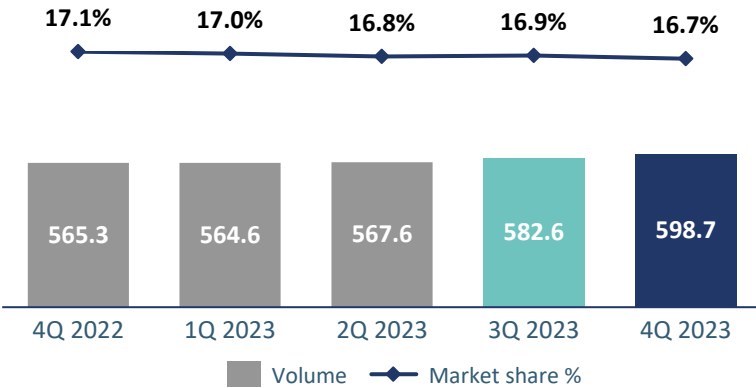
**Retail mortgage loans – New loan contracts (HUF bn) and market share (%)**



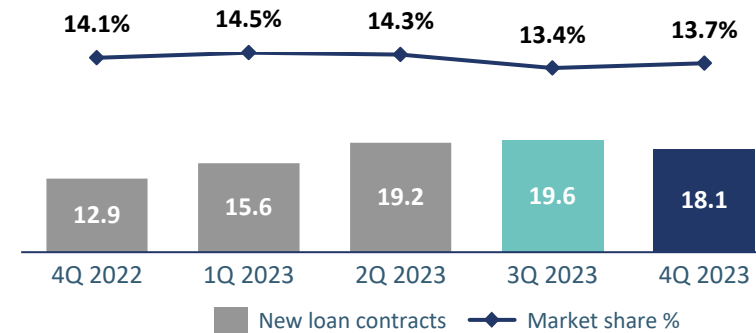
## Retail mortgage loans:

- **Retail mortgage loan** balances were at 919bn (-1.5%, HUF -13.8 bn y/y). Market share of retail mortgage loans stood at 15.7% at the end of 2023.
- **New loan contracts of retail mortgage loans** increased by 37.8% in the last quarter of 2023 compared to 3Q.

**Retail unsecured loans – Gross volume (HUF bn) and market share (%)**



**Retail personal loans – New loan contracts (HUF bn) and market share (%)**

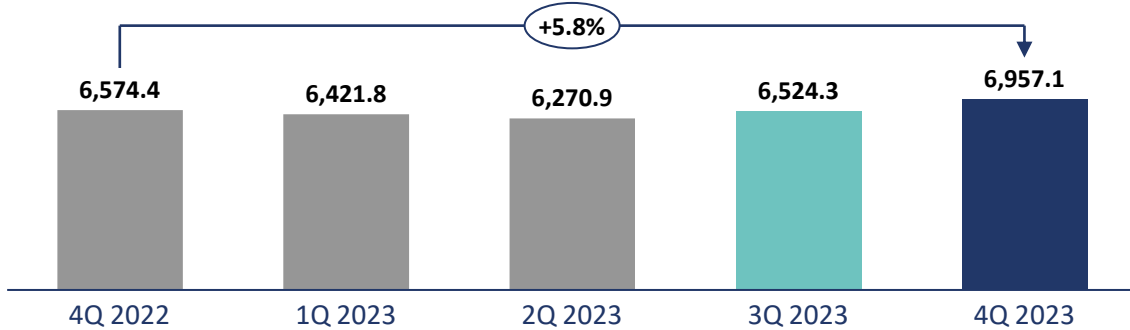


## Retail unsecured loans:

- **Unsecured loan volumes increased** in 4Q 2023 (+2.8% p/p) due to growth of baby loans. Market share of retail unsecured loans was 16.7%.
- **New loan contracts of retail personal loans** amounted to HUF 18.1 bn in 4Q 2023 (+39.7% y/y). Market share was 13.7% in the period.

# Customer deposit portfolio increased in 4Q

## Customer deposit portfolio (HUF bn)



Customer deposits continued to grow in 4Q (+6.6% p/p), increased by 5.8% in 2023 y/y, reaching HUF 6,957.1 bn by the end of the year.

### Corporate Deposits:

- Corporate business deposits increased by 14.2% y/y (+HUF 495.9 bn y/y), supported by high interest rate environment and strong liquidity. 4Q increase of 9.4% (HUF +341.5 bn p/p) was driven by growth in large company and agricultural deposits. Market share of corporate deposits increased to 20.0%.

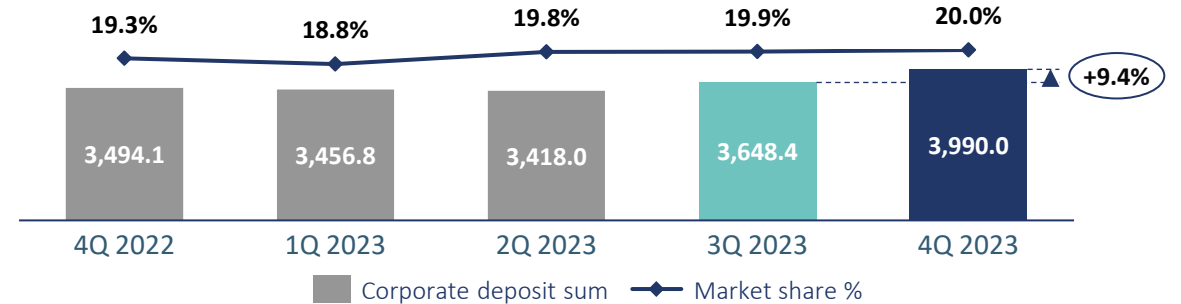
### Retail Deposits:

- Retail deposits decreased by HUF 114.7 bn y/y. Despite macroeconomic effects hinders the saving capabilities of retail customers, an increase of 7.5% (HUF +184.4 billion p/p) was realized in 4Q 2023.

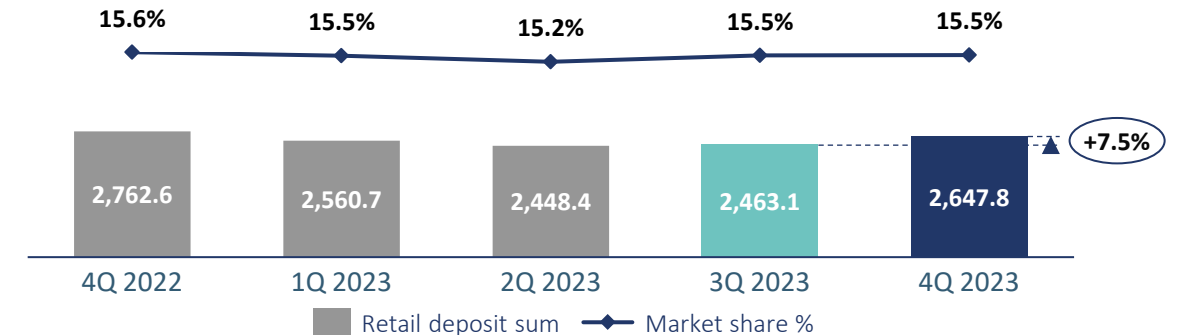
### Retail other savings:

- Retail savings in other instruments increased by over HUF 558.7 bn compared to 4Q 2022, and HUF 153.7 bn compared to 3Q 2023, mainly driven by investment funds.

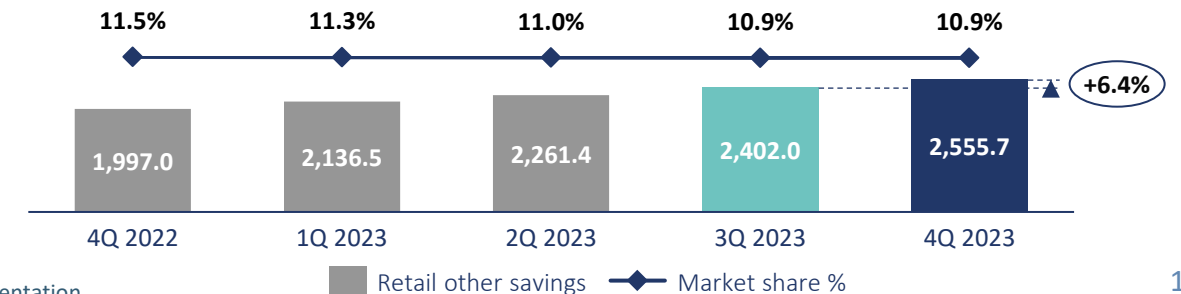
## Corporate<sup>1</sup>



## Retail<sup>1</sup>



## Retail other savings<sup>2</sup>

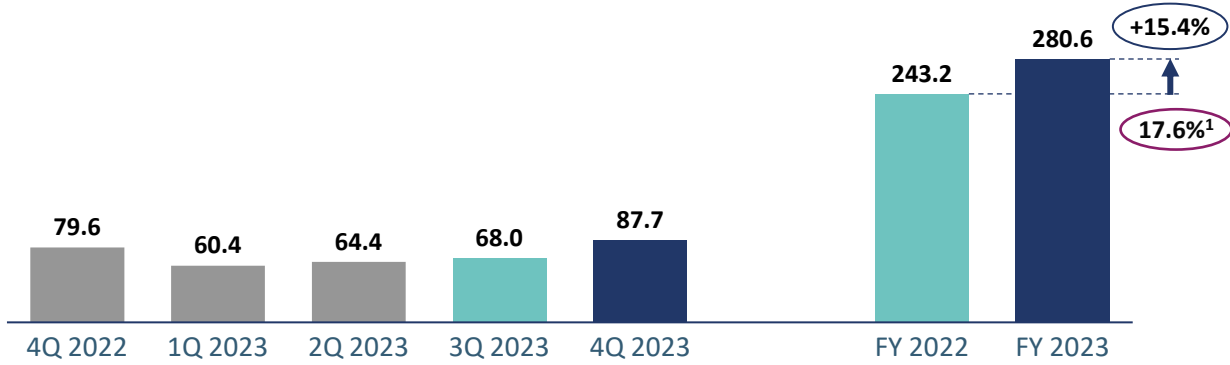


<sup>1</sup> Retail and corporate portfolio is presented according to MBH Bank's internal segmentation methodology, Market share: HNB segmentation

<sup>2</sup> Private individuals and Private Banking savings; other savings include securities accounts and shares, other securities

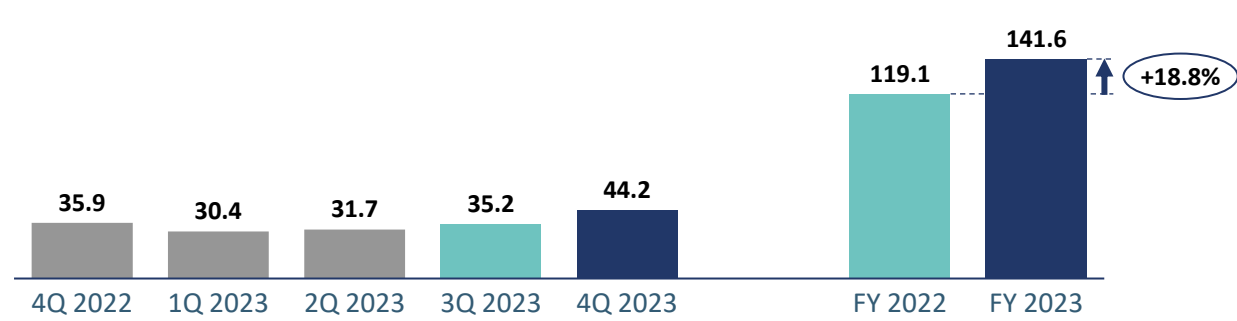
# Increase in costs y/y was below inflation, C/I ratio improving to close to 40%

## Operating expenses (HUF bn)

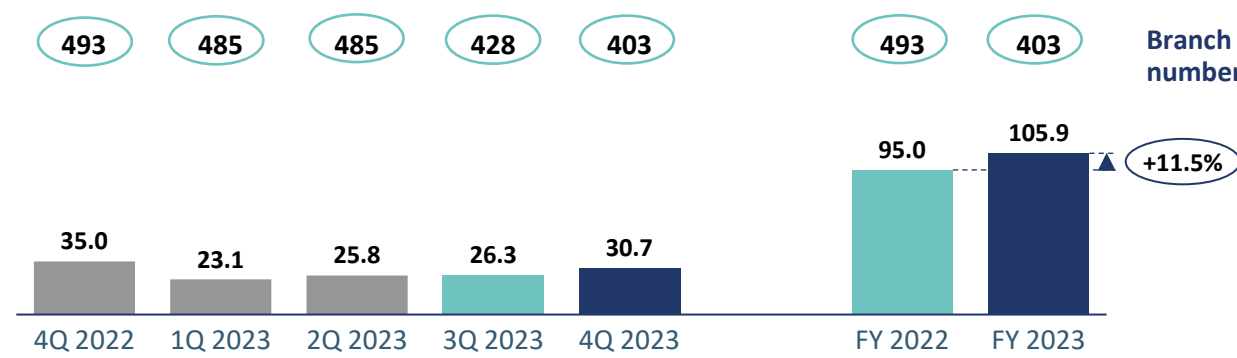


- Operating expenses amounted to HUF 280.6 bn in FY 2023, rising by 15.4% year-on-year, below inflation.
- Personnel expenses in 2023 increased by HUF 22.4 bn (+18.8%) y/y mostly as a result of wage inflation.
- FY 2023 OPEX increased by HUF 10.9 bn (+11.5% y/y). The y/y increase was mostly driven by rising IT costs and high inflationary environment.
- Adjusted C/I was 42.8% in 2023 which is a significant, 7.6%-pts y/y decrease. Increasing cost levels were mitigated by rapid income growth. C/A rate was 2.6% (+30 bps y/y) in FY 2023.

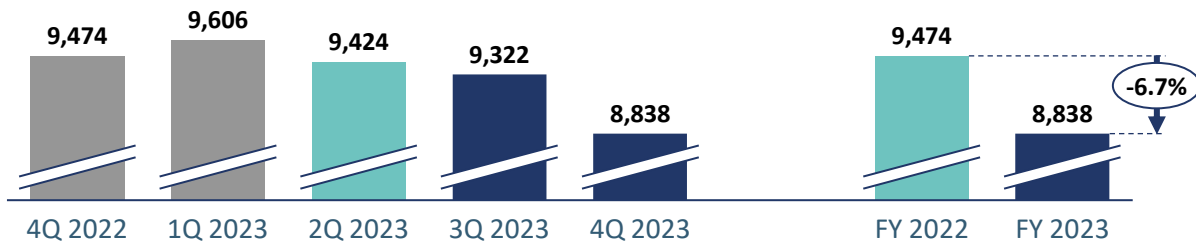
## Personnel expenses (HUF bn)



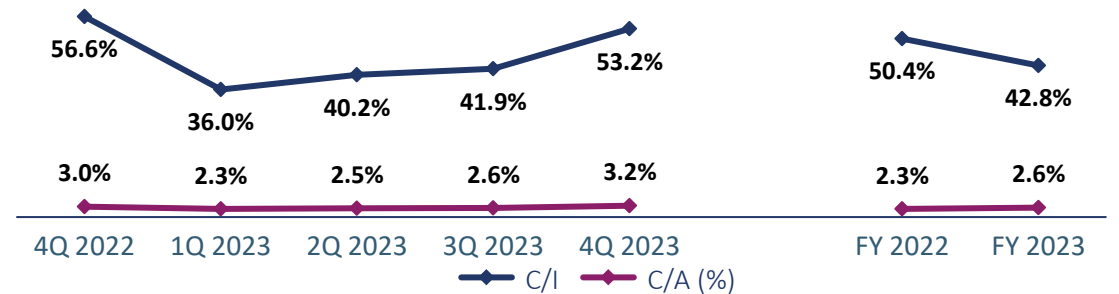
## Other operating expenses (HUF bn)



## FTE



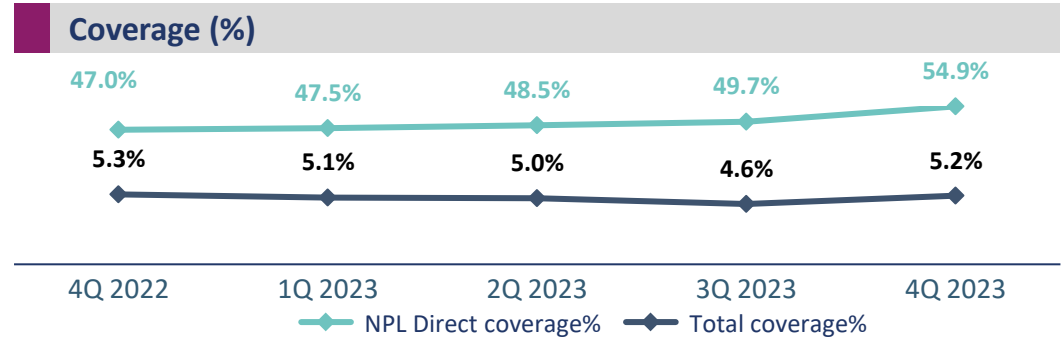
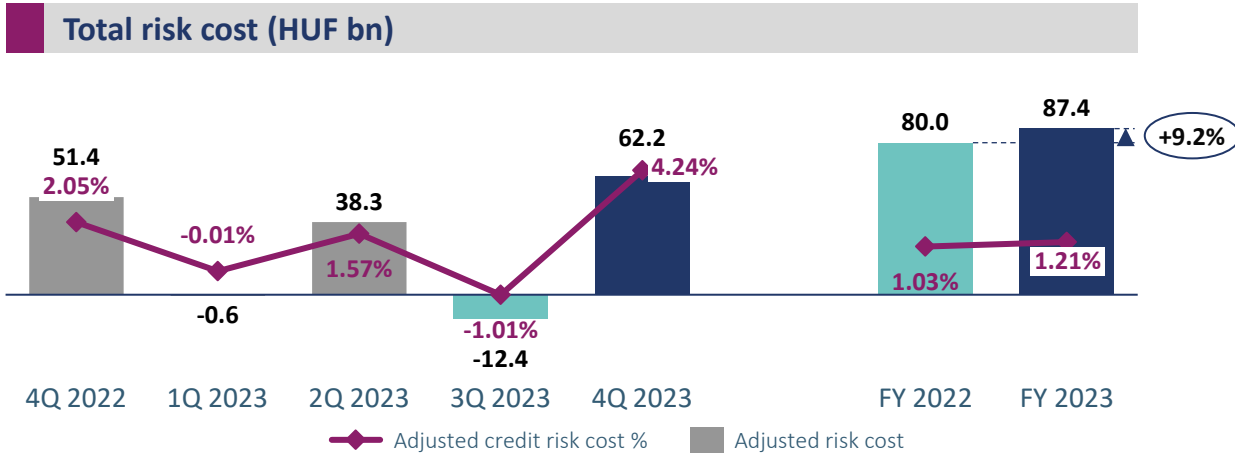
## Cost efficiency (%)



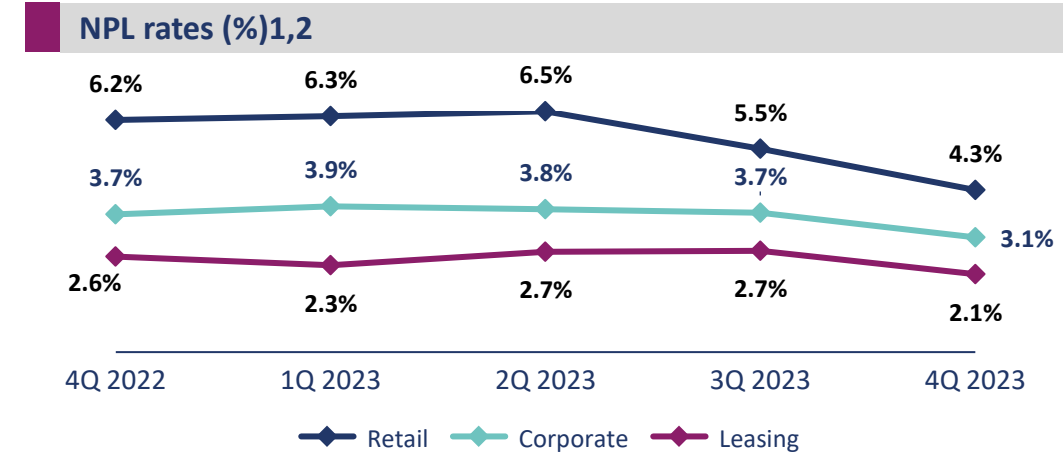
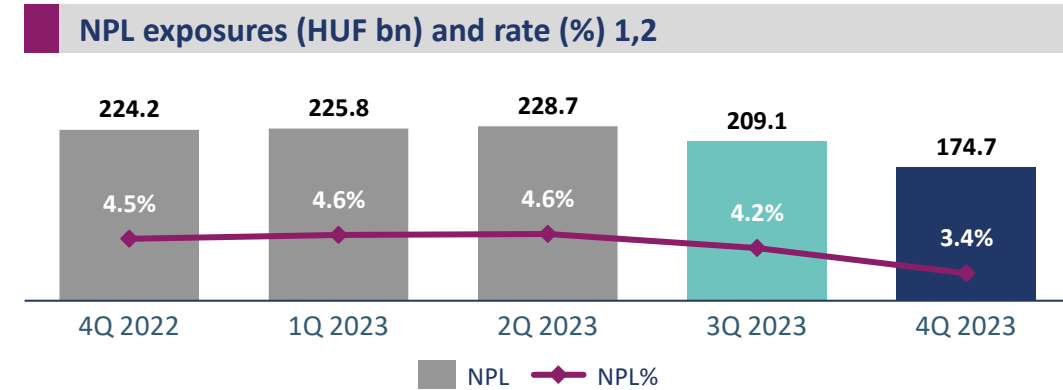
Note: Merged Bank's financials for periods prior to 2Q 2022 are calculated on a pro-forma basis; \* Without MFB Point branches

<sup>1</sup> KSH: Average annual inflation in 2023

# Improving portfolio quality and increasing coverage rates in 4Q



- The **total amount of risk cost** increased by 9.2% y/y to HUF 87.4 bn in 2023. This was mainly driven by impairment charges due to PD and rating changes and other risk cost.
- The total portfolio and NPL direct **coverage improved in the period** to 5.2% and 54.9% respectively.
- The **amount of NPL loans** was HUF 174.7 bn at the end of 4Q 2023, decreased by HUF 34.4 bn (-16.5% p/p) over the period, due to the sale of NPL stocks and agricultural mortgage reclassification.
- **NPL% ratio is 3.4% in 4Q**, dropped over the period.
- Retail NPL loan volume was HUF 75.6 bn at the end of 4Q 2023, which showed a significantly decrease of HUF 18.0 bn (-19.3% p/p) compared to previous quarter. NPL% ratio dropped to 4.3% in 4Q 2023.
- Corporate NPL volumes decreased in 4Q (-12.8% p/p), NPL% ratio reached at 3.1%.

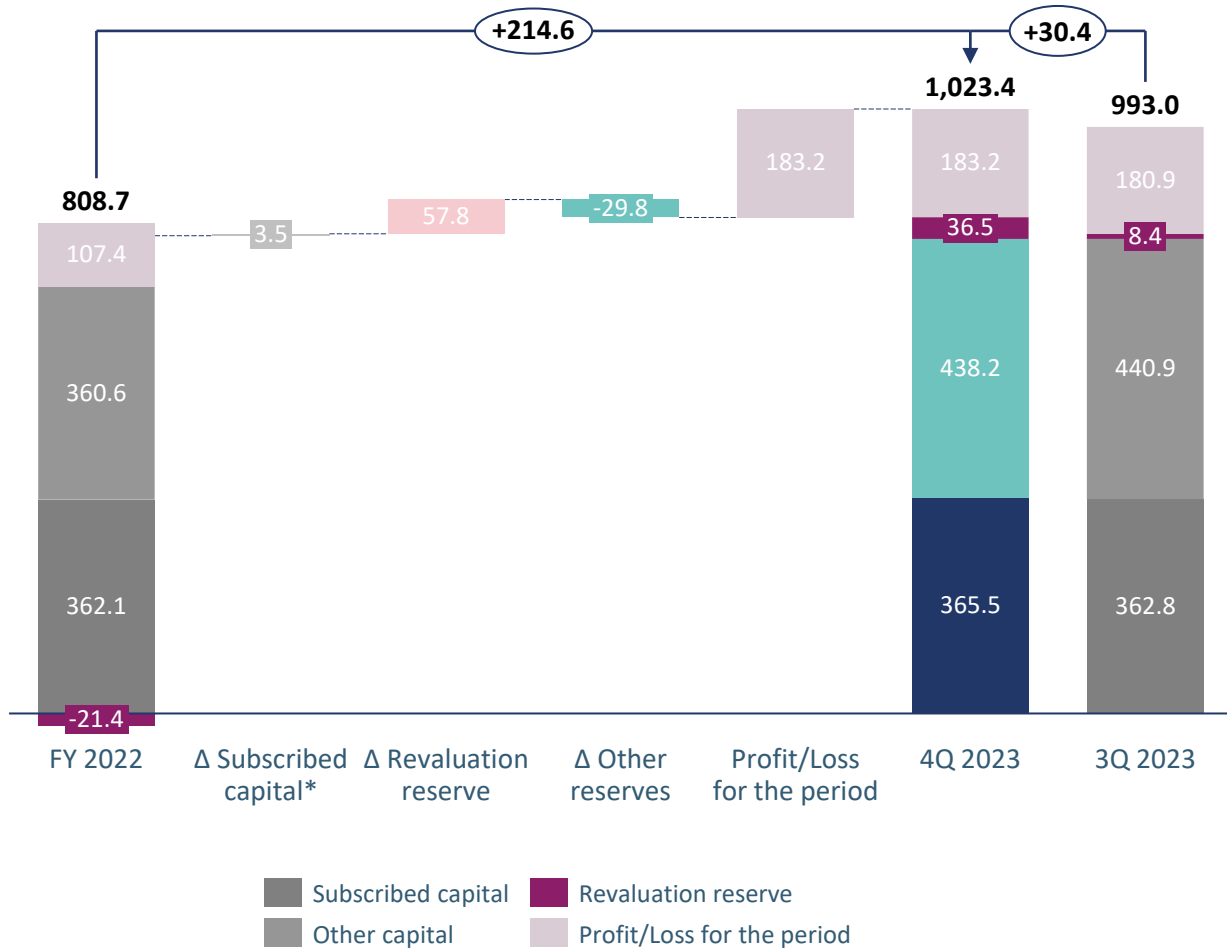


<sup>1</sup> According to IFRS, held for sale and FVTPL portfolio is not included. <sup>2</sup> Please note, from 3Q 2022 figures have been calculated by new methodology.

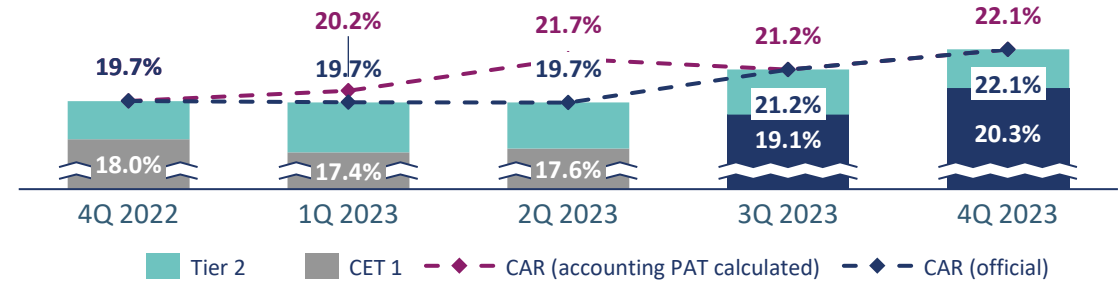


# Stable capital position – 20.3% CET1 in 4Q 2023

## Shareholders' Equity (HUF bn)



## Capital Adequacy (%)



## Regulatory Capital and Total RWA (HUF bn)

in HUF bn	2022 4Q	2023 1Q	2023 2Q	2023 3Q	2023 4Q
<b>Regulatory Capital</b>	<b>816.0</b>	808.3	<b>826.3</b>	<b>897.4</b>	<b>1 047.1</b>
Tier 1	743.0	713.4	736.9	808.9	962.4
Tier 2	73.0	94.9	89.4	88.5	84.7
<b>RWA</b>	<b>4 132.7</b>	4 105.5	4 198.5	4 231.5	4 729.4

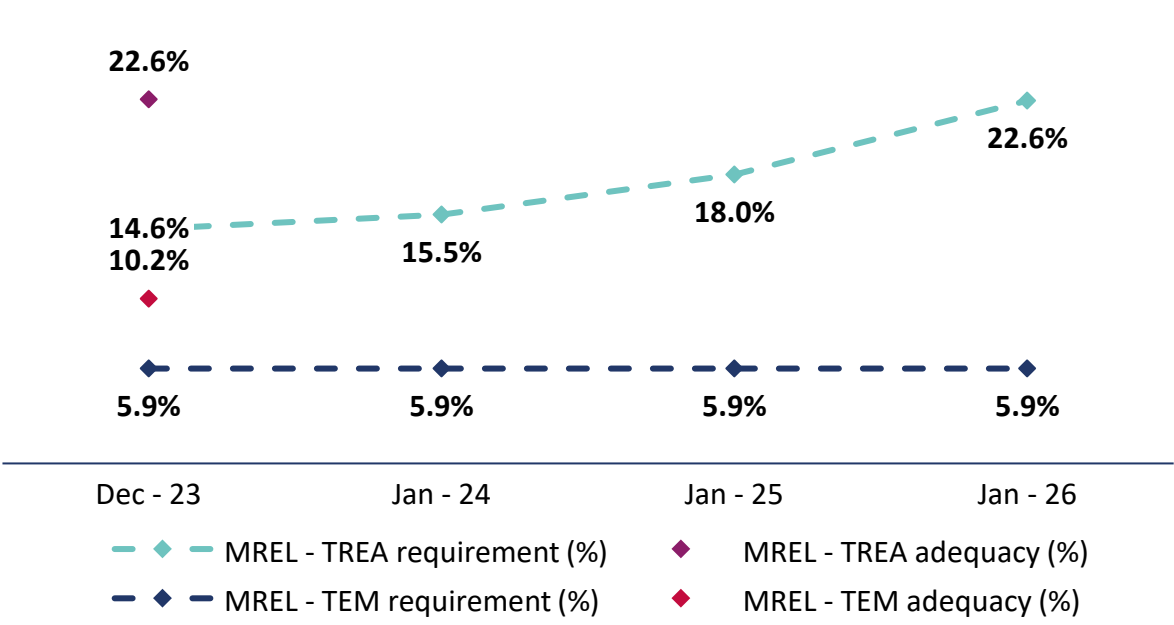
- Positive FY 2023 (accounting) profit – despite of extra profit tax paid – continued capital accumulation (+HUF 214.6 bn) increasing the shock absorbing capabilities of the Bank.
- Stable capital position **22.1% capital adequacy ratio and 20.3% CET1 ratio**.
- T1 Capital increased by 19.0% p/p due to favourable profit and higher IFRS9 discount. CAR increased to 22.1% in 4Q.

Note: Subscribed capital includes Non-controlling interest

\* 3Q 2023 CAR has been recalculated to include the accounting profit for the first half of 2023.

# MREL requirements and adequacy

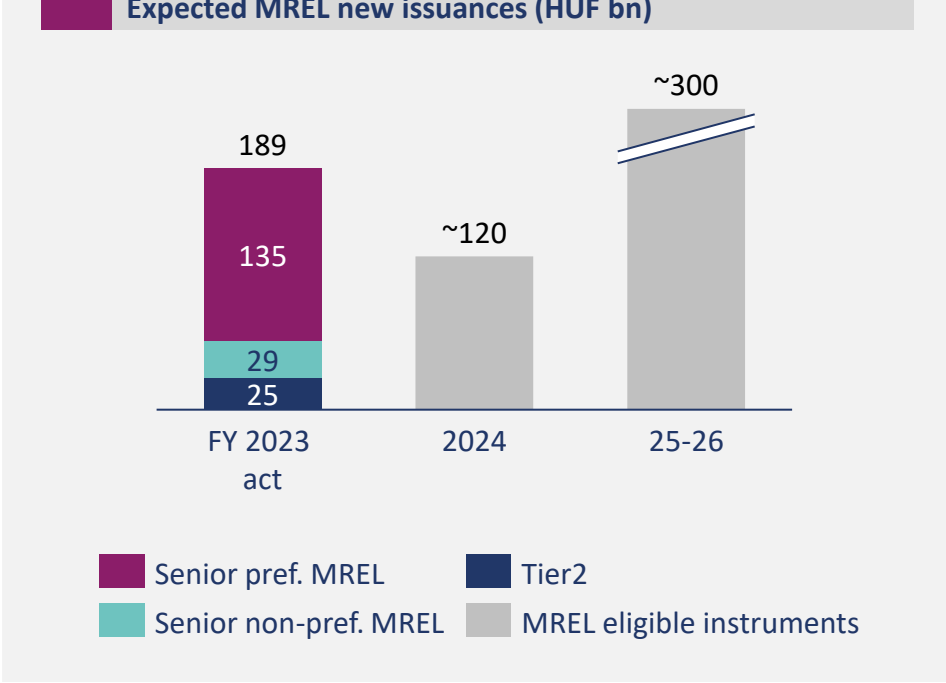
Regulatory MREL requirements: TREA (%) and TEM (%) 2023 Dec – 2026 Jan



Subordinated MREL requirements from 16.12.2024

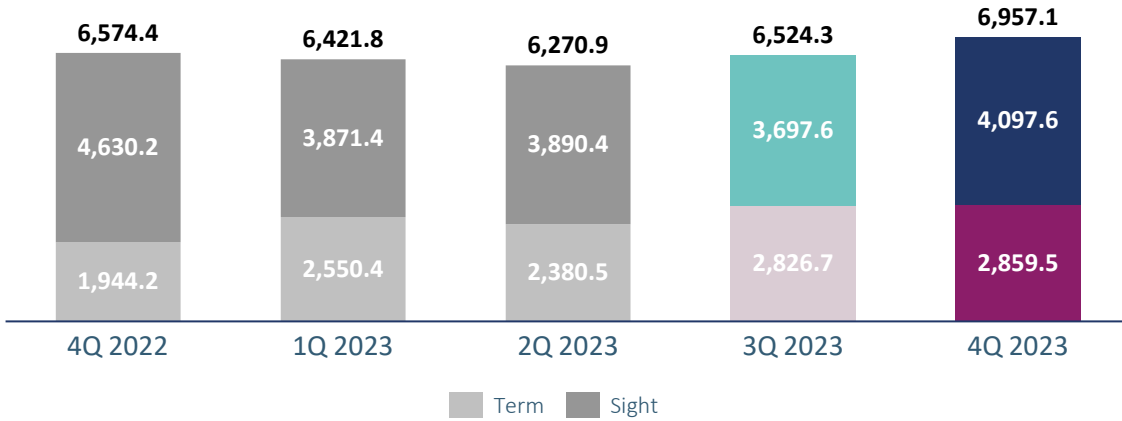
Subordinated MREL requirements	%
TREA	13.5%
TEM	5.0%
TLOF	8.0%

Expected MREL new issuances (HUF bn)



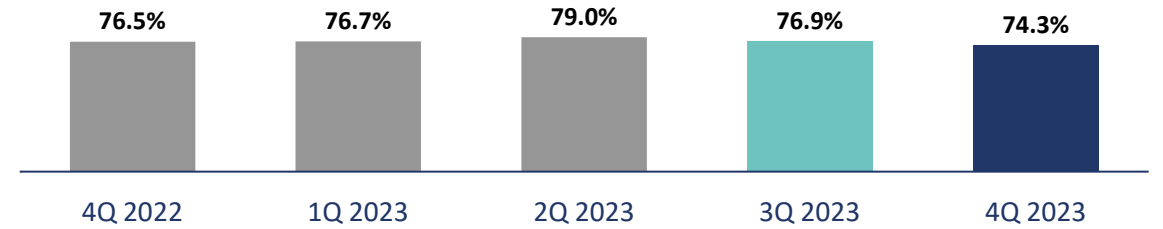
- Currently, we forecast that ~30% of the issuance planned for 2024-2026 will be through instruments that helps to fulfil the subordination requirement.
- We plan to meet the requirements by ensuring a minimum buffer of at least 50 basis points for all target measures.

## Customer deposits (HUF bn)

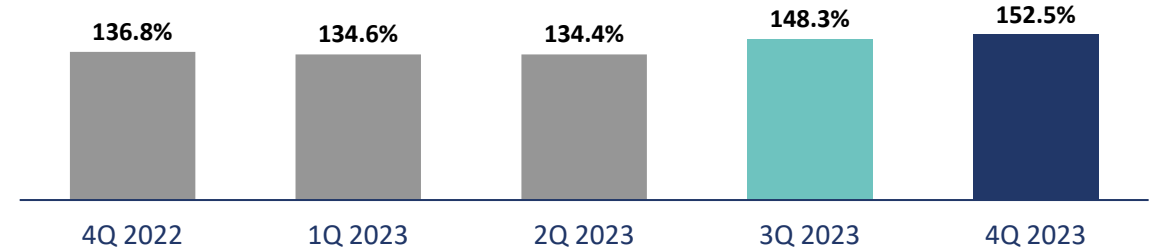


- Customer term deposits increased by 1.2% (HUF +32.8 bn) p/p. Sight deposits showed an increase of 10.8% (HUF +400.0 bn) p/p.
- Decrease in LTD (down to 74.3%) is the result of an increase in deposits and in loan portfolio.
- NSFR 133.7%, LCR 152.5% in 4Q 2023, significantly above the regulatory minimum.

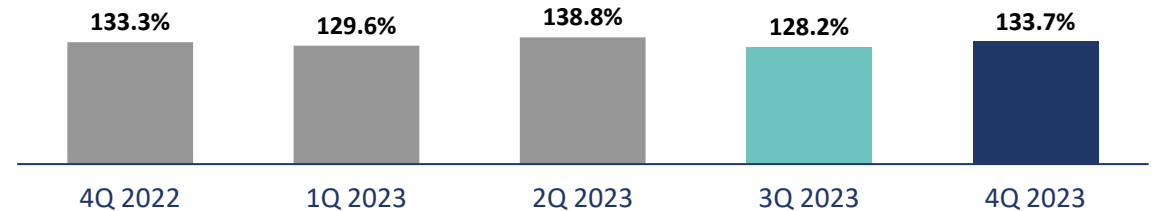
## LTD (%)



## LCR (%)\*



## NSFR (%)



\* LCR in 1Q 2023 was recalculated.

Note: In 2023 Q3, a customer re-segmentation has been applied retrospectively from 1 January 2023.



# Additional information

# Investment grade rating



In 2023, MBH Bank received an investment grade Baa3 rating from Moody's, with a stable outlook

Rating category	Rating achieved
Long- and short-term deposit ratings	Baa3/P-3
Long- and short-term Counterparty Risk Ratings (CRRs)	Baa2/P-2
Adjusted / Baseline Credit Assessment (BCA)	ba3

- The ratings assigned by Moody's Investors Service (Moody's) to MBH Bank reflects
  - The Bank's strong competitiveness in Hungary
  - Adequate capital level
  - Solid profitability



## ESG rating

Outstanding recognition for our ESG performance:

- **B+ ESG rating from LSEG** (formerly Refinitiv) in November 2023.
- The Bank achieved a **'C' rating** in the **CDP 2023** assessment



# Successful international MREL bond issuance

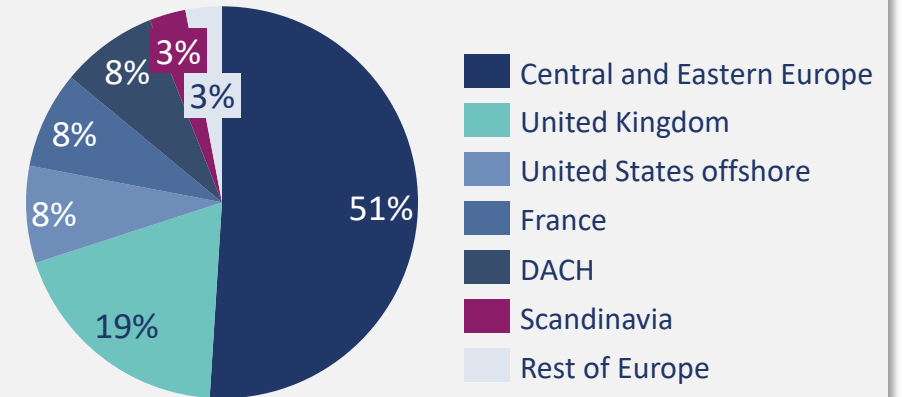
## EUR 350mn 4NC3 Senior Preferred Bond

- **MBH Bank successfully closed its debut international bond issue** in mid-October.
- The transaction, initially planned for EUR 300 million, was carried out under the Bank's newly established **EUR 1.5 billion EMTN Programme**.
- Through an extensive roadshow with dozens of meetings, **the Bank was able to attract large interest for this inaugural issue**.
- Investors submitted bids for a total of around EUR 600 million, of which the Bank **accepted EUR 350 million**.
- The **yield of the issue ended up at 8.625%**, 37.5 basis points below the 9% IPT level.
- The transaction, which marks **the first step of MBH Bank** in the **international capital markets**, with around 50% of the bonds held outside of the Central and Eastern European region, is planned to be followed by further issuances.

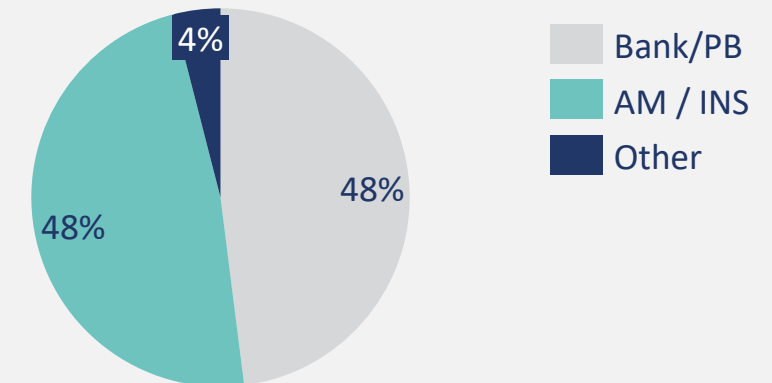
### KEY TERMS

Issuer	MBH Bank Nyrt.
Issue rating	Ba2 (Moody's)
Format	Unsubordinated and unsecured, Senior Preferred
Settlement Date	19 October 2023
Maturity Date	19 October 2027
Optional Redemp. Date	19 October 2026
Issue Size	EUR 350mn
Coupon / Yield	8.625% (MS+513.5 bps.)
ISIN	XS2701655677
Listing	Luxembourg Stock Exchange
Distribution	RegS only
Bookrunners	Citi, ING, UniCredit, Erste Group, MBH Bank

### DISTRIBUTION BY GEOGRAPHY



### DISTRIBUTION BY INVESTOR TYPE



# MBH Investment Bank launched

- A new bank specialising in investment services enters the Hungarian market
- Faster innovation, responsiveness, higher quality of service to customers - higher commission earning capacity
- Already at the launch, the foundations are set:

**200.000**  
transactions

**240.000**  
customer

**HUF 1,900 billion**  
stock under  
management

**1**  
knowledge centre





# MBH Bank acquires a majority share in Fundamenta building society

**MBH Bank Plc. entered into an agreement to acquire 76.35% share in the building society, Fundamenta-Lakáskassa Ltd.**

- The acquisition of Fundamenta will enable MBH Group to build a **comprehensive savings and real estate lending ecosystem** that will further strengthen its market positions.
- The real **winners of the transaction will be the customers** of the two credit institutions, who in the long run will **have access to a wider range of products and services through more channels.**
- After the transaction concludes, **Fundamenta** will continue to operate as a **consolidated subsidiary of MBH Bank, as a separate entity with its own brand name and management.**
- The transaction is **expected to close in 1H 2024**, subject to obtaining all necessary regulatory approvals.

The acquisition represents **significant growth** for MBH Bank:



+ 480k customers,



+ HUF 530 billion in loans and



+ HUF 570 billion in deposits.





MBH Bank builds its strategy on a 3 pillar vision

## Key Market Player

serving all customer segments, while maintaining local community values

## Sustainable value creation

managing banking market risks in line with ownership expectations

## Integrated bank

build to maximise synergies and reduce uncertainties

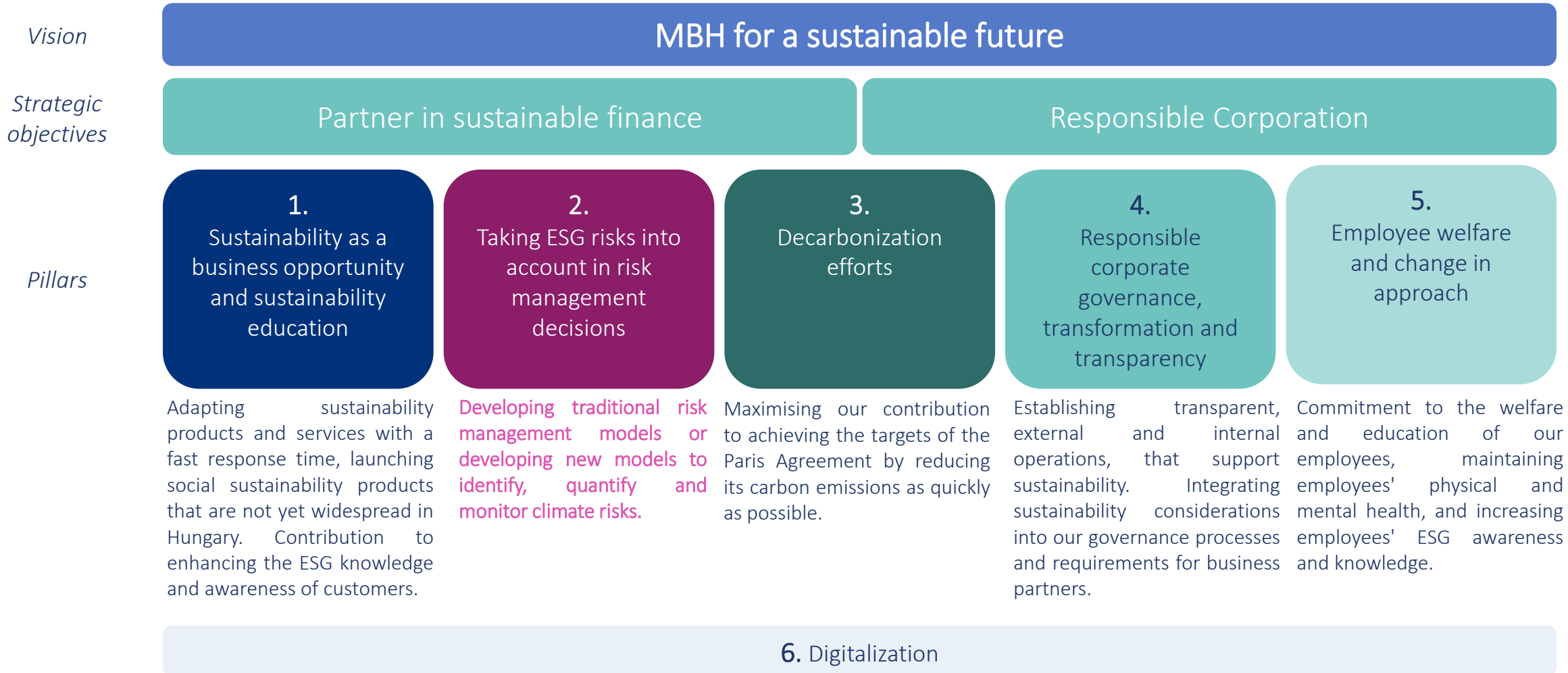
## Modern banking culture and workforce strategy

to retain and develop employees

# Sustainable vision, strategic objectives and pillars



MBH’s vision is to become the leaders in establishing sustainable banking in Hungary. Two missions were identified to achieve this vision, which are supported by six pillars, with identified goals, KPIs and tools



# Awards and Recognitions (1)



**Association for Women's Career Development in Hungary**  
Best Workplace for Women



**Figyelő TOP200**  
Financial Enterprise of the Year  
MBH Bank



**ESG Awards**  
Employee Engagement Program of the Year



**Visa Awards**  
Visa #1 Issuer 2023  
Visa #1 Special Award 2023



**HRKOMM Awards 2023**

- Open Minded Companies Award 2023 – For conscious management of generational diversity: Category winner
- The Arrival Experience – HR Campaigns by Employee Lifecycle: Gold category
- Intergenerational Communities – HR Campaigns by Employee Life Cycle: Bronze



**EXIM Awards 2024**

- Bank of the Year 2023;
- The Most Effective Green Funding Partner 2023;
- The most active Leasing Company 2023 (Euroleasing Zrt.)

## Awards and Recognitions (2)



### Best of BSE (Budapest Stock Exchange) 2023

- Investment Service Provider of the Year
- Private capital increase of the Year



### Euromoney Private Banking Awards 2024

- Best for discretionary portfolio management: MBH Bank Private Banking
- Best for HNW (high-net worth): MBH Bank Private Banking



### CSR Hungary Awards 2023

- Best CSR Program (Common Causes-Common Responsibility) category for its joint work with Hungarian Interchurch Aid
- Well Done Special Award



### CSR Excellence Awards

Corporate CSR activities  
winning tender



### Bank of the Year MasterCard 2023

- CSR Initiative of the Year 2023: 3rd place



### Bank of the Year MasterCard 2023

- Cyber Security Education Campaign of the Year: 3rd place



### Bank of the Year MasterCard 2023

- Business Program of the Year 2023: 1st place



### Companies for the Future Awards 2024

- Best Ecosystem Builder category for the BUPA program

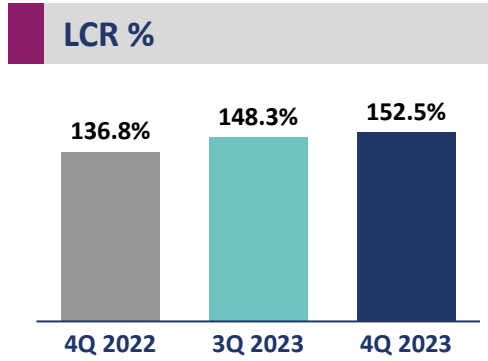
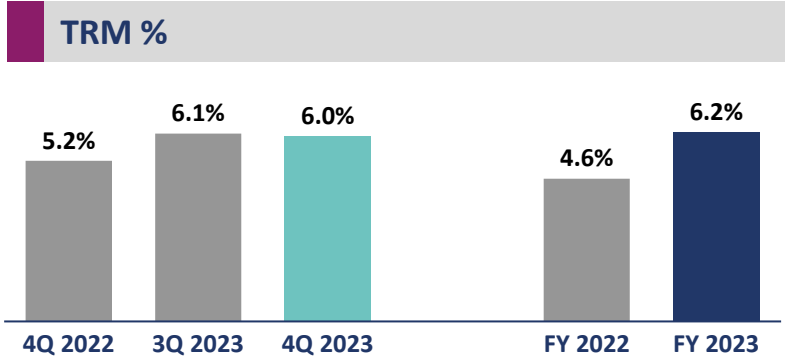
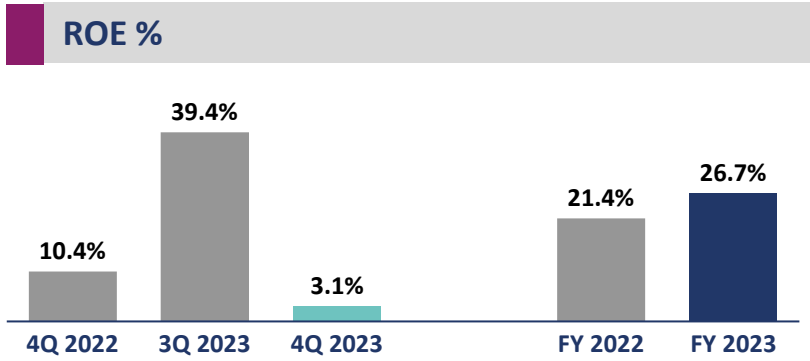


# Annexes

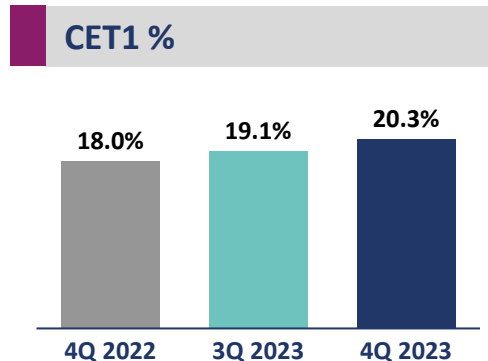
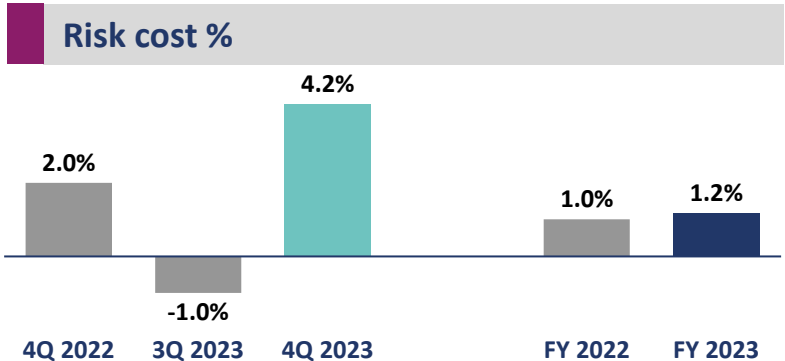
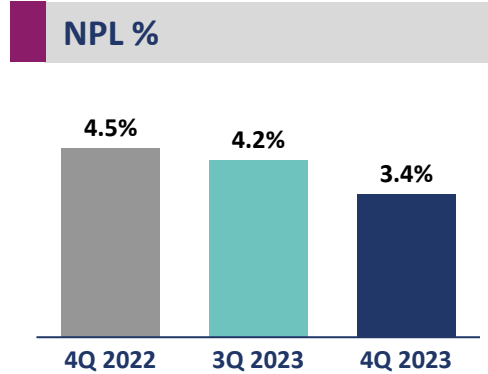
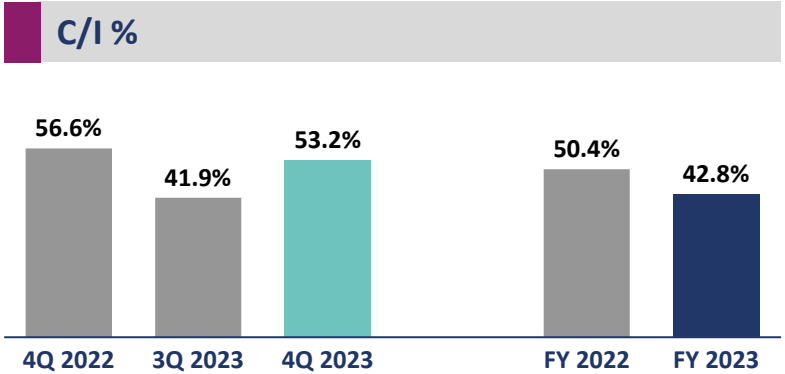
**MBH** BANK



# Key ratios overview (adjusted)



- Distinguished ROE reaching 26.7% in FY 2023, driven by strong revenue
- Growth of 1.5%-pts y/y adjusted total revenue margin (TRM) to 6.2%, mostly driven by further increasing net interest income
- Cost control, with growth 15.4% y/y increase, and achieving a C/I ratio of 42.8% for FY 2023
- Risk cost margin amounted to 1.2% in FY 2023, it coupled with stable portfolio quality, NPL rate decreasing compared to 3Q 2023
- Liquidity remaining at comfortable levels, with LCR above 150% and loan-to-deposits below 80%
- Stable CET1 of 20.3% and CAR of 22.1%



ADJUSTED P&L (HUF bn)	2021	2022			2023		Δ% Y/Y (Y)	Y/Y	Q/Q
	FY	4Q	FY	3Q	4Q	FY			
<b>Net operating income</b>	<b>138,5</b>	<b>61,0</b>	<b>239,4</b>	<b>94,4</b>	<b>77,3</b>	<b>374,7</b>	<b>56,5%</b>	<b>26,7%</b>	<b>-18,2%</b>
<b>Gross operating income</b>	<b>341,9</b>	<b>140,6</b>	<b>482,7</b>	<b>162,4</b>	<b>165,0</b>	<b>655,3</b>	<b>35,8%</b>	<b>17,4%</b>	<b>1,6%</b>
Net interest income	200,7	135,7	421,8	140,5	140,9	569,6	35,0%	3,9%	0,3%
Net fee and commission income	72,0	22,6	83,1	24,3	26,4	93,8	12,9%	16,8%	8,8%
Other operating income	69,2	-17,8	-22,3	-2,4	-2,4	-8,0	-63,9%	-86,6%	-1,7%
<b>Operating expenses</b>	<b>-203,4</b>	<b>-79,6</b>	<b>-243,2</b>	<b>-68,0</b>	<b>-87,7</b>	<b>-280,6</b>	<b>15,4%</b>	<b>10,2%</b>	<b>29,0%</b>
<b>Provisions and impairments</b>	<b>-48,7</b>	<b>-51,4</b>	<b>-80,0</b>	<b>12,4</b>	<b>-62,2</b>	<b>-87,4</b>	<b>9,2%</b>	<b>20,9%</b>	<b>-</b>
<b>Banking tax</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Adjusted PBT</b>	<b>89,8</b>	<b>9,5</b>	<b>159,4</b>	<b>106,8</b>	<b>15,1</b>	<b>287,4</b>	<b>80,3%</b>	<b>58,1%</b>	<b>-85,9%</b>
Corporate income tax	-6,4	10,7	-1,6	-13,9	-7,3	-44,6	2730,6%	-	-47,4%
<b>Adjusted PAT</b>	<b>83,4</b>	<b>20,3</b>	<b>157,8</b>	<b>92,9</b>	<b>7,8</b>	<b>242,8</b>	<b>53,8%</b>	<b>-61,7%</b>	<b>-91,6%</b>
Adjustments total on PAT	11,4	5,5	50,4	-3,3	5,5	59,6	18,2%	0,7%	-
<b>Profit after tax (PAT, unadjusted)</b>	<b>72,0</b>	<b>14,8</b>	<b>107,4</b>	<b>96,2</b>	<b>2,3</b>	<b>183,2</b>	<b>70,5%</b>	<b>-84,7%</b>	<b>-97,6%</b>
Revaluation on AFS financial assets (OCI)	-28,9	15,8	-1,6	3,9	28,4	57,9	-	79,7%	635,9%
<b>Total Comprehensive Income (unadjusted)</b>	<b>43,1</b>	<b>30,6</b>	<b>105,8</b>	<b>100,1</b>	<b>30,6</b>	<b>241,1</b>	<b>128,0%</b>	<b>0,1%</b>	<b>-69,4%</b>
Adjustments total on TOCI	11,4	5,5	50,4	-3,3	5,5	59,6	18,2%	0,7%	-
<b>Total Comprehensive Income</b>	<b>54,5</b>	<b>36,1</b>	<b>156,2</b>	<b>96,7</b>	<b>36,1</b>	<b>300,7</b>	<b>92,5%</b>	<b>0,2%</b>	<b>-62,6%</b>

<sup>1</sup> Includes provision for losses on loan, as well as other provisions and impairments

<sup>2</sup>The 3.1. chapter of the Report contains the list of adjustments

STATEMENT OF BALANCE SHEET (HUF bn)	2021	2022		Y/Y	Q/Q	
	4Q	4Q	3Q			4Q
Financial assets	2,342.5	1,511.0	1,238.1	1,516.9	0.4%	22.5%
Trading portfolio	193.9	489.0	336.7	274.6	-43.8%	-18.4%
Securities	2,689.1	3,403.4	3,814.2	3,907.2	14.8%	2.4%
Loans and advances to customers (net)	4,260.7	4,761.3	4,788.4	4,901.4	2.9%	2.4%
Loan and advances to customers (gross)	4,428.7	5,028.3	5,018.9	5,170.6	2.8%	3.0%
Allowance for loan and lease losses	-168.0	-266.9	-230.5	-269.2	0.8%	16.8%
Other assets	260.0	449.7	559.2	506.9	12.7%	-9.3%
<b>TOTAL ASSETS</b>	<b>9,746.2</b>	<b>10,614.4</b>	<b>10,736.6</b>	<b>11,107.0</b>	<b>4.6%</b>	<b>3.5%</b>
Interbank liabilities	2,149.3	2,447.4	2,411.8	2,153.8	-12.0%	-10.7%
Customer deposits	6,218.8	6,574.4	6,524.3	6,957.1	5.8%	6.6%
Debt securities issued	337.3	379.7	475.0	629.2	65.7%	32.5%
Other liabilities	348.8	404.2	332.5	343.5	-15.0%	3.3%
Shareholders' equity	692.0	808.7	993.0	1,023.4	26.5%	3.1%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,746.2</b>	<b>10,614.4</b>	<b>10,736.6</b>	<b>11,107.0</b>	<b>4.6%</b>	<b>3.5%</b>
<b>Off-Balance sheet customer items (gross)</b>	<b>1,422.9</b>	<b>1,516.9</b>	<b>1,585.5</b>	<b>1,601.8</b>	<b>5.6%</b>	<b>1.0%</b>



KPIs based on adjusted PAT and Balance Sheet (HUF bn)	2021		2022		2023		Δ%-p	Δ%-p	Δ%-p
	FY	4Q	FY	3Q	4Q	FY	Y-Y (Y)	Y-Y	Q-Q
<b>Profitability</b>									
TRM - Total Revenue Margin	3,75%	5,23%	4,65%	6,12%	6,04%	6,16%	1,52%	0,81%	-0,08%
NIM - Net Interest Margin	2,20%	5,05%	4,06%	5,30%	5,16%	5,36%	1,30%	0,11%	-0,13%
NFM - Net Fee Margin	0,79%	0,84%	0,80%	0,92%	0,97%	0,88%	0,08%	0,13%	0,05%
<b>Efficiency</b>									
C/I - Cost-to-Income Ratio	59,49%	56,63%	50,39%	41,87%	53,18%	42,82%	-7,57%	-3,45%	11,30%
ROAE - Return on Average Equity	12,28%	10,38%	21,44%	39,40%	3,08%	26,73%	5,29%	-7,30%	-36,32%
<b>Equity share information</b>									
EPS - Earning Per Share (HUF, annualized)	267,8	263,1	511,6	1 165,1	97,5	761,4	249,7	-165,7	-1 067,7
<b>Volume KPIs</b>									
LTD - Loan-to-Deposit ratio	71,2%	76,5%	76,5%	76,9%	74,3%	74,3%	-2,2%-p	-2,2%-p	-2,6%-p
Securities ratio	28,0%	32,5%	32,5%	35,6%	35,2%	35,2%	2,7%-p	2,7%-p	-0,4%-p
Allowance for losses/ Total assets	-1,7%	-2,5%	-2,5%	-2,1%	-2,4%	-2,4%	0,1%-p	0,1%-p	-0,3%-p
RWA/TA - RWA/Total assets	37,9%	38,9%	38,9%	39,4%	42,6%	42,6%	3,6%-p	3,6%-p	3,2%-p
CAR - Capital adequacy ratio	18,4%	19,7%	19,7%	21,2%	22,1%	22,1%	2,4%-p	2,4%-p	0,9%-p
CET1	17,2%	18,0%	18,0%	19,1%	20,3%	20,3%	2,4%-p	2,4%-p	1,2%-p
LCR	315,7%	136,8%	136,8%	148,3%	152,5%	152,5%	15,7%-p	15,7%-p	4,2%-p
NSFR	136,6%	133,3%	133,3%	128,2%	133,7%	133,7%	0,4%-p	0,4%-p	5,6%-p
<b>Portfolio quality</b>									
Stage 1 gross loans	3 488	3 712	3 712	3 926	4 208	4 208	497	497	283
Stage 2 gross loans	786	1 110	1 110	893	790	790	-320	-320	-103
Stage 3 gross loans	154	207	207	200	172	172	-35	-35	-28

## Unadjusted KPIs

KPIs based on unadjusted PAT (HUF bn)	2021	2022		2023		Δ%-p	Δ%-p	Δ%-p	
	FY	4Q	FY	3Q	4Q	FY	Y-Y (Y)	Y-Y	Q-Q
<b>Profitability</b>									
TRM - Total Revenue Margin	3.71%	5.05%	4.58%	6.12%	6.04%	6.21%	1.64%	0.99%	-0.08%
NIM - Net Interest Margin	2.20%	5.05%	4.06%	5.30%	5.16%	5.36%	1.30%	0.11%	-0.13%
NFM - Net Fee Margin	0.79%	0.84%	0.80%	0.92%	0.97%	0.88%	0.08%	0.13%	0.05%
<b>Efficiency</b>									
C/I - Cost-to-Income Ratio	60.90%	59.20%	51.69%	42.27%	53.73%	42.95%	-8.74%	-5.47%	11.46%
C/A - Cost-to-Total Assets	2.26%	2.99%	2.37%	2.59%	3.25%	2.67%	0.30%	0.26%	0.66%
ROAE - Return on Average Equity	10.60%	7.58%	14.59%	40.82%	0.90%	20.17%	5.58%	-6.69%	-39.92%
<b>Equity share information</b>									
EPS - Earning Per Share (HUF, annualized)	233.3	192.2	348.2	1,207.0	28.4	574.5	226.3	-163.8	-1,178.6

P&L 4Q 2023 (HUF bn)	Unadjusted P&L	Adjusted P&L
<b>Net operating income</b>	<b>76.3</b>	<b>77.3</b>
<b>Gross operating income</b>	<b>165.0</b>	<b>165.0</b>
Net interest income	140.9	140.9
Net fee and commission income	26.4	26.4
Other operating income	-2.4	-2.4
FX and FV results	4.2	4.2
Other income	-6.6	-6.6
<b>Operating expenses</b>	<b>-88.7</b>	<b>-87.7</b>
<b>Provisions and impairments</b>	<b>-62.2</b>	<b>-62.2</b>
<b>Banking tax</b>	<b>-5.1</b>	<b>0.0</b>
<b>PBT</b>	<b>9.0</b>	<b>15.1</b>
Corporate income tax	-6.8	-7.3
<b>PAT</b>	<b>2.3</b>	<b>7.8</b>
OCI	28.4	28.4
<b>TOCI</b>	<b>30.6</b>	<b>36.1</b>

## Changes in the regulatory environment and post-closing events

#	Changes in 4Q
1	<b>CSOK Plus:</b> from January 1, 2024, a subsidized loan with an interest rate of 3% can be used in urban areas with over 5,000 inhabitants. In the case of the birth of the second child and every subsequent child, HUF 10 million will be released from the capital. The amount of self-reliance required to buy a first home is reduced to 10%.
2	<b>Voluntary interest ceiling:</b> due to the reduction of the central bank's base interest rate, a voluntary interest ceiling was introduced for newly disbursed loans from October 9, 2023, to stimulate lending. Regarding newly contracted corporate working capital loans, the rate will decrease from the originally determined level of 12.5% to 9.9%, while residential housing loans will be available at a maximum APR of 7.3% from January 1, 2024. According to the government's communication, after the central bank's base interest rate drops to single digit, it will be possible to remove the interest rate cap on business loans of SMEs and revise the interest rate cap on home loans.
3	The Government supports the continuation of <b>Gábor Baross Reindustrialization Loan Program</b> in 2024 and the increase of the total amount to HUF 1,200 billion.
Post-closing events	
4	<b>Changes in the Bank's management:</b> The Extraordinary General Meeting of MBH Bank elected Dr. Árpád Kovács as a member of the Supervisory Board and Audit Committee from 14 March 2024 until 31 December 2025 (after the relevant authorizing resolution issued by the NBH), following the resignation of Dr. Péter Magyar on 10 February 2024.
5	<b>Interim dividend payment procedure of MBH Bank Plc.:</b> Based on Section 3.2.2 (m) of the Articles of Association, the Board of Directors of MBH Bank Plc. (decided on 15 December 2023 with its Resolution No. 162/2023 (15 December) (the 'Resolution') to pay interim dividend of HUF 21,609,484,875 to the shareholders of the Bank. The Supervisory Board approved the decision of the Board of Directors by way of its Resolution No. 43/2023 (15 December). Based on the above, the gross interim dividend per ordinary share with a nominal value of HUF 1,000 is HUF 67.
6	<b>BET introduction:</b> The Budapest Stock Exchange Plc. introduced into exchange trading the dematerialised, registered, EUR 350,000,000 and 8.625 per cent. Senior Preferred Fixed-to-Floating Callable Notes due 2027, tranche number 1, in an amount of 350,000 securities with a face value of EUR 1,000 giving a total face value of EUR 350,000,000 issued by MBH Bank Plc. as of 16 February, 2024.
7	<b>Fundamenta:</b> In November 2023 the Bank signed a share purchase agreement with Bausparkasse Schwäbisch Hall AG (Germany) and with Bausparkasse Wüstenrot AG (Austria) as well as with Wüstenrot & Württembergische AG (Germany) in order to purchase a total of 76,35% stake of Fundamenta-Lakáskassza Lakás-takarékpénztár Plc. The closing of the transaction and the date of the acquisition is 27 March 2024 which was approved by NBH after the necessary permissions.
8	Within the framework of <b>GINOP Plusz</b> , HUF 910 billion in EU funding is expected to be announced in the coming months. 2 priorities: business development HUF 450 billion (most of which is repayable at 0%, with interest) and increasing labor market activity (budget amount of HUF 460 billion).
9	<b>Reduce interest margin :</b> Commercial banks voluntarily undertake the new corporate HUF loan agreements (including current account, working capital and investment loans for which the disbursement will start this year) in the first 6 months of the term, the interest margin above BUBOR is reduced to 0%. The promotional period lasts from February 1 to May 1, 2024.
10	<b>Base rate cut:</b> MNB has cut the base rate by 100 basis points to 9.0% effective from February 27, 2024.

MBH, MBH Bank, MBH Group	MBH Bank Plc.
NBH	National Bank of Hungary (the central bank of Hungary)
ECB	European Central Bank
FED	Federal Reserve System

y/y	Year on year
q/q, p/p	Quarter on quarter, period on period
bp	Basis point
CAGR	Compounded Annual Growth Rate
FY	Annual data
(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

Secured loans	Home Loans + Free-to-Use Mortgages
Unsecured loans	Personnel loans + Baby loans + Other consumer loans
FVTOCI	Fair value through OCI
FVTPL	Fair value through P&L
FTE	Full time equivalent
NPL	Non performing loans
DPD90+	Days past due over 90 days

ROE, ROAE	Return on (average) equity
ROA, ROAA	Return on (average) assets
ROMC	Return on minimal capital required
C/I, CIR	Cost-to-income ratio
TRM	Total revenue margin
NIM	Net interest margin
NFM	Net fee margin
CAR	Capital adequacy ratio
LTD	Loans to deposits
EPS	Earning per share
AVA	Asset value adjustment – CRR specification
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
AUM	Asset under management

ÁKK, GDMA	Price of government bond reference yields determined daily by the Government Debt Management Agency
KSH	Hungarian Central Statistical Office
ESG	Environmental, Social and Governance



# Disclaimer

**MBH** BANK



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### Investor relations

Email:

[investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

Phone: 0036-1-268-7173

<https://www.mbhbank.hu/investor>