



**MFB Hungarian Development Bank**  
**Private Limited Company**

Non-audited Separate Financial Statements in accordance with International Financial  
Reporting Statment as adopted by the EU  
as of 30 June 2019

**MFB Hungarian Development Bank Private Limited Company**  
*Separate Statement of Financial Position*

in million HUF unless otherwise stated

<b>ASSETS</b>	<b>30/06/2019</b>	<b>31/12/2018</b>
<b>Cash, cash balances at central banks and other demand deposits</b>	<b>15 025</b>	<b>16 735</b>
<b>Financial assets held for trading</b>	<b>37 554</b>	<b>34 584</b>
Derivatives	37 554	34 584
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>109 155</b>	<b>113 803</b>
Loans	109 155	113 803
<i>Loans to customers</i>	60 872	61 747
<i>Loans to banks</i>	48 283	52 056
<b>Financial assets at fair value through other comprehensive income</b>	<b>43 734</b>	<b>48 190</b>
<i>Of which assets encumbered</i>	<i>2 137</i>	<i>0</i>
Equity instruments	4 085	3 839
Debt securities	39 649	44 351
<b>Financial assets at amortized cost</b>	<b>836 728</b>	<b>707 046</b>
<i>Of which assets encumbered</i>	<i>133 902</i>	<i>114 763</i>
Debt securities	62 427	68 667
Loans	747 553	621 253
<i>Loans to customers</i>	699 888	585 893
<i>Loans to banks</i>	47 665	35 360
Other financial receivables	585	815
Deposits at central and other banks	26 163	16 311
<b>Derivatives – Hedge accounting</b>	<b>2 704</b>	<b>911</b>
<b>Investments in subsidiaries, joint ventures and associates</b>	<b>97 916</b>	<b>170 857</b>
<b>Property plant and equipment</b>	<b>3 785</b>	<b>3 489</b>
<b>Intangible assets</b>	<b>3 227</b>	<b>3 141</b>
<b>Tax assets</b>	<b>0</b>	<b>203</b>
Current tax assets	0	203
Deferred tax assets	0	0
<b>Other assets</b>	<b>11 585</b>	<b>9 213</b>
<b>Receivables from the State due to currency-hedging agreement</b>	<b>121 657</b>	<b>120 431</b>
<b>TOTAL ASSETS</b>	<b>1 283 070</b>	<b>1 228 603</b>

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	30/06/2019	31/12/2018
<b>LIABILITIES</b>		
<b>Financial liabilities held for trading</b>	<b>223</b>	<b>137</b>
Derivatives	223	137
<b>Financial liabilities measured at amortized cost</b>	<b>1 040 138</b>	<b>985 995</b>
Customer deposits	49 508	40 525
Loan from banks	378 902	324 555
Debt securities issued	572 442	584 647
Other financial liabilities	39 286	36 268
<b>Derivatives – Hedge accounting</b>	<b>1 038</b>	<b>569</b>
<b>Provisions</b>	<b>2 365</b>	<b>2 713</b>
<b>Tax liabilities</b>	<b>423</b>	<b>538</b>
Current tax liabilities	160	0
Deferred tax liabilities	263	538
<b>Other liabilities</b>	<b>18 166</b>	<b>18 127</b>
<b>TOTAL LIABILITIES</b>	<b>1 062 353</b>	<b>1 008 079</b>
<b>Share capital</b>	<b>114 500</b>	<b>114 500</b>
<b>Share premium</b>	<b>81 870</b>	<b>81 870</b>
<b>Valuation reserve</b>	<b>561</b>	<b>547</b>
<b>Retained earnings</b>	<b>15 187</b>	<b>15 002</b>
<b>Other reserves</b>	<b>8 599</b>	<b>8 605</b>
<b>TOTAL EQUITY</b>	<b>220 717</b>	<b>220 524</b>
<b>TOTAL EQUITY AND TOTAL LIABILITIES</b>	<b>1 283 070</b>	<b>1 228 603</b>

Budapest, 11 September 2019



dr. Levente Sipos-Tompa  
Chief Executive Officer



Kornél Kisgergely  
Executive officer

**MFB Hungarian Development Bank  
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**MFB Hungarian Development Bank Private Limited Company**  
*Separate Income Statement*

in million HUF unless otherwise stated

	<b>30/06/2019</b>	<b>30/06/2018</b> <b>Restated</b>
Interest income calculated using the effective interest method	9 386	8 931
Other interest income	8 032	7 560
Interest expenses	(12 741)	(11 503)
<b>Net interest income</b>	<b>4 677</b>	<b>4 988</b>
Dividend income	1 530	4 136
Fee and commission income	282	134
Fee and commission expenses	(137)	(173)
<b>Net Fee and commission income or expenses</b>	<b>145</b>	<b>(39)</b>
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	27	1 201
Gains or (-) losses on financial assets and liabilities held for trading, net	994	(1 058)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(31)	(99)
Gains or (-) losses from hedge accounting, net	8	363
Exchange differences [gain or (-) loss], net	(1 131)	(27)
Gains or (-) losses on derecognition of non-financial assets, net	0	44
Other operating revenue and income	1 782	2 001
<b>TOTAL OPERATING INCOME</b>	<b>8 001</b>	<b>11 510</b>
Administrative expenses	(3 578)	(4 082)
Salaries and employee benefits	(2 710)	(3 075)
Other administrative expenses	(868)	(1 007)
Depreciation	(296)	(128)
Administrative expenses	(2 296)	(2 314)
Modification gain or (loss)	0	0
Provisions (-) or reversal of provisions	360	(415)
Impairment (-) or reversal of impairment on financial assets not measured at fair value through profit or loss	(1 423)	563
Impairment (-) or reversal of impairment of investments in subsidiaries, joint ventures and associates	(484)	(80)
Impairment (-) or reversal of impairment of non-financial instruments	(19)	0
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>265</b>	<b>5 054</b>
Tax expense (-) or income related to profit or loss from continuing operations	(86)	259
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>179</b>	<b>5 313</b>

**MFB Hungarian Development Bank Private Limited Company**  
*Separate Income Statement*

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Reclassifications detailed in the financial statements prepared for 31 December 2018 were also restated in the financial statements prepared for 30 June 2018 represented by the "Restated" mark in the heading for 30 June 2018. In the profit and loss statement the special bank tax of financial institutions (HUF 2 114 million) are presented under "Other operating expenses" instead of the previous "Administrative expenses" line. In addition the local business tax (HUF 163 million) was also reclassified into the "Income Tax" line as it was incorrectly reported in „Other general and administrative expense”.

	<b>2018 Restated</b>	<b>2018 Original</b>	<b>Effect of change</b>
Other administrative expense	(4 082)	(6 359)	2 277
<i>from this bank tax</i>	0	(2 114)	2 114
<i>from this local business tax</i>	0	(163)	163
Other operating expense	(2 314)	(200)	(2 114)
Tax expense (-) or income related to operations	259	422	(163)

Budapest, 11 September 2019

  
dr. Levente Sipos-Tompa  
Chief Executive Officer

  
Kornél Kisgergely  
Executive officer

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*Separate Other Comprehensive Income Statement*

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	30/06/2019	30/06/2018 Restated
<b>Profit or (loss) for the year</b>	<b>179</b>	<b>5 313</b>
<b>Other comprehensive income</b>	<b>14</b>	<b>988</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>19</b>	<b>0</b>
Change in fair value of equity instruments at fair value through other comprehensive income	24	0
Tax impact of items that will not be reclassified to profit and loss	(5)	0
<b>Items that may be reclassified to profit or loss</b>	<b>(5)</b>	<b>988</b>
Debt instruments at fair value through other comprehensive income	8	780
Fair value change recognized in own equity	8	654
Profit recognized in the income statements	0	126
Other reclassification	0	0
Tax impact of items that will be reclassified to profit and loss	(13)	208
<b>Total comprehensive income for the year</b>	<b>193</b>	<b>6 301</b>

In the audited financial statements for the year ended 31 December 2018, other comprehensive income was restated so that the effect of the transition to IFRS 9 on the valuation reserve was not included in the annual change. This IFRS9 transition impact of HUF 3 047 million was disclosed in a separate line in the statement of changes in shareholder's equity for 30 June 2018. This effect is reflected in the "Restated" mark in the column for 30 June 2018.

Budapest, 11 September 2019

  
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 Chief Executive Officer

  
 Kornél Kisgergely  
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**MFB Hungarian Development Bank Private Limited Company**  
*Separate Statement of Changes in Shareholder's Equity*

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	Share Capital	Capital Reserve	Other Reserves	Retained earnings	Valuation reserve	Total
<b>Balance at 31 December 2017</b>	<b><u>114 500</u></b>	<b><u>83 696</u></b>	<b><u>8 415</u></b>	<b><u>12 510</u></b>	<b><u>4 668</u></b>	<b><u>223 789</u></b>
IFRS 9 transition				(3 164)	(3 047)	(6 211)
<b>Balance at 1 January 2018</b>	<b><u>114 500</u></b>	<b><u>83 696</u></b>	<b><u>8 415</u></b>	<b><u>9 346</u></b>	<b><u>1 621</u></b>	<b><u>217 578</u></b>
Statutory capital reserve reclassification			647	(647)		0
Net profit for the year				5 313		5 313
Other comprehensive income					988	988
<b>Balance at 30 June 2018 Restated</b>	<b><u>114 500</u></b>	<b><u>83 696</u></b>	<b><u>9 062</u></b>	<b><u>14 012</u></b>	<b><u>2 609</u></b>	<b><u>223 879</u></b>
<b>Balance at 31 December 2018</b>	<b><u>114 500</u></b>	<b><u>81 870</u></b>	<b><u>8 605</u></b>	<b><u>15 002</u></b>	<b><u>547</u></b>	<b><u>220 524</u></b>
Statutory capital reserve reclassification			(6)	6		0
Net profit for the year				179		179
Other comprehensive income					14	14
<b>Balance at 30 June 2019</b>	<b><u>114 500</u></b>	<b><u>81 870</u></b>	<b><u>8 599</u></b>	<b><u>15 187</u></b>	<b><u>561</u></b>	<b><u>220 717</u></b>

In the audited financial statements for the year ended 31 December 2018, the effect of the transition to IFRS 9 resulted HUF 179 million difference compared to the previously presented retained earnings balance for 30 June 2018 that was corrected. In addition other comprehensive income was restated so that the effect of the transition to IFRS 9 on the valuation reserve was not included in the annual change. This IFRS9 transition impact of HUF 3 047 million was disclosed in a separate line in the statement of changes in shareholder's equity for 30 June 2018. These effects are reflected in the "Restated" mark in the column for 30 June 2018.

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