



MBH Bank Plc.

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statistic code

***Non audited condensed
consolidated interim
financial statements***

Prepared in accordance with
IAS 34 Interim Financial Reporting standard
as adopted by the EU

Budapest, 30 September 2024

30 June 2024

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NON AUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2024	31 December 2023
<i>Assets</i>			
Cash and cash equivalents	4.7	1,172,715	1,347,889
Financial assets measured at fair value through profit or loss		752,199	756,308
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	4.8	537,745	510,988
<i>Securities held for trading</i>	4.9	1,786	2,621
<i>Securities mandatorily at fair value through profit or loss</i>	4.9	49,182	47,516
<i>Derivative financial assets</i>	4.10	163,486	195,183
Hedging derivative assets	4.10	71,793	73,652
Financial assets measured at fair value through other comprehensive income		896,929	912,538
<i>Securities</i>	4.11	896,929	912,538
Financial assets measured at amortised cost		8,515,465	7,689,462
<i>Loans and advances to banks</i>	4.12	152,449	106,544
<i>Loans and advances to customers</i>	4.12	4,991,286	4,390,428
<i>Repurchase assets</i>	4.12	1,540	17,918
<i>Securities</i>	4.12	3,169,629	3,010,864
<i>Other financial assets</i>	4.12	200,561	163,708
Fair value change of hedged items in portfolio hedge of interest rate risk	4.10	(118)	3,159
Associates and other investments	4.13	58,825	55,169
Property, plant and equipment		127,505	120,501
Intangible assets		88,982	71,094
<i>Goodwill</i>	2.7	3,340	-
Income tax assets		12,181	13,540
<i>Current income tax assets</i>		1,111	276
<i>Deferred income tax assets</i>		11,070	13,264
Other assets		29,277	62,367
Assets held for sale		1,300	1,369
Total assets		11,727,053	11,107,048

	Note	30 June 2024	31 December 2023
Liabilities			
Financial liabilities measured at fair value through profit or loss		129,889	152,581
<i>Derivative financial liabilities</i>	4.10	124,194	129,944
<i>Financial liabilities from short positions</i>	4.14	5,695	22,637
Hedging derivative liabilities	4.10	20,250	17,018
Financial liabilities measured at amortised cost		10,349,293	9,789,825
<i>Amounts due to banks</i>	4.15	1,960,262	2,027,667
<i>Amounts due to customers</i>	4.15	7,626,029	6,957,100
<i>Repurchase liabilities</i>	4.15	7,844	11,767
<i>Issued debt securities</i>	4.16	499,802	520,901
<i>Subordinated debt</i>	4.17	94,103	108,341
<i>Other financial liabilities</i>		161,253	164,049
Provisions	4.18	36,124	31,240
Income tax liabilities		3,204	16,985
<i>Current income tax liabilities</i>		2,042	15,354
<i>Deferred income tax liabilities</i>		1,162	1,631
Other liabilities		78,691	76,028
Total liabilities		10,617,451	10,083,677
Equity			
Share capital		322,530	322,530
Share premium		348,894	348,894
Retained earnings		186,733	44,754
Other reserves		59,814	51,066
Profit for the year		104,673	176,679
Accumulated other comprehensive income		16,355	36,465
Equity of the owners of the parent company		1,038,999	980,388
Non-controlling interest		70,603	42,983
Total equity		1,109,602	1,023,371
Total liabilities and equity		11,727,053	11,107,048

Budapest, 30 September 2024

Dr. Zsolt Barna
Chairman and CEO

Péter Krizsanovich
Deputy CEO for Finance

**NON AUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Interest income		538,204	589,449
<i>Interest income using effective interest rate method</i>	4.1	344,717	386,621
<i>Other interest income</i>	4.1	193,487	202,828
Interest expense		(270,854)	(306,112)
<i>Interest expense using effective interest rate method</i>	4.1	(151,710)	(190,661)
<i>Other interest expenses</i>	4.1	(119,144)	(115,451)
Net interest income		267,350	283,337
Income from fees and commissions	4.2	102,552	90,136
Expense from fees and commissions	4.2	(29,173)	(25,501)
Net income from fees and commissions		73,379	64,635
Results from financial instruments, net		4,281	(1,846)
<i>Results from financial instruments measured at fair value through profit or loss, net</i>	4.3	17,562	(75,896)
<i>Results from financial instruments measured at fair value through other comprehensive income, net</i>	4.3	3,752	(2,688)
<i>Results from financial instruments measured at amortised cost, net</i>	4.3	(6,606)	(676)
<i>Results from hedge accounting, net</i>	4.3	(4,831)	23,940
<i>Exchange differences result</i>	4.3	(5,596)	53,474
(Impairment) / Reversal on financial and non-financial instruments		(16,332)	(30,080)
<i>Expected credit loss on financial instruments held for credit risk management</i>	4.4	(13,632)	(18,616)
<i>Provision (loss) / gain</i>	4.4	810	(268)
<i>Modification (loss) / gain on financial instruments</i>	4.4	(3,416)	(9,852)
<i>(Impairment) / Reversal on associates and other investments</i>	4.4	(151)	(1,388)
<i>(Impairment) / Reversal on other financial and non-financial instruments</i>	4.4	57	44
Dividend income		1,074	1,610
Operating expense	4.5	(203,131)	(222,839)
Other income	4.5	10,571	27,680
Other expense	4.5	(10,708)	(20,778)
Share of associated companies' and joint ventures' profit		2,914	640
Result from assets held for sale		-	-
Profit before taxation		129,398	102,359
Income tax income / (expense)	4.6	(20,603)	(17,651)
Profit for the year		108,795	84,708
<i>Of which profit or (loss) of the owners of the parent company</i>		<i>104,673</i>	<i>81,954</i>
<i>Of which profit or (loss) of the non-controlling interest</i>		<i>4,122</i>	<i>2,754</i>

Other comprehensive income	Note	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Items that may be reclassified to profit or loss		(21,188)	24,629
<i>Hedging instruments (unmarked items)</i>		(47)	(39)
<i>Revaluation on financial assets measured at fair value through other comprehensive income</i>		(23,091)	26,815
<i>Income tax relating to items that will be reclassified</i>		1,950	(2,147)
Items that may not be reclassified to profit or loss		1,064	1,054
<i>Fair value changes of equity instruments measured at fair value through other comprehensive income</i>		1,064	1,054
<i>Income tax relating to items that will not be reclassified</i>		-	-
Other comprehensive income for the year net of tax		(20,124)	25,683
Total comprehensive income for the year		88,671	110,391
<i>Of which total comprehensive income of the owners of the parent company</i>		84,572	107,313
<i>Of which total comprehensive income of the non-controlling interest</i>		4,099	3,078
Profit / (Loss) attributable to:			
Profit/(loss) for the period from continuing operation		108,795	84,708
Total comprehensive income attributable to:			
Total comprehensive income from continuing operation		88,671	110,391
Net income available to ordinary shareholders		104,673	81,953
Average number of ordinary shares outstanding (thousands)		322,530	321,976
Earnings per Ordinary Share			
Basic (in HUF)	4.22	325	255

NON AUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings*	Other reserves	Accumulated other comprehensive income	Equity of the owners of the parent company	Non-controlling interest	Total equity
31 December 2022	321,699	313,947	121,534	32,552	(21,357)	768,375	40,361	808,736
Profit for the year	-	-	81,953	-	-	81,953	2,754	84,707
Other comprehensive income	-	-	-	-	25,359	25,359	324	25,683
Total comprehensive income for the period	-	-	81,953	-	25,359	107,312	3,078	110,390
Dividend paid	-	-	(25,092)	-	-	(25,092)	-	(25,092)
Increase from business combination - merger of Takarékbank Ltd.	831	34,947	(39,578)	6,682	-	2,882	(3,108)	(226)
Other decrease due to change in the ownership share in subsidiaries	-	-	155	-	268	423	(1,251)	(828)
Transactions with owners	831	34,947	(64,515)	6,682	268	(21,787)	(4,359)	(26,146)
30 June 2023	322,530	348,894	138,972	39,234	4,270	853,900	39,080	892,980
31 December 2023	322,530	348,894	221,433	51,066	36,465	980,388	42,983	1,023,371
Profit for the year	-	-	104,673	-	-	104,673	4,122	108,795
Other comprehensive income	-	-	-	-	(20,101)	(20,101)	(23)	(20,124)
Total comprehensive income for the period	-	-	104,673	-	(20,101)	84,572	4,099	88,671
Dividend paid	-	-	(24,512)	-	-	(24,512)	(2,280)	(26,792)
General reserve for the year	-	-	-	-	-	-	-	-
Other correction	-	-	(1,440)	-	(9)	(1,449)	4,194	2,745
Equalization reserve	-	-	(8,748)	8,748	-	-	-	-
Other increase/decrease from business combination	-	-	-	-	-	-	21,607	21,607
Transactions with owners	-	-	(34,700)	8,748	(9)	(25,961)	23,521	(2,440)
30 June 2024	322,530	348,894	291,406	59,814	16,355	1,038,999	70,603	1,109,602

NON AUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Note	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
<i>Cash flows from operating activities</i>			
Profit/ (Loss) before taxation		129,398	102,359
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	4.5	19,012	16,301
Expected credit loss / (reversal) on financial instruments held for credit risk management	4.4	12,047	13,466
Impairment / (reversal of impairment) on securities, associates and other investments	4.4	1,736	(1,499)
Impairment / (reversal of impairment) on other assets		(133)	(50)
(Reversal of provisions for) / Recognise provisions on other items	4.18	(1,687)	(268)
Revaluation of loans and advances to customers mandatorily at fair value through profit or loss	4.8	(10,113)	(39,173)
Revaluation of securities		7,194	(2,464)
Revaluation of issued securities	4.16	(1,800)	(8,065)
Other revaluation differences	4.3	1,611	(640)
Net interest income	4.1	(267,352)	(283,338)
Dividends from shares and other non-fixed income securities		(1,074)	(1,611)
Foreign exchange movement		91	13,601
Adjusted profit / (loss) before taxation:		(111,020)	(191,381)
Change in loans and advances to banks	4.12	(30,018)	63,851
Change in loans and advances to customers	4.12	(127,039)	25,820
Change in securities	4.9, 4.11, 4.12	2,865	(232,561)
Change in derivative assets	4.10	36,833	111,846
Change in other assets		49,781	(12,334)
Change in amounts due to banks (short term)	4.15	(34,566)	139,777
Change in current and deposit accounts	4.15	134,025	(299,182)
Change in other liabilities		(17,455)	57,943
Change in derivative liabilities	4.10	(18,969)	(47,804)
Interest received	4.1	476,883	585,299
Interest paid	4.1	(249,859)	(305,498)
Dividends received		1,074	1,611
Income tax	4.6	(31,872)	(27,878)
Net change in assets and liabilities of operating activities		191,683	60,890
Net cash (used in)/ generated by operating activities		80,663	(130,491)

	Note	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
<i>Cash flow from investing activities</i>			
Change in cash due to business combinations	2.7	(11,556)	-
Purchase and disposals of PPEs and intangible assets		(28,247)	(15,973)
Disposals of PPEs and intangible assets		297	129
Purchase of securities measured at amortised cost	4.12	(382,955)	(169,212)
Disposals of securities measured at amortised cost	4.12	282,554	120,909
Non-current assets held for sale		69	(1,197)
Net cash (used in)/ generated by investing activities		(139,838)	65,344
<i>Cash flow from financing activities</i>			
Increase in issued securities	4.16	55,395	66,300
Decrease in issued securities	4.16	(83,438)	-
Increase in subordinated liabilities	4.17	-	27,060
Decrease in subordinated liabilities	4.17	(14,125)	-
Cash outflows due to leases		(2,523)	(4,273)
Change in amounts due to banks (long-term)	4.15	(66,034)	(100,159)
Issue of new shares and income from share premium		-	-
Dividends paid		(5,183)	(25,092)
Net cash (used in)/ generated by financing activities		(115,908)	36,164
Net increase / (decrease) of cash and cash equivalents		(175,083)	(231,999)
Cash and cash equivalents at 1 January		1,347,889	854,970
<i>FX change on cash and cash equivalents</i>		(91)	(13,601)
<i>Net cash-flow of cash and cash equivalents</i>		(175,083)	(231,999)
Cash reserves at the end of period		1,172,715	1,115,715

1. GENERAL INFORMATIONS

Current non audited condensed consolidated interim financial statements as at 30 June 2024, prepared in accordance with the requirements of IAS 34 Interim Financial Reporting Standard as adopted by the European Union. Any specific information needs beyond these financial statements may be satisfied with the stock exchange flash report, which is prepared for special purposes for the same period based on the key figures of these financial statements.

MBH Bank Plc. (before the name change: MKB Bank Plc, hereinafter: "MKB" or "MKB Bank", after the name change: "MBH" or "MBH Bank" or "Bank") is a commercial bank registered in Hungary, and operating under the effective laws of Hungary, particularly under Act CCXXXVII of 2013 on credit institutions and financial enterprises. The headquarters of the Bank is at 38 Váci utca Budapest 1056.

From 30 May 2019 MKB Bank pursues its activity as a public limited company, the shares of MKB Bank were added to the product list of the Budapest Stock Exchange (hereinafter: „BSE”), by which the shares of MKB Bank were admitted to the BSE. On 30 May 2019 the type of operation of the Bank changed and as of that date it functions as a public limited company. The company name changed to MKB Bank Plc., effective from 30 May 2019. The change of form of operation and the related name change were registered by the court of registration on 30 May 2019. The first trading day of the ordinary shares of MKB Bank admitted to BSE was 17 June 2019 in the Standard category of the equity section of BSE.

On 30 October 2020, MKB Bank has sold all its shares representing 33.33% ownership in Magyar Bankholding Ltd. (hereinafter: „Magyar Bankholding”) to its shareholders.

Magyar Bankholding Ltd. commenced its effective operation as a financial holding company on 15 December 2020, after the bank shares of the key owners of Budapest Bank Ltd. (hereinafter: „Budapest Bank”), MKB Bank and MTB Ltd. (hereinafter: „MTB”) were transferred to the joint holding company in possession of the approval of National Bank of Hungary (hereinafter: „NBH”). The owners transferred their shares to the joint holding company, thereby establishing the second largest banking group in Hungary, with the Hungarian State owning 30.35% of the shares through Corvinus Nemzetközi Befektetési Ltd., the former direct owners of MKB acquiring 31.96% of the shares and the former direct owners of MTB acquiring 37.69% of the shares. All required approvals have been obtained for these changes.

On 15 December 2021, the supreme bodies of MKB Bank, Budapest Bank and Magyar Takarékbankholding Ltd., which owns MTB, approved the first step of the merger timetable of Budapest Bank, MKB Bank and MTB. In accordance with the merger schedule, based on the relevant decisions of the supreme bodies and in possession of the necessary regulatory approvals, the merger of the two member banks of Magyar Bankholding, Budapest Bank and MKB Bank, and Magyar Takarékbankholding was completed on 31 March 2022. From 1 April 2022, the merged credit institution continued to operate temporarily under the name of MKB Bank Plc.

On 9 December 2022, the supreme bodies of MKB Bank and Takarékbank adopted the proposals for the merger of the two member banks as part of the implementation of the second step of the merger schedule of Magyar Bankholding. According to the decisions of the General Meetings, the two member banks of the banking group, MKB Bank Plc. and Takarékbank Ltd., merged on 30 April 2023, and then has continued their operations under the name MBH Bank Plc, with a single brand name and image. With the triple bank merger led by Magyar Bankholding, Hungary's second largest universal major bank has been established through the integration of Budapest Bank, MKB Bank and Takarékbank.

The merger does not imply any change in the ownership structure of the banking group, the dominant shareholder of the banks involved in the merger process will remain Magyar Bankholding.

The shareholder structure of MBH Bank

The Bank's share capital is HUF 322,529,625,000 consists entirely of Series A ordinary shares, each of that carries the same rights.

The shareholder structure of MBH Bank is the following as of 30 June 2024:

Owner	Shares (pieces)	Total nominal value of shares (HUF)	Ownership share (%)
Magyar Bankholding Ltd.	318,883,966	318,883,966,000	98,87%
Public contribution rate:	3,645,659	3,645,659,000	1,13%
Total	322,529,625	322,529,625,000	100,00%

There were no changes in the ownership structure of Magyar Bankholding Ltd. during the current period ended on 30 June 2024, as follows:

Ownership structure of Magyar Bankholding	Ownership share (%)
Corvinus Nemzetközi Befektetési Ltd.	30,35%
Magyar Takarékszövetkezet Befektetési és Vagyongazdálkodási Ltd.	25,13%
Magyar Takarékszövetkezet Holding Ltd.	12,56%
METIS Magántőkealap	11,51%
Blue Robin Investments S.C.A.	10,82%
RKOFIN Befektetési és Vagyonkezelő Ltd.	4,48%
GLOBAL ALFA Magántőkealap	3,29%
Pantherinae Pénzügyi Ltd.	1,02%
OPUS FINANCE Future Ltd.	0,84%
Total	100,00%

Ultimate controlling party among the shareholders of Magyar Bankholding can not be identified.

Chairman of the Board of Directors:

- Dr. Zsolt Barna

Chairman of the Supervisory Board:

- Dr. Andor Nagy

Members of the Board of Directors:

- Levente László Szabó
- Marcell Tamás Takács
- István Sárváry
- Andrea Mager
- Dr. Balázs Vinnai
- Ádám Egerszegi

Subsidiaries

During the reporting period, the scope of consolidation of the Group's accounts changed due to the following events:

- Merger of Retail Prod Ltd. into Euroleasing Ltd. as of 1 January 2024
- Inclusion of MKB Real Estate Investment Fund and MKB High-risk Investment Fund in the scope of consolidation following the acquisition of the majority of investment fund shares
- MBH Bank acquired 76.35% share capital of Fundamenta-Lakáskassza Lakás-takarékpénztár Ltd., thereby included the members of the Fundamenta Group in the scope of consolidation:
 - Fundamenta-Lakáskassza Lakás-takarékpénztár Ltd.
 - Fundamenta-Lakáskassza Pénzügyi Közvetítő Llc.
 - Fundamenta Értéklánc Ingatlanközvetítő és Szolgáltató Llc.

The fully consolidated subsidiaries of the Group as of 30 June 2024 are:

- Budapest Equipment Finance Privately Held Share
- Budapest Leasing Privately Held Share Company
- Euroleasing Real Estate Ltd.
- Euroleasing Ltd.
- Fundamenta-Lakáskassza Lakás-takarékpénztár Ltd.
- Fundamenta-Lakáskassza Pénzügyi Közvetítő Llc.
- Fundamenta Értéklánc Ingatlanközvetítő és Szolgáltató Llc.
- MBH Bank MRP Szervezet
- MBH Fund Management Ltd.
- MBH Investment Bank Co. Ltd.
- MBH Blue Sky Ltd.
- MBH Domo Llc.
- MBH Duna Bank Ltd.
- MBH Real Estate Development Ltd.
- MBH Mortgage Bank Co. Plc.
- MBH Mezőgazdasági és Fejlesztési Magántőkealap
- MBH Services Plc.
- MBH Vállalati Stabíl Abszolút Hozamú Kötvény Investment Fund
- MITRA Informatikai Ltd.
- MKB High-risk Investment Fund
- MKB Real Estate Investment Fund
- OPUS TM-1 Investment Fund
- Takaréék Faktorház Ltd.
- Takaréék Ingatlan Ltd.
- Takaréék Zártkörű Investment Fund
- Takinfo Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, conventions, rules and practices used in the preparation and presentation of the Group's condensed consolidated interim financial statements are consistent with those described in the most recently published annual financial statements, except for the adoption of new standards effective as of 1 January 2024. Several amendments and interpretations are effective for the first time in 2024, but do not have a material impact on the non audited condensed consolidated interim financial statements of the Group.

MBH Bank and its subsidiaries included in the scope of accounting consolidation (the "Group") maintain their accounting records and prepare their general ledger statements in accordance with the provisions of the laws in force in Hungary. The functional currency of the members of the Group is the Hungarian Forint (HUF). In these consolidated financial statements, all amounts are presented in millions of HUF, except where otherwise indicated.

2.1 Changes in the legal and regulatory environment and its effect on the separate financial statements

During the year, the Group's activities were affected by the following government regulations and other legal regulatory instruments and amendments:

- Government Decrees on the different application of the provisions of CCXXXVII of 2013 on Credit Institutions and Financial Enterprises and certain related legislative provisions;
- the amendment of Government Decree No. 197/2022 (4.VI.) on extraprofit taxes Decree No 206/2023 (31.V.), which entered into force on 25 April 2023, changing the relevant regulation of the special tax for Credit Institutions and Financial Enterprises;
- Government Decree No. 175/2023 (12.V.) amending Government Decree No. 782/2021 (24.XII.) on the different application of Act CLXII of 2009 on credit to consumers in emergency situations, extending the "interest rate cap" until 31 December 2024 under unchanged conditions.

For further information, see the Credit risk section in Chapter 3 Risk management.

2.2 The effect of adopting new and revised International Financial Reporting Standards („IFRS”) effective from 1 January 2024

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IFRS 16 Leases:** Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:** Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

The adoption of these amendments to the existing standards has not led to any material changes in the Group's financial statements.

2.3 New standards and amendments to the existing standards issued by IASB but not yet effective and/or not yet adopted by the EU

- **Amendments to IAS 21 Lack of Exchangeability** (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January).
- **Amendments to IFRS 9 and IFRS 7** (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). Amendments to the Classification and Measurement of Financial Instruments.
- **IFRS 18 Presentation and Disclosure in Financial Statements** (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 18 will replace IAS 1.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).

The Group is currently assessing the impact of the amendments on its financial statements.

2.4 New standards and amendments to the existing standards issued by IASB but rejected or deferred by the EU

- **IFRS 14 “Regulatory Deferral Accounts”** (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016, only applicable in a first-time adopter's first financial statements under IFRS) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). The effective date is deferred indefinitely.

2.5 Availability of consolidated financial statements

The non audited condensed consolidated interim financial statements of the Group, prepared in accordance with the requirements of IAS 34 Interim Financial Reporting Standard, are available on the Group's website and at the Group's headquarters.

Registered office: 38 Váci utca Budapest 1056.

Website: www.mbhbank.hu

Auditing company:

PricewaterhouseCoopers Auditing Ltd.

Auditor personally responsible:

Árpád Balázs

Person responsible for managing and controlling the accounting services tasks:

Edit Júlia Tóth-Zsinka, managing director of finance and reporting

Ildikó Brigitta Tóthné Fodor, Head of accounting (registration number: 007048)

2.6 Business combinations during the period

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The fair value of the consideration transferred at the date of acquisition is recognised in profit or loss as a cost directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired are measured at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Full consolidation involves combining the items in the balance sheet and income statement of the parent and the consolidated financial statements of the subsidiaries to be fully consolidated as at the date of the consolidated financial statements. If a member of the Group applies different accounting policies to the same transactions and other events in similar circumstances from those applied in the consolidated financial statements, that member's financial statements are restated accordingly when the consolidated financial statements are prepared to ensure conformity with the Group's accounting policies.

Recognising and measuring goodwill

The Group recognises goodwill at the acquisition date, which is determined as follows:

Fair value of the consideration transferred

+ the amount of any non-controlling interest in the acquiree

+ fair value of any previously held equity interest in the acquiree in the business combination achieved in stages

- the net amount of identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill impairment

Goodwill is not amortised but is tested for impairment in accordance with IAS 36 "Impairment of Assets". For the purpose of impairment testing, goodwill is allocated to one or more of the Group's cash-generating units that are expected to get benefit from the synergies of the business combination. An impairment test is performed at least annually or whenever there is an indication that the cash-generating unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is recognised firstly by reducing the amount of goodwill allocated to the unit and subsequently by reducing

the other assets of the unit in proportion to their carrying amount. The impairment loss on goodwill is not reversed in subsequent periods. In the case of derecognition, the value of the cash-generating unit and the goodwill allocated to the unit shall be included in determining the result of the derecognition.

Deferred tax

The Group recognises the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date and, to the extent that the tax base of the identifiable asset acquired or liability assumed is not affected or is affected differently by the business combination, a temporary difference arises. The Group recognises any resulting deferred tax assets (if they meet the recognition criteria) or deferred tax liabilities as identifiable assets and liabilities at the acquisition date. Consequently, these deferred tax assets and deferred tax liabilities affect the amount of goodwill or gain on bargain purchase recognised by the Group.

Non-controlling interests

The initial amount of a non-controlling interest is the fair value of the acquiree's proportionate share of the acquiree's identifiable net assets. The Group attributes each component of profit or loss and other comprehensive income to the owners of the parent and to non-controlling interests. In addition, an entity attributes total comprehensive income to the owners of the parent and to non-controlling interests even if this results in a negative balance for non-controlling interests. If a subsidiary has cumulative priority shares classified as equity that are held by non-controlling interests, the entity calculates its share of net profit or loss after adjusting for dividends on those shares, regardless of whether the dividends have been approved.

2.6.1 Acquisition of Fundamenta Group

In November 2023, MBH Bank Plc. signed a share purchase agreement with Bausparkasse Schwäbisch Hall AG (Germany), Bausparkasse Wüstenrot AG (Austria) and Wüstenrot & Württembergische AG (Germany) for the acquisition of a total 76.35% stake in Fundamenta-Lakáskassza Lakás-takarékpénztár Ltd. (headquarters: 1123 Budapest, Alkotás utca 55-61, Hungary). The transaction has successfully completed the preliminary competition and regulatory clearance procedures, following which the Sellers and the Buyer completed the transaction on 27 March 2024. As part of the transaction, the parent company of MBH Group acquired control, thus becoming a wholly owned subsidiary of Fundamenta-Lakáskassza Lakás-takarékpénztár Ltd., Fundamenta-Lakáskassza Pénzügyi Közvetítő Llc. and Fundamenta-Lakáskassza Pénzügyi Közvetítő Llc. (hereinafter collectively referred to as the "Fundamenta Group").

The consolidated equity of the Fundamenta Group as of 31 March 2024 is HUF 77,225 million, corresponding to the total 100% ownership. The fixed component of the purchase price is EUR 170.7 million, adjusted by other variable components, as defined in the purchase price contract.

In connection with the business combination, non-controlling interests of HUF 21,607 million and goodwill of HUF 3,340 million were recognised.

Assets and liabilities identified in the business combination have been reviewed for facts and circumstances existing at the acquisition date in accordance with IFRS3. Differences between cost and market value have been accounted for using the purchase price allocation method against goodwill arising on the transaction.

Total assets and liabilities of Fundamenta Group	31.03.2024	
	Book value	Fair value
Cash and cash equivalents	63,037	63,037
Financial assets measured at amortised cost	579,247	557,308
Property, plant and equipment	7,106	8,040
Intangible assets	9,827	14,381
Income tax assets	402	402
Other assets	3,250	3,250
Total assets	662,869	646,418
Financial liabilities measured at amortised cost	579,640	531,517
Provisions	1,293	1,293
Income tax liabilities	521	521
Other liabilities	4,190	4,190
Contingent liabilities*	-	17,547
Total liabilities	585,644	555,068
Total net assets	77,225	91,351

* Contractual obligation that arose in connection with the deposit collection activity of Fundamenta-Lakáskassza Ltd.

The total change in cash due to business combinations is HUF 11,556 million, which is the difference between the cash and cash equivalent acquired and the purchase price paid.

The result of Fundamenta Group has been recognised in these consolidated financial statements from 1 April 2024. In case Fundamenta Group had been part of the Group for the full financial year, the consolidated total comprehensive income would have been HUF 109,988 million and the net interest income would have been HUF 274,751 million. Financial assets include government bonds and loans and advances to customers. The contractual gross carrying amount of acquired loans and advances to customers is HUF 513,843 million (of which the retail portfolio is HUF 496,357 million; the wholesale portfolio is HUF 17,262 million).

The market value differences arising from the purchase price allocation are amortised over their estimated useful lives, the corresponding amortisation for the period was recognised until 30 June 2024. The impact of the initial recognition of the market value differences identified in the purchase price allocation is set out in the table below:

Carrying value of purchase price allocation adjustments	30.06.2024	31.03.2024
Financial assets measured at amortised cost	(19,962)	(21,939)
Newly recognised intangible assets	4,467	4,554
Property rental contracts	887	935
Financial liabilities measured at amortised cost	45,695	48,123
Contingent liabilities	(17,547)	(17,547)
Deferred tax effect	(1,219)	(1,271)

2.7 Use of estimates and judgements

Management discusses with the Group's Supervisory Board the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see Note 3).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy (see Note 2).

The specific counterparty component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's use of scenarios of the present value of the cash flows that are expected to be received. Further information in Note 3.

In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired loans and advances but the individual impaired items cannot yet be identified. In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances. Uncertain or unanticipated future events could result in material adjustments to provisions or additional allowances. The accounting values determined are not fair values or market prices that might be determined if the underlying assets are sold to a third party.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument (see also Note 4.21).

Deferred tax on tax loss carryforward

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

3. RISK MANAGEMENT

3.1 Introduction and overview

The Group activities involve a certain degree of risk assumption. The measurement, evaluation, acceptance and management of these risks are integral parts of the Group's daily operative activity.

Risk management is an integral part of the Group's operations and a crucial component of its business and overall financial performance. The Group's risk management framework has been designed to support the continuous monitoring of the changes of the risk environment and is supported by the strong commitment to a prudent risk management culture both on the strategy and business line levels. The main principles and priorities of the risk management function include the ultimate oversight by the Board of Directors (the approval of the Supervisory Board is also required for some specifically defined risk decisions), the importance of independent review of all risk-taking activities separately from business lines, and the proper evaluation, diversification, limitation, monitoring and reporting of all risks. Decisions in respect of major risk principles are approved at group level, and are implemented individually by the own decision making boards of the Group members.

The effective communication on risk and risk appetite, the on-going initiatives to better identify, measure, monitor and manage risks, the improvement of efficiency, user-friendliness and awareness of key risk processes and practices, and the employment of highly-skilled staff are the bases of running an effective risk management function in the Group.

The Group conducts a self-assessment of its risks at least once a year as part of the ICAAP review process, where significant (material) risks are identified.

Risk management governance

The Group's Risk Strategy was set up in consistence with the Business Strategy and the regulations of the NBH. The tasks incorporated in the Risk Strategy aiming at ensure a balanced risk / return relationship, development of a disciplined and constructive control environment, defining the Group's risk assumption willingness, risk appetite and the on-going ability of the Group to manage its risks and the maintenance of its funds to cover risk exposures in long-term. This will also ensure the capital preservation and guarantee the solvency of the Group at any time.

3.2 Risk factors

3.2.1 Liquidity risk

Decisions made by the management of the Group are based on the liquidity gap between contractual inward and outward flows (net position), and therefore both financial asset and financial liabilities are rated in liquidity categories.

The following table shows the distribution of financial instruments according to contractual maturity:

30.06.2024	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Cash and cash equivalents	1,172,715	1,172,715	1,172,715	-	-	-	-
Financial assets measured at FVTPL	823,992	2,136,850	747,234	371,365	159,408	256,365	602,478
Loans and advances	537,745	608,332	2,424	5,148	23,681	143,046	434,033
Securities	50,968	51,028	11	31	719	521	49,746
Derivative financial assets*	235,279	1,477,490	744,799	366,186	135,008	112,798	118,699
Financial assets measured at FVTOCI	896,929	1,083,484	18,533	9,911	84,181	541,152	429,707
Securities	896,929	1,083,484	18,533	9,911	84,181	541,152	429,707
Financial assets measured at amortised cost	8,314,904	10,869,212	1,235,192	327,941	1,325,096	4,754,967	3,226,016
Loans and advances	5,145,275	7,464,911	1,196,592	306,127	1,162,152	2,877,024	1,923,016
Securities	3,169,629	3,404,301	38,600	21,814	162,944	1,877,943	1,303,000
Total assets	11,208,540	15,262,261	3,173,674	709,217	1,568,685	5,552,484	4,258,201

31.12.2023	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Cash and cash equivalents	1,347,889	1,347,889	1,347,889	-	-	-	-
Financial assets measured at FVTPL	829,960	1,960,073	706,580	227,509	142,497	283,087	600,400
Loans and advances	510,988	589,030	2,351	4,720	22,795	138,115	421,049
Securities	50,137	51,490	45	262	572	1,174	49,437
Derivative financial assets*	268,835	1,319,553	704,184	222,527	119,130	143,798	129,914
Financial assets measured at FVTOCI	912,538	1,043,663	12,777	8,881	78,269	547,634	396,102
Securities	912,538	1,043,663	12,777	8,881	78,269	547,634	396,102
Financial assets measured at amortised cost	7,525,754	10,126,557	1,297,054	397,017	1,524,109	4,171,203	2,737,174
Loans and advances	4,514,890	6,883,089	1,284,322	369,373	1,163,154	2,431,870	1,634,370
Securities	3,010,864	3,243,468	12,732	27,644	360,955	1,739,333	1,102,804
Total assets	10,616,141	14,478,182	3,364,300	633,407	1,744,875	5,001,924	3,733,676

* The row contains the amount of balance sheet lines Derivative financial assets and Hedging derivative assets as well.

The following table shows the breakdown of financial liabilities by contractual maturity:

30.06.2024	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities measured at FVTPL	(150,139)	(1,478,757)	(758,928)	(368,073)	(133,565)	(102,579)	(115,612)
Derivative financial liabilities*	(144,444)	(1,473,062)	(753,233)	(368,073)	(133,565)	(102,579)	(115,612)
Short positions	(5,695)	(5,695)	(5,695)	-	-	-	-
Financial liabilities measured at amortised cost	(10,215,681)	(10,811,525)	(6,759,418)	(480,455)	(1,318,375)	(1,207,385)	(1,045,892)
Term deposits	(3,641,663)	(3,790,513)	(2,468,474)	(467,800)	(517,504)	(177,410)	(159,325)
Current deposits	(3,984,366)	(3,984,366)	(3,984,366)	-	-	-	-
Loans and other liabilities	(1,968,106)	(2,294,998)	(301,637)	(8,072)	(704,445)	(580,281)	(700,563)
Debt securities of own issue	(499,802)	(604,029)	(877)	(1,784)	(85,239)	(378,565)	(137,564)
Subordinated liabilities	(94,103)	(105,212)	(3,915)	-	(3,281)	(54,269)	(43,747)
Lease liabilities	(27,641)	(32,407)	(149)	(2,799)	(7,906)	(16,860)	(4,693)
Total liabilities	(10,365,820)	(12,290,282)	(7,518,346)	(848,528)	(1,451,940)	(1,309,964)	(1,161,504)
Credit limits	(22,986)	(1,443,168)	(1,443,168)	-	-	-	-
Guarantees	(2,805)	(95,443)	(95,443)	-	-	-	-
Other commitments	(2,030)	(326,576)	(326,576)	-	-	-	-
Off balance sheet items	(27,821)	(1,865,187)	(1,865,187)	-	-	-	-

* The row contains the amount of balance sheet lines Derivative financial liabilities and Hedging derivative liabilities as well.

During the contractual maturity gap analysis - to adequately determine liquidity risk - the fundamental aspect that needs to be considered is that the overwhelming portion of liabilities recorded in the liabilities column need to be regarded as continually renewing liabilities.

31.12.2023	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities measured at FVTPL	(169,599)	(1,360,156)	(747,416)	(219,142)	(132,142)	(134,361)	(127,095)
Derivative financial liabilities*	(146,962)	(1,337,519)	(724,779)	(219,142)	(132,142)	(134,361)	(127,095)
Short positions	(22,637)	(22,637)	(22,637)	-	-	-	-
Financial liabilities measured at amortised cost	(9,651,391)	(10,119,897)	(6,511,859)	(472,855)	(477,823)	(1,653,150)	(1,004,210)
Term deposits**	(2,786,318)	(2,786,318)	(2,020,818)	(460,737)	(270,833)	(23,856)	(10,074)
Current deposits	(4,170,783)	(4,170,783)	(4,170,783)	-	-	-	-
Loans and other liabilities	(2,039,434)	(2,378,838)	(300,808)	(9,594)	(78,839)	(1,187,159)	(802,438)
Debt securities of own issue	(520,901)	(639,545)	(14,252)	(210)	(105,588)	(396,563)	(122,932)
Subordinated liabilities	(108,341)	(115,585)	(5,198)	-	(15,933)	(29,704)	(64,750)
Lease liabilities	(25,614)	(28,828)	-	(2,314)	(6,630)	(15,868)	(4,016)
Total liabilities	(9,820,990)	(11,480,053)	(7,259,275)	(691,997)	(609,965)	(1,787,511)	(1,131,305)
Credit limits	(17,858)	(1,188,142)	(1,188,142)	-	-	-	-
Guarantees	(2,853)	(98,367)	(98,367)	-	-	-	-
Other commitments	(1,861)	(294,641)	(294,641)	-	-	-	-
Off balance sheet items	(22,572)	(1,581,150)	(1,581,150)	-	-	-	-

* The row contains the amount of balance sheet lines Derivative financial liabilities and Hedging derivative liabilities as well.

The following table shows the breakdown of financial liabilities by expected maturity:

30.06.2024	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities measured at FVTPL	(150,139)	(1,478,757)	(758,928)	(368,073)	(133,565)	(102,579)	(115,612)
Derivative financial liabilities*	(144,444)	(1,473,062)	(753,233)	(368,073)	(133,565)	(102,579)	(115,612)
Short positions	(5,695)	(5,695)	(5,695)	-	-	-	-
Financial liabilities measured at amortised cost	(10,215,681)	(10,790,965)	(719,246)	(136,765)	(863,686)	(1,324,668)	(7,746,600)
Term deposits	(3,641,663)	(3,769,953)	(190,808)	(124,110)	(62,815)	(294,693)	(3,097,527)
Current deposits	(3,984,366)	(3,984,366)	(221,860)	-	-	-	(3,762,506)
Loans and other liabilities	(1,968,106)	(2,294,998)	(301,637)	(8,072)	(704,445)	(580,281)	(700,563)
Debt securities of own issue	(499,802)	(604,029)	(877)	(1,784)	(85,239)	(378,565)	(137,564)
Subordinated liabilities	(94,103)	(105,212)	(3,915)	-	(3,281)	(54,269)	(43,747)
Lease liabilities	(27,641)	(32,407)	(149)	(2,799)	(7,906)	(16,860)	(4,693)
Total liabilities	(10,365,820)	(12,269,722)	(1,478,174)	(504,838)	(997,251)	(1,427,247)	(7,862,212)
Credit limits	(22,986)	(1,443,168)	(1,443,168)	-	-	-	-
Guarantees	(2,805)	(95,443)	(95,443)	-	-	-	-
Other commitments	(2,030)	(326,576)	(326,576)	-	-	-	-
Off balance sheet items	(27,821)	(1,865,187)	(1,865,187)	-	-	-	-

* The row contains the amount of balance sheet lines Derivative financial liabilities and Hedging derivative liabilities as well.

The expected outflows of customer deposits differ significantly from the contractual maturities, as historical data show that the vast majority of depositors do not withdraw their deposits from the bank at maturity, but re-deposit them or leave them in their current account. The undrawn part of the deposit can thus be considered as stable stock, which is aggregated in the last time bucket.

31.12.2023	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities measured at FVTPL	(169,599)	(1,360,156)	(747,416)	(219,142)	(132,142)	(134,361)	(127,095)
Derivative financial liabilities*	(146,962)	(1,337,519)	(724,779)	(219,142)	(132,142)	(134,361)	(127,095)
Short positions	(22,637)	(22,637)	(22,637)	-	-	-	-
Financial liabilities measured at amortised cost	(9,651,391)	(10,120,020)	(1,026,985)	(42,036)	(229,349)	(1,630,489)	(7,191,161)
Term deposits	(2,786,318)	(2,786,441)	(456,763)	(29,918)	(22,359)	(1,195)	(2,276,206)
Current deposits	(4,170,783)	(4,170,783)	(249,964)	-	-	-	(3,920,819)
Loans and other liabilities	(2,039,434)	(2,378,838)	(300,808)	(9,594)	(78,839)	(1,187,159)	(802,438)
Debt securities of own issue	(520,901)	(639,545)	(14,252)	(210)	(105,588)	(396,563)	(122,932)
Subordinated liabilities	(108,341)	(115,585)	(5,198)	-	(15,933)	(29,704)	(64,750)
Lease liabilities	(25,614)	(28,828)	-	(2,314)	(6,630)	(15,868)	(4,016)
Total liabilities	(9,820,990)	(11,480,176)	(1,774,401)	(261,178)	(361,491)	(1,764,850)	(7,318,256)
Credit limits	(17,858)	(1,188,142)	(1,188,142)	-	-	-	-
Guarantees	(2,853)	(98,367)	(98,367)	-	-	-	-
Other commitments	(1,861)	(294,641)	(294,641)	-	-	-	-
Off balance sheet items	(22,572)	(1,581,150)	(1,581,150)	-	-	-	-

* The row contains the amount of balance sheet lines Derivative financial liabilities and Hedging derivative liabilities as well.

The Group is able to maintain its liquidity and fulfil its due payment obligations.

3.2.2 Market risk

The Group's VaR position of trading portfolio

Tables below show the VaR status at 99% confidence level with a one-day holding period:

VAR position	Average	Maximum	Minimum	15% stress
2024				
Currency risk	42	315	7	476
Interest risk	127	245	44	0
Equity risk	3	6	2	0
Total	172	566	53	476
2023				
Currency risk	65	568	7	930
Interest risk	216	508	78	-
Equity risk	5	23	2	-
Total	286	1,099	87	930

Notes on the above table:

- The Group uses historical and parametric VaR to measure overall market risk
 - Historical VaR: (1-day holding period; 99% confidence interval, number of observations: 250 trading days)
 - Parametric VaR: according to Riskmetrics methodology (1 day holding period; 99% confidence interval, 0.94 attenuation factor, number of observations: 100 trading days)
- The Group calculates the specific interest rate risk (credit spread risk) separately from the general risk on the basis of the swap and bond yield curve spread.
- Only calculated VaR for trading book positions is included in the table.
- Group positions do not include commodity risk.
- Group has no significant open position in options and therefore no VaR from volatility is calculated.

An adverse change in exchange rates of 15% (HUF appreciation in the case of a long position and HUF depreciation in the case of a short position) would result in a loss of HUF 476 million on the open foreign exchange position at the end of the period.

The following table presents the sensitivity of the net present value of the Group's trading and banking book position in case of a parallel 1 bp movement in market conditions:

Book type	HUF	EUR	USD	Other
2024				
Trading	(134)	(22)	(1)	(6)
Banking	(4,368)	(19,134)	(13,246)	-
2023				
Trading	(596)	(10)	(4)	-
Banking	(13,214)	(4,792)	(1,689)	-
	25 / 65			

The financial position of the Group in foreign exchange at the end of the reporting period was the following:

Gross foreign currency position	EUR	USD	CHF	Other currency	Total
30.06.2024					
Assets	1,709,843	259,776	9,424	35,853	2,014,896
Liabilities	(1,616,485)	(370,097)	(18,119)	(134,907)	(2,139,608)
Derivatives and spot (short)/long position	(91,576)	109,986	8,661	99,279	126,350
Total	1,782	(335)	(34)	225	1,638
31.12.2023					
Assets	1,563,852	141,228	11,253	31,365	1,747,698
Liabilities	(1,793,980)	(295,569)	(20,101)	(104,381)	(2,214,031)
Derivatives and spot (short)/long position	234,840	154,188	9,431	73,255	471,714
Total	4,712	(153)	583	239	5,381

3.2.3 Interest risk

At the end of the reporting period, the interest rate structure of the interest-bearing financial instruments of the Group was the following:

Interest rate structure of financial instruments*	HUF	EUR	USD	Total
30.06.2024				
Fixed rate assets	5,603,450	886,921	187,689	6,678,060
Variable rate assets	3,021,679	834,015	58,842	3,914,536
Total assets	8,625,129	1,720,936	246,531	10,592,596
Fixed rate liabilities	(7,956,055)	(1,598,836)	(340,561)	(9,895,452)
Variable rate liabilities	(290,684)	(851)	(2)	(291,537)
Total liabilities	(8,246,739)	(1,599,687)	(340,563)	(10,186,989)
31.12.2023				
Fixed rate assets	6,071,355	813,526	127,480	7,012,361
Variable rate assets	3,574,987	775,620	867	4,351,474
Total assets	9,646,342	1,589,146	128,347	11,363,835
Fixed rate liabilities	(7,538,566)	(1,683,269)	(289,558)	(9,511,393)
Variable rate liabilities	(1,212,831)	(99,786)	(2)	(1,312,619)
Total liabilities	(8,751,397)	(1,783,055)	(289,560)	(10,824,012)

* Table of interest rate structure contains gross exposures and does not include derivative transactions.

Sensitivity tests

	30.06.2024		31.12.2023	
	Effect on Equity	Effect on P/L*	Effect on Equity	Effect on P/L*
HUF				
200 bp increase	(4,368)	8,966	9,973	1,255
200 bp decrease	3,388	(21,207)	(13,214)	(20,981)
EUR				
200 bp increase	(19,143)	(9,409)	(4,792)	(1,216)
200 bp decrease	21,733	6,669	4,994	(5,440)
USD				
200 bp increase	(13,246)	(1,328)	(1,689)	208
200 bp decrease	16,036	672	1,865	(1,080)

* The table shows the effect on net interest income of a 200 bp change in market interest rates.

FCY	Yield curve stress + 200 bp	Yield curve stress - 200 bp	Adverse case
30.06.2024			
EUR	(19,143)	21,733	(19,143)
USD	(13,246)	16,036	(13,246)
Total	(32,389)	37,769	(32,389)
31.12.2023			
EUR	(4,792)	4,994	(4,792)
USD	(1,689)	1,865	(1,689)
Total	(6,481)	6,859	(6,481)

The Group performs stress test only on HUF-EUR-USD exposures, stress test for other foreign currency exposures is made only if it exceeds 5% of total assets.

3.2.4 Credit risk

As of the reporting date, environmental, social and governance (ESG) aspects have not been considered in the models used for the Group's risk management. The Group plans to evaluate ESG aspects and utilize them into the models in the second half of 2024. The method of collecting and storing ESG relevant information has been already developed to ensure the subsequent analysis and usability in usual business procedures. In longer terms by analyzing the composition of the ESG index, data can be utilised during stress test modelling as well as the estimation of life-time PD and LGD parameters.

In addition, MBH Bank's risk parameters were updated based on the latest macro forecasts, in accordance with the expectations of the NBH. Based on the forecasts the Group will use the current macroeconomical PD forecast models to calculate the new parameters required for macroeconomic adjustments (Macro overlay factor – MOF) on a segment level. Using these new parameters the IFRS PD (without macro correction) values will be adjusted to reflect the expectations of the macroeconomic scenarios. The weighting of the macroeconomic scenarios is calculated in accordance with the recommendations of the (internal use only) management letter from NBH. At reporting date the weights used are the following: 30% - stress scenario (2023: 30%), 65% - base scenario (2023:65%), 5% - optimistic scenario (2023: 5%). The resulting IFRS PD values adjusted to the new macroeconomic environment and expectations will be implemented after the approval of the Methodology Committee. The Group's macroeconomic models will be validated with every update both with statistical methods and business side validation - thus ensuring the applicability of the model.

Quarterly reports on the development of impairment and provisioning for credit risks are presented to the Methodology Committee, and quarterly reports on the development and utilisation of sectoral and transaction type limits are also presented.

In exceptional economic situations (e.g. Pandemic situation and subsequent events), the Group has the possibility to adjust the models based on experts. The portfolio level management adjustment calculated in this context is a lump sum expected loss value that the Group's models are not able to capture or not fully capture, but the level of risk is assumed to be significant (e.g. credit loss increases due to default events after the end of the moratorium).

The Group has taken the following aspects into account when determining management overlays:

- in case of the client who enter an agricultural moratorium, the models do not know the agricultural moratorium, so the willingness and ability to pay may contain a hidden high probability of default. In order to compensate for the risk, in the case of deals classified as stage 2, the Group increased the missing coverage for the stage 3 coverage level on an expert basis.

At the end of the reporting period the applied overlays were the followings:

- overlay for agricultural moratorium: HUF 8,868 million (2023: HUF 7,934 million)

In performing its activities, the Group engages the services of Rural Credit Guarantee Foundation and Garantiqa Hitelgarancia Ltd. providing on-demand credit default guarantees in addition to the state-backed counter guarantee, and the Group entered into a cooperation agreement with the two organizations. These collaterals are integral part to the respective loans.

Face value of collateral received	Loan commitments received	Financial guarantees received
30.06.2024		
Central banks	164	-
General governments	-	845,528
Banks	103,433	212,787
Other financial companies	-	80,787
Non-financial companies	-	62,403
Households	-	973
Total	103,597	1,202,478
31.12.2023		
Central banks	54,991	-
General governments	-	535,478
Banks	79,098	193,815
Other financial companies	-	53,145
Non-financial companies	-	212,998
Households	-	89,004
Total	134,089	1,084,440

The tables below show the breakdown of the gross value and expected credit loss of loans and advances to customers measured at amortised cost, by credit quality and stages:

30.06.2024	Stage 1	Gross amount		POCI
		Stage 2	Stage 3	
<i>Retail loans</i>				
Low risk	364,015	-	-	8
Medium risk	1,065,056	45,093	-	2,306
High risk	50,761	200,106	-	39,881
Default	-	-	52,457	11,965
Total retail loans	1,479,832	245,199	52,457	54,160
<i>Wholesale loans</i>				
Low risk	396,349	-	-	-
Medium risk	2,023,405	191,096	-	303
High risk	26,005	706,441	-	1,868
Default	-	-	100,664	707
Total wholesale loans	2,445,759	897,537	100,664	2,878
Total	3,925,591	1,142,736	153,121	57,038
30.06.2024	Stage 1	Expected credit loss		POCI
		Stage 2	Stage 3	
<i>Retail loans</i>				
Low risk	(2,402)	-	-	-
Medium risk	(7,000)	(1,841)	-	(149)
High risk	(4,446)	(21,081)	-	(1,032)
Default	-	-	(39,838)	(5,745)
Total retail loans	(13,848)	(22,922)	(39,838)	(6,926)
<i>Wholesale loans</i>				
Low risk	(2,789)	-	-	-
Medium risk	(30,992)	(14,671)	-	(8)
High risk	(3,122)	(99,230)	-	(64)
Default	-	-	(52,504)	(286)
Total wholesale loans	(36,903)	(113,901)	(52,504)	(358)
Total	(50,751)	(136,823)	(92,342)	(7,284)

31.12.2023	Gross amount			POCI
	Stage 1	Stage 2	Stage 3	
<i>Retail loans</i>				
Low risk	206,778	-	-	11
Medium risk	959,491	50,056	-	2,605
High risk	27,327	187,194	-	1,442
Default	-	-	81,174	735
Total retail loans	1,193,596	237,250	81,174	4,793
<i>Wholesale loans</i>				
Low risk	391,580	-	-	-
Medium risk	2,020,982	40,022	-	462
High risk	51,260	552,930	-	203
Default	-	-	84,904	433
Total wholesale loans	2,463,822	592,952	84,904	1,098
Total	3,657,418	830,202	166,078	5,891
31.12.2023	Expected credit loss			POCI
	Stage 1	Stage 2	Stage 3	
<i>Retail loans</i>				
Low risk	(751)	-	-	-
Medium risk	(12,663)	(2,056)	-	(174)
High risk	(2,764)	(17,759)	-	(479)
Default	-	-	(53,912)	(228)
Total retail loans	(16,178)	(19,815)	(53,912)	(881)
<i>Wholesale loans</i>				
Low risk	(2,436)	-	-	-
Medium risk	(41,657)	(601)	-	(10)
High risk	(4,267)	(88,929)	-	(17)
Default	-	-	(40,267)	(191)
Total wholesale loans	(48,360)	(89,530)	(40,267)	(218)
Total	(64,538)	(109,345)	(94,179)	(1,099)

3.2.5 Portfolio affected by interest rate cap

On 24 December 2021, the Hungarian Government introduced a temporary cap on floating interest rates applicable to consumer mortgage loans - between 1 January 2022 and 30 June 2022, floating interest rates applicable to consumer mortgage loans cannot be set higher than the actual floating interest rate which was applicable in the context of the respective mortgage loan on 27 October 2021. In addition, lenders are not entitled to increase principal and interest amounts payable under consumer mortgage loans with any interest amounts which become due and are not paid during the above temporary period.

According to Decree 49/2022 (II. 18.) issued by the Hungarian Government on 18 February 2022, between 1 January 2022 and 30 June 2022 in the case of financial lease contracts on housing purpose with a reference interest rate, the reference interest rate shall be set so, that it cannot be higher than the reference interest rate specified in the contract on 27 October 2021.

According to Decree 415/2022 (X. 26.) issued by the Hungarian Government on 26 October 2022, the temporary cap on floating interest rates was extended to HUF denominated, non-state subsidised credit, loan- and financial lease agreements of small and medium enterprises (hereinafter: "SMEs"). Following 15 November 2022, interest rates were frozen retroactively at their level on 28 June 2022. Similarly to consumer mortgage loans and financial lease contracts on housing purpose the cap was effective until 30 June 2023. This Decree entered into force on 27 October 2022. The interest rate cap was extended since then each time for a 6 month period - Decree 175/2023, 176/2023 and 130/2024 – and pursuant to the amendments, the interest rate cap was abolished in the case of loans disbursed to SMEs on 1 April 2024 and in the case of consumer mortgage loan contracts was extended until 31 December 2024.

The modification loss due to the program was calculated in each period based on the expected cash flow, which ones are estimated under these legislations and was reversed.. Credit risk monitoring is a key element in the methodology for measuring the significant increase in credit risk since its initial publication.

The exposure of the Group's customers affected by the cap of floating interest rate was the following:

Financial assets modified during the period	30.06.2024	31.12.2023
Gross carrying amount before modification	5,287,587	4,656,449
Loss allowance before modification	(287,201)	(253,872)
Net amortised cost before modification	5,000,386	4,402,577
Net modification gain/(loss)	(9,100)	(12,149)
Net amortised cost after modification	4,991,286	4,390,428

The calculated modification loss in connection with modified contractual cash-flows was HUF -3,976 million in 2024 (2023: HUF -23,727 million). For stage 2, stage 3 loans HUF -3,476 million has recognised in Modification (loss)/gain on financial instruments (2023: HUF -14,449 million) and for stage 1 loans HUF -560 million (2023: HUF -9,278 million) in Interest income using effective interest rate method in the statement of profit or loss. In the consolidated statement of financial position, the Group recognised HUF -9,100 million modification loss (2023: HUF -12,149 million) on contractual cashflows of the loans. In the line of Interest income using effective interest rate method in the consolidated statement of profit or loss HUF -4,334 million (2023: HUF -10,380 million) is recognised in connection with the modified cash-flows of financial instruments of the previous years.

3.3 Capital management

NBH as the regulator sets and monitors capital requirements for the Group. The Group determines and monitors the Pillar 1 and Pillar 2 risks in the ALCO monthly report. The calculations are CRR (575/2013/EU regulation) compliant, therefore do not contain transitional adjustments.

Based on NBH's decision no. H-EN-I-387/2023 Regulatory capital includes reserves of the Central Organization of Integrated Credit Institutions, therefore the table of regulatory capital shows the capital adequacy of the entire scope of prudential consolidation.

	30.06.2024	31.12.2023
Share capital	323,919	323,919
<i>Outstanding share capital</i>	323,919	323,919
Reserves	859,992	841,418
Deferred tax	(9,394)	(12,310)
Intangible Assets	(88,983)	(71,096)
AVA - additional valuation adjustments	(1,828)	(1,881)
Regulatory adjustments to core Tier 1 capital	(139,885)	(117,641)
Additional Tier 1	-	-
Tier 1: Net core capital	943,821	962,409
Subordinated debt	81,132	84,734
Tier 2: Supplementary capital	81,132	84,734
Regulatory capital	1,024,953	1,047,143
Risk-weighted assets (RWA)	4,107,777	3,584,309
Operational risk (OR)	1,178,389	1,130,009
Market risk positions (MR)	15,077	15,084
Total risk weighted assets	5,301,243	4,729,402
Capital adequacy ratio	19,33%	22,14%

As at 30 June 2024, as an actual figure of the Group regulatory Tier 1 capital was HUF 944 billion based on CRR under Supervisory Regulation. Risk-weighted assets including operational and market risk increased from HUF 4,729 billion to HUF 5,301 billion. By application of capital management as a tool, the capital is a priority decision making factor; therefore, the Group monitors the changes of the capital elements continuously.

As at 30 June 2024, as an actual figure of the MBH Group regulatory capital was HUF 1,025 billion based on Basel III IFRS under Supervisory Regulation. The decrease of regulatory capital was caused by the decrease of Accumulated other comprehensive income and IFRS9 discount as well as the increase of intangible assets recognised due to the purchase price allocation related to Fundamenta acquisition. Amount of risk weighted assets increased in connection with Fundamenta acquisition, the increased risk weight of EUR exposure of Hungarian State, the increase of business volumes and increase of operational risk. Market risk did not change significantly compared to the end of 2023.

In 2024, the Group always complied with prudential regulations, no limits were breached.

3.4 Sustainability activity (ESG)

The Group firmly believe it has a responsibility towards sustainability, firstly as a financial institution, in the lending and investment practices, and secondly in the operations. The Group aims to be a key participant in the achievement of a sustainable economy and is committed to sustainability and climate goals in day-to-day operations, internal processes, employee community, and through business strategy alike. MBH Bank is fortunate to have an immense legacy to build on from its three former member banks. Since the merger, they have sought to preserve and develop the best practices of the former member banks in the areas of corporate social responsibility and sustainability. Building on this legacy, the Group has taken some major steps forward in their ESG efforts over the past year.

As part of the Bank's ESG aims, last year an ESG and Sustainability Department has been set up to manage sustainability-related projects and processes in an integrated and cross-functional way. The Bank has developed its ESG strategy, integrating existing operational initiatives from its heritage into a strategic framework. At the end of 2022, MBH Bank strengthened its ESG commitment by becoming a signatory to the UN Principles for Responsible Banking. MBH Bank also wants to set an example to the market participants and partners by reducing its ecological footprint and by operating responsibly, one of the key pillars of its ESG strategy therefore revolves around climate neutrality. MBH Bank launched its own Net Zero project earlier this year to calculate its carbon emissions. As a next step, MBH Bank plans to work hand in hand with an internationally recognised environmental organisation to make the most innovative and environmentally accurate decisions to reduce its footprint and offset any emissions that cannot be reduced further.

It is the vision of the Group to be a responsible partner in green finances, leading efforts to promote green finance and sustainable investing, to create a range of products and services that help both retail and corporate clients to achieve sustainable and climate goals. One of its aims is to understand the clients' ESG operations so that the Group can actively cooperate with them in this respect and are continuously working on developing and launching new green loan products.

4. NOTES FOR NON AUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4.1 Net interest income

Interest income	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Interest income from debt securities measured at amortised cost	87,705	92,714
Interest income from loans and advances measured at amortised cost	179,440	226,419
Interest income from debt securities measured at FVTOCI	33,840	40,170
Interest income from cash and cash equivalents	43,732	27,318
<i>Interest income calculated using the effective interest method</i>	344,717	386,621
Interest income from derivatives for trading	117,594	126,950
Interest income from debt securities for trading	(76)	1,634
Interest income from loans and advances mandatorily measured at FVTPL	15,879	14,595
Interest income from derivatives (hedge accounting, interest rate risk)	35,396	38,842
Interest income from lease assets	20,346	18,827
Interest income from other assets and liabilities	4,348	1,980
<i>Other interest income</i>	193,487	202,828
Total interest income and income similar to interest income	538,204	589,449
Interest expense	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Interest expense from loans and advances measured at amortised cost	(19,110)	(20,995)
Interest expense from deposits measured at amortised cost	(107,106)	(158,775)
Interest expense from debt securities measured at amortised cost	(25,491)	(10,879)
Interest expense from other financial liabilities measured at amortised cost	(3)	(12)
<i>Interest expense calculated using the effective interest method</i>	(151,710)	(190,661)
Interest expense from derivatives for trading	(101,530)	(103,064)
Interest expense from derivatives (hedge accounting, interest rate risk)	(16,537)	(11,458)
Interest expense from other liabilities	(1,077)	(929)
<i>Other interest expense</i>	(119,144)	(115,451)
Total interest expense and expenses similar to interest expense	(270,854)	(306,112)
Net interest income	267,350	283,337

During 2024 a total amount of HUF 7,030 million (2023: HUF 3,991 million) was recognised in interest income on impaired financial assets.

4.2 Net income from fees and commission

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Fee and commission income from payment services	68,604	64,222
Fee and commission income from credit service activity	3,057	3,238
Other asset management fee and commission income	9,198	6,745
Fee and commission income from securities transfers	1,763	5,691
Fee and commission income on financial guarantees given	1,959	1,621
Other fee and commission income	17,971	8,619
<i>Total fee and commission income</i>	<i>102,552</i>	<i>90,136</i>
Fee and commission expense from credit service activity	(4,721)	(2,744)
Fee and commission expense on financial guarantees received	(1,504)	(1,469)
Fee and commission expenses on payment services	(9,581)	(9,131)
External distribution of products	(3,023)	(3,261)
Other fee and commission expense	(10,344)	(8,896)
<i>Total fee and commission expense</i>	<i>(29,173)</i>	<i>(25,501)</i>
Net income from commissions and fees	73,379	64,635

4.3 Gains/(losses) on financial instruments

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Gains/(losses) on derivative instruments	4,231	(119,954)
Gains/(losses) on securities held for trade	2,918	4,489
Changes in fair value of loans mandatorily measured at FVTPL	10,113	39,173
Changes in fair value of securities mandatorily measured at FVTPL	300	396
<i>Gains/(losses) on financial instruments measured at FVTPL</i>	<i>17,562</i>	<i>(75,896)</i>
Securities measured at FVTOCI	3,752	(2,688)
<i>Gains/(losses) on financial instruments measured at FVTOCI</i>	<i>3,752</i>	<i>(2,688)</i>
Gains/(losses) on loans and advances measured at amortised cost	1,659	(617)
Gains/(losses) on securities measured at amortised cost	(8,265)	(59)
<i>Gains/(losses) on financial instruments measured at amortised cost</i>	<i>(6,606)</i>	<i>(676)</i>
<i>Gains/(losses) on foreign exchange revaluation</i>	<i>(5,596)</i>	<i>53,474</i>
<i>Gains/(losses) on hedge accounting</i>	<i>(4,831)</i>	<i>23,940</i>
Gains/(losses) on financial instruments	4,281	(1,846)

4.4 (Impairment) / Reversal on financial and non-financial instruments

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Loans and advances to banks and customers	(6,906)	(16,485)
Provision for commitments and guarantees	(5,141)	(5,019)
Investment in securities	(1,585)	2,888
<i>Expected credit (loss) on financial instruments held for credit risk management</i>	(13,632)	(18,616)
Provision for litigation	90	(371)
Provision for restructuring	59	226
Other provision	661	(135)
Provision for staff costs	-	12
<i>Provision (loss) / gain</i>	810	(268)
<i>Modification (loss) / gain on financial instruments</i>	(3,416)	(9,852)
<i>(Impairment) / Reversal on associates and other investments</i>	(151)	(1,388)
<i>(Impairment) / Reversal on other financial and non-financial assets</i>	57	44
(Impairment) / reversal on financial and non-financial instruments	(16,332)	(30,080)

4.5 Operating expenses

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Wages and salaries	(65,391)	(60,206)
Financial transaction levy	(30,420)	(30,698)
General and administration expense	(21,502)	(25,551)
Bank tax	(16,448)	(8,966)
Extra profit tax	(13,995)	(50,576)
IT costs	(13,227)	(12,019)
Legal and advisory services	(7,611)	(6,903)
Property costs	(5,877)	(2,982)
Marketing and public relations	(4,221)	(2,709)
Communication and data processing	(2,654)	(2,726)
Compulsory social security obligations	(1,262)	(609)
Repair and maintenance of movable assets	(1,234)	(1,171)
Severance pay	(353)	(1,428)
<i>Administrative costs</i>	(184,195)	(206,544)
<i>Depreciation</i>	(18,936)	(16,295)
Operating expenses	(203,131)	(222,839)

4.6 Income tax income/(expense)

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Corporate income tax expense on current year's profit	(5,656)	(4,934)
Deferred tax income/(expense)	(5,057)	(3,836)
Local business tax	(8,572)	(7,719)
Innovation contribution	(1,318)	(1,162)
Income tax income/(expense)	(20,603)	(17,651)

4.7 Cash and cash equivalents

	30.06.2024	31.12.2023
Cash	74,426	81,300
Receivables from central bank	1,001,392	1,181,833
Other short-term receivables from banks	96,897	84,756
Cash and cash equivalents	1,172,715	1,347,889

4.8 Loans mandatorily measured at FVTPL

	Total
<i>Opening fair value at 01.01.2023</i>	418,517
Increase from business combination	14,369
FV and other movements	68,405
Financial assets derecognised during the period	(6,948)
Financial assets acquired or created impaired	16,645
<i>Closing fair value at 31.12.2023</i>	510,988
<i>Opening fair value at 01.01.2024</i>	510,988
Increase from business combination	-
FV and other movements	(7,900)
Financial assets derecognised during the period	(2,468)
Financial assets acquired or created impaired	37,125
<i>Closing fair value at 30.06.2024</i>	537,745

4.9 Securities held for trade and securities mandatorily measured at FVTPL

Securities measured at FVTPL	30.06.2024	31.12.2023
Debt securities	1,524	2,418
Equity instruments	262	203
<i>Total securities held for trade</i>	<i>1,786</i>	<i>2,621</i>
Debt securities	22	22
Equity instruments	49,160	47,494
<i>Total securities mandatorily measured at FVTPL</i>	<i>49,182</i>	<i>47,516</i>
Total	50,968	50,137

Main types of securities measured at FVTPL	30.06.2024	31.12.2023
Government bonds	1,357	2,257
Bonds issued by credit institutions	189	183
Domestic shares	42,255	40,885
Foreign shares	4,249	3,947
Investment fund units	2,918	2,865
Total	50,968	50,137

4.10 Derivative financial instruments**4.10.1 Non-hedging derivatives**

The fair values of the Group's derivatives not designated as hedges were as follows:

	30.06.2024		31.12.2023	
	Asset	Liability	Asset	Liability
Interest rate swap	138,284	102,514	174,214	106,688
Forward transactions	2,503	13,063	351	14,066
Cross-currency interest rate swap	19,205	6,278	15,968	5,318
Foreign exchange swap	1,517	492	2,187	1,539
Options	1,977	1,847	2,463	2,333
Total	163,486	124,194	195,183	129,944

4.10.2 Hedging derivatives

The fair value of micro hedge transaction on the reporting date is shown in the following table:

Micro-fair value hedge transactions	30.06.2024		31.12.2023	
	Asset	Liability	Asset	Liability
Interest rate swap	71,793	19,702	73,426	16,793
Cross-currency interest rate swaps	-	548	226	225
Fair value hedge transactions	71,793	20,250	73,652	17,018
Cash flow hedge transactions	-	-	-	-
Total	71,793-	20,250	73,652	17,018

The maturity breakdown of hedges by face value is shown in the table below:

30.06.2024	Maturity				
	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5 years and over
Interest rate swap	-	1,613	20,583	234,192	248,865
Cross-currency interest rate swaps	-	-	-	-	9,674
Micro hedges	-	1,613	20,583	234,192	258,539
Interest rate swap	1,800	19,367	29,671	132,213	137,306
Cross-currency interest rate swaps	-	-	-	-	-
Macro hedges	1,800	19,367	29,671	132,213	137,306
Total	1,800	20,980	50,254	366,405	395,845

31.12.2023	Maturity				
	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5 years and over
Interest rate swap	-	-	8,906	168,199	291,282
Cross-currency interest rate swaps	-	-	-	-	9,674
Micro hedges	-	-	8,906	168,199	300,956
Interest rate swap	11,600	6,500	30,537	128,727	122,489
Cross-currency interest rate swaps	-	-	-	-	-
Macro hedges	11,600	6,500	30,537	128,727	122,489
Total	11,600	6,500	39,443	296,926	423,445

	Face value of interest rate swaps	Fair value differences on IRSs designated as hedges
30.06.2024		
Macro hedge - Asset	241,383	33,319
Macro hedge - Liability	78,974	(7,936)
Micro hedge - Asset	309,312	38,474
Micro hedge - Liability	205,615	(12,314)
Total	835,284	51,543
31.12.2023		
Macro hedge - Asset	250,452	34,362
Macro hedge - Liability	49,401	(4,230)
Micro hedge - Asset	302,626	39,290
Micro hedge - Liability	175,435	(12,788)
Total	777,914	56,634

The table below shows the breakdown of the holdings of interest rate swaps included in hedging relationship at the reporting date:

	Fix-interest loans	Interest rate swaps	Net profit/loss
30.06.2024			
Macro hedge – Positive fair value change	7,316	9,468	
Macro hedge – Negative fair value change	(10,593)	(9,395)	
Total	(3,277)	73	(3,204)
31.12.2023			
Macro hedge – Positive fair value change	58,094	4,005	
Macro hedge – Negative fair value change	(3,257)	(53,241)	
Total	54,837	(49,236)	5,601

In the first half of 2024, the Group recognised a gain of HUF +0.73 billion on interest rate swaps in the hedging relationship. On the hedged fixed rate loans included in the balance sheet line "Loans and advances to customers", the Group recognised a loss of HUF 3.277 billion on the change in interest rate risk during the hedging relationship. Of this loss of HUF 3.277 billion, HUF 2.552 billion was the amortisation of previous gains and HUF 0.725 billion was the loss recognised this year on the hedged transactions. An unamortised amount of -HUF 0.118 billion from closed hedge relationships is still included in the balance sheet line "Fair value change of hedged items in portfolio hedge of interest rate risk".

The ineffective part of micro hedge transactions was HUF +1.3 billion during the current period (2023: HUF -6 billion).

4.11 Financial assets measured at fair value through other comprehensive income

Assets measured at FVTOCI	30.06.2024	31.12.2023
Debt securities	882,143	896,476
Equity instruments	14,786	16,062
Total	896,929	912,538

The following table shows the composition of equity instruments and debt instruments measured at fair value through other comprehensive income:

Main types of securities measured at FVTOCI	30.06.2024	31.12.2023
Government bonds	498,097	520,001
Domestic corporate bonds	58,871	59,134
Bonds issued by domestic credit institutions	307,057	294,712
Bonds issued by foreign credit institutions	18,118	22,629
Domestic shares	14,603	9,529
Foreign shares	183	151
Investment fund shares*	-	6,382
Impairment losses**	(1,001)	(1,319)
Total	896,929	912,538

* During the year, MKB Ingatlan Befektetési Alap has been included in the scope of consolidation as a subsidiary.

** The amount of impairment of the FVTOCI financial assets, which is accounted for between other comprehensive income reserve and profit or loss, does not decrease the carrying amount of the financial assets.

The amount of debt securities measured at FVTOCI was HUF 882,143 million at the end of the reporting period (2023: HUF 896,476 million). The Group's equity instruments measured at FVTOCI at the end of the period was HUF 14,786 million (HUF 16,062 million in 2023). The revaluation on financial assets measured at FVTOCI changed to HUF -22,004 million from HUF 62,655 million. As at 30 June 2024 the total amount of revaluation reserve comprises HUF 16,335 million (2023: HUF 36,645 million). In 2024, HUF 3,752 million gain on sale (2023: HUF 2,784 million gain) was recognized in the profit or loss relating to securities measured at FVTOCI, which is a reclassification from other comprehensive income into profit or loss.

4.12 Financial assets measured at amortised cost

Financial assets measured at amortised cost	30.06.2024	31.12.2023
Loans and advances to banks	152,449	106,544
Loans and advances to customers	4,991,286	4,390,428
Repurchase assets	1,540	17,918
Debt securities	3,169,629	3,010,864
Other financial assets	200,561	163,708
Total	8,515,465	7,689,462

4.12.1 Securities measured at amortised cost

Securities measured at amortised cost	30.06.2024	31.12.2023
Government bonds	2,611,812	2,493,527
Corporate bonds	254,775	258,526
Bonds issued by domestic credit institutions	282,271	232,390
Bonds issued by foreign credit institutions	29,170	32,808
<i>Expected credit loss</i>	<i>(8,399)</i>	<i>(6,387)</i>
Total	3,169,629	3,010,864

The following tables show the composition of the Group's debt instruments measured at amortised cost by stage:

	Stage 1	Stage 2	Stage 3	Total
30.06.2024				
Government bonds	2,611,812	-	-	2,611,812
Corporate bonds	232,886	20,667	1,222	254,775
Bonds issued by domestic credit institutions	282,271	-	-	282,271
Bonds issued by foreign credit institutions	29,170	-	-	29,170
<i>Expected credit loss</i>	<i>(3,923)</i>	<i>(3,254)</i>	<i>(1,222)</i>	<i>(8,399)</i>
Total	3,152,216	17,413	-	3,169,629
31.12.2023				
Government bonds	2,493,527	-	-	2,493,527
Corporate bonds	235,320	22,768	438	258,526
Bonds issued by domestic credit institutions	232,390	-	-	232,390
Bonds issued by foreign credit institutions	32,808	-	-	32,808
<i>Expected credit loss</i>	<i>(2,896)</i>	<i>(3,146)</i>	<i>(345)</i>	<i>(6,387)</i>
Total	2,991,149	19,622	93	3,010,864

4.12.2 Presentation of loans measured at amortised cost by stage

	Gross value	ECL Stage 1	ECL Stage 2	ECL Stage 3	POCI	Total ECL	Book value
30.06.2024							
Loans and advances to banks	153,592	(1,143)	-	-	-	(1,143)	152,449
Loans and advances to customers	5,278,486	(50,751)	(136,823)	(92,342)	(7,284)	(287,200)	4,991,286
- of which: retail	1,663,600	(12,781)	(22,532)	(37,976)	(6,915)	(80,204)	1,583,396
- of which: wholesale	3,614,886	(37,970)	(114,291)	(54,366)	(369)	(206,996)	3,407,890
Total	5,432,078	(51,894)	(136,823)	(92,342)	(7,284)	(288,343)	5,143,735
31.12.2023							
Loans and advances to banks	107,559	(1,015)	-	-	-	(1,015)	106,544
Loans and advances to customers	4,659,589	(64,538)	(109,345)	(94,179)	(1,099)	(269,161)	4,390,428
- of which: retail	1,130,858	(12,936)	(16,644)	(43,611)	(868)	(74,059)	1,056,799
- of which: wholesale	3,528,731	(51,602)	(92,701)	(50,568)	(231)	(195,102)	3,333,629
Total	4,767,148	(65,553)	(109,345)	(94,179)	(1,099)	(270,176)	4,496,972

4.12.3 Movement of loans measured at amortised cost

The following movement tables contain cumulative data for the financial year.

Gross book value	Stage 1	Stage 2	Stage 3	POCI	Total
Opening gross book value on 01.01.2024	3,657,418	830,202	166,078	5,891	4,659,589
Reclassifications					
from Stage 1 to Stage 2	(442,442)	442,442	-	-	-
from Stage 1 to Stage 3	(13,274)	-	13,274	-	-
from Stage 2 to Stage 1	135,744	(135,744)	-	-	-
from Stage 2 to Stage 3	-	(27,959)	27,959	-	-
from Stage 3 to Stage 1	11,325	-	(11,325)	-	-
from Stage 3 to Stage 2	-	21,674	(21,674)	-	-
Increase from business combination	456,606	-	-	51,807	508,413
Change in EAD	(249,657)	(75,840)	(15,837)	(582)	(341,916)
Assets derecognized except write off	(425,581)	(41,788)	(14,664)	(324)	(482,357)
Financial assets written off	(42)	(94)	(362)	(91)	(589)
Financial assets originated or purchased*	792,553	133,648	7,861	79	934,141
FX and other movements	2,941	(3,805)	1,811	258	1,205
Closing gross book value on 30.06.2024	3,925,591	1,142,736	153,121	57,038	5,278,486

* Line includes the subsequent measurement (reclassification to stage 2 or stage 3) of purchased financial assets as well.

	Stage 1	Stage 2	Stage 3	POCI	Total
Expected credit loss of assets (ECL)	12-month expected credit loss (ECL)	Lifetime expected credit loss (ECL)	Lifetime expected credit loss (ECL)	Financial assets acquired or created impaired	
Opening cumulated ECL at 01.01.2024	64,538	109,345	94,179	1,099	269,161
Reclassifications					
from Stage 1 to Stage 2	(14,664)	14,664	-	-	-
from Stage 1 to Stage 3	(425)	-	425	-	-
from Stage 2 to Stage 1	11,966	(11,966)	-	-	-
from Stage 2 to Stage 3	-	(5,279)	5,279	-	-
from Stage 3 to Stage 1	6,907	-	(6,907)	-	-
from Stage 3 to Stage 2	-	8,504	(8,504)	-	-
Increase from business combination	2,747	-	-	6,342	9,089
Change in risk parameters	(22,708)	14,404	14,134	(118)	5,712
Assets derecognized except write off	(6,213)	(7,322)	(11,463)	(78)	(25,076)
Financial assets written off	(10)	(47)	(343)	(1)	(401)
Financial assets originated or purchased*	13,448	12,015	3,996	25	29,484
FX and other movements	(4,835)	2,505	1,546	15	(769)
Closing cumulated ECL at 30.06.2024	50,751	136,823	92,342	7,284	287,200

* Line includes the subsequent measurement (reclassification to stage 2 or stage 3) of purchased financial assets as well.

Gross book value	Stage 1	Stage 2	Stage 3	POCI	Total
Opening gross book value at 01.01.2023	3,316,855	1,034,505	197,140	9,615	4,558,115
Reclassifications					
from Stage 1 to Stage 2	(164,940)	164,940	-	-	-
from Stage 1 to Stage 3	(17,935)	-	17,935	-	-
from Stage 2 to Stage 1	359,911	(359,911)	-	-	-
from Stage 2 to Stage 3	-	(35,915)	35,915	-	-
from Stage 3 to Stage 1	14,374	-	(14,374)	-	-
from Stage 3 to Stage 2	-	37,893	(37,893)	-	-
Increase from business combination	28,603	-	-	1,461	30,064
Change in EAD	(1,133,424)	(91,035)	(39,916)	(3,762)	(1,268,137)
Assets derecognized except write off	(244,272)	(44,141)	(8,752)	(503)	(297,668)
Financial assets written off	(77)	(18)	(982)	(13)	(1,090)
Financial assets originated or purchased*	1,496,555	123,879	16,215	156	1,636,805
FX and other movements	1,768	5	790	(1,063)	1,500
Closing gross book value at 31.12.2023	3,657,418	830,202	166,078	5,891	4,659,589

* Line includes the subsequent measurement (reclassification to stage 2 or stage 3) of purchased financial assets as well.

Expected credit loss of assets (ECL)	Stage 1 12-month expected credit loss (ECL)	Stage 2 Lifetime expected credit loss (ECL)	Stage 3 Lifetime expected credit loss (ECL)	POCI Financial assets acquired or created impaired	Total
<i>Opening cumulated ECL at 01.01.2023</i>	37,435	75,036	101,525	1,318	215,314
<i>Reclassifications</i>					
from Stage 1 to Stage 2	(3,073)	3,073	-	-	-
from Stage 1 to Stage 3	(368)	-	368	-	-
from Stage 2 to Stage 1	18,234	(18,234)	-	-	-
from Stage 2 to Stage 3	-	(3,212)	3,212	-	-
from Stage 3 to Stage 1	7,328	-	(7,328)	-	-
from Stage 3 to Stage 2	-	17,997	(17,997)	-	-
Increase from business combination	852	-	-	617	1,469
Change in risk parameters	(27,583)	34,124	18,932	(753)	24,720
Assets derecognized except write off	(5,545)	(4,765)	(4,746)	(41)	(15,097)
Financial assets written off	(40)	(1)	(926)	-	(967)
Financial assets originated or purchased*	12,692	(9,232)	(6,517)	(108)	(3,165)
FX and other movements	(3,073)	3,073	-	-	-
<i>Closing cumulated ECL at 31.12.2023</i>	64,538	109,345	94,179	1,099	269,161

* Line includes the subsequent measurement (reclassification to stage 2 or stage 3) of purchased financial assets as well.

4.13 Associates and other investments

Associates and other investments	30.06.2024	31.12.2023
Cost	52,043	50,064
Share of post acquisition reserves	3,910	2,805
<i>Investment in associates</i>	55,953	52,869
Other investments	2,872	2,300
Total	58,825	55,169

The Group recognised goodwill of HUF 3,340 million in its consolidated financial statements at the balance sheet date, related to the Fundamenta transaction (for further details see section 2.7).

4.14 Financial liabilities designated as measured at fair value through profit or loss

Financial liabilities at FVTPL	30.06.2024	31.12.2023
Derivative financial liabilities	124,194	129,944
Short positions	5,695	22,637
Total	129,889	152,581

The Group recognised short positions due to government bond transactions.

4.15 Financial liabilities at amortised cost

Financial liabilities measured at amortised cost	30.06.2024	31.12.2023
Deposits	7,738,450	7,072,054
Loans	1,855,685	1,924,480
Issued debt securities	499,802	520,901
Subordinated debt	94,103	108,341
Other financial liabilities	161,253	164,049
Total	10,349,293	9,789,825

Financial liabilities measured at amortised cost	30.06.2024	31.12.2023
Amounts due to banks and repurchase liabilities	1,968,106	2,039,434
Deposit and current accounts	7,626,029	6,957,100
- of which: deposits	3,641,663	2,786,318
- of which: current accounts	3,984,366	4,170,782
Total	9,594,135	8,996,534

Debt securities issued are detailed in note 4.16 and subordinated liabilities in note 4.17.

4.16 Debt securities issued

The following tables represent the amount of issued debt securities measured at amortised cost:

Debt securities issued	30.06.2024		31.12.2023	
	Nominal value	Book value	Nominal value	Book value
<i>Bonds issued</i>				
Variable rate bonds	-	-	-	-
Fixed rate bonds	74,927	77,599	71,280	71,626
Total	74,927	77,599	71,280	71,626
<i>Mortgage bonds issued</i>				
Variable rate bonds	47,708	46,808	47,476	46,921
Fixed rate bonds	213,330	206,963	250,913	242,711
Total	261,038	253,771	298,389	289,632
<i>MREL bonds issued*</i>				
Variable rate	-	-	-	-
Fixed rate	160,982	168,432	156,335	159,643
Total	160,982	168,432	156,335	159,643
Total	496,947	499,802	526,004	520,901
Book value of securities issued by currency				
	30.06.2024		31.12.2023	
Denominated in EUR		186,397		173,306
Denominated in HUF		313,405		347,595
Total		499,802		520,901

*MREL bonds

From 01 January 2024 a minimum level of quantity and quality of liability is required to be held by the domestic financial institutions and investment entities by NBH. The required type of liabilities can be partly or entirely eligible, or convertible to capital in a case of critical economic situation (minimum requirement for regulatory capital, and eligible or convertible liabilities, shortly: MREL - Minimum Requirement for own funds and Eligible Liabilities). MBH Bank issued the following bonds:

- within the framework of the first issuance program of debt instruments complying with MREL requirements of MBH Bank's history a senior non-priority (senior-preferred) debt instrument (ISIN: HU0000362702) has been issued on value date of 16 June 2023 with EUR 74.98 million (HUF 28,1 billion) nominal value, 3 years maturity, 9% fixed interest rate for the first and second year then 3 month BUBOR+5.5% variable interest rate for the last year of the duration.
- during the Bank's newly announced EUR 1,5 billion international bond issuance program a senior non-priority (senior-preferred) debt instrument (ISIN: XS2701655677) has been issued on value date of 19 October 2023 with EUR 350 million (HUF 134,7 billion) nominal value, 4 years maturity (redeemable after 3 year) and 8.625% fixed interest rate.

4.17 Subordinated liabilities

Subordinated liabilities represent the Group's direct, unconditional and unsecured subordinated bonds issued, which has subordinated status in relation to the Group's liabilities to other depositors and creditors.

	Interest	Date of issue	Maturity	Amount in original currency	Original currency	Book value
30.06.2024						
Subordinated debt*	Variable	28.12.2017	28.12.2024	163,627,128	HUF	164
Subordinated debt*	Variable	28.12.2018	28.12.2025	56,681,294	HUF	57
Subordinated bond	Fixed	28.03.2019	15.04.2026	28,700,000	EUR	11,994
Subordinated bond	Fixed	26.05.2020	20.07.2028	39,255,000	EUR	15,521
Subordinated debt	Fixed	23.11.2020	23.11.2030	40,000,000,000	HUF	40,076
Subordinated bond	Variable	31.01.2023	31.01.2030	24,750,000,000	HUF	26,291
Total						94,103
31.12.2023						
Subordinated debt*	Variable	31.12.1995	Perpetual	32,477,987	HUF	33
Subordinated bond	Fixed	26.05.2017	14.06.2024	36,900,000	EUR	14,472
Subordinated debt*	Variable	28.12.2017	28.12.2024	179,266,584	HUF	179
Subordinated debt*	Variable	28.12.2018	28.12.2025	62,395,771	HUF	62
Subordinated bond	Fixed	28.03.2019	15.04.2026	28,700,000	EUR	11,337
Subordinated bond	Fixed	26.05.2020	20.07.2028	39,255,000	EUR	15,329
Subordinated debt	Fixed	23.11.2020	23.11.2030	40,000,000,000	HUF	40,000
Subordinated bond	Variable	31.01.2023	31.01.2030	24,750,000,000	HUF	26,929
Total						108,341

4.18 Provision

The following table shows the movement of provisions:

Provisions	Opening at 01.01.2024	Increase from business combination	Provisions made during the year	Release/use of provisions	Closing at 30.06.2024
Expected credit loss (IFRS9)	22,633	44	25,499	(20,243)	27,933
Pension and severance pay	1,714	-	-	(877)	837
Provision for litigation	1,085	-	109	(208)	986
Provision for restructuring	2,571	-	-	(59)	2,512
Other provisions	3,237	1,249	173	(803)	3,856
Total provisions	31,240	1,293	25,781	(22,190)	36,124

Provisions	Opening at 01.01.2023	Increase from business combination	Provisions made during the year	Release/use of provisions	Closing at 31.12.2023
Expected credit loss (IFRS9)	15,311	60	45,833	(38,571)	22,633
Pension and severance pay	1,036	-	1,714	(1,036)	1,714
Provision for litigation	619	-	513	(47)	1,085
Provision for restructuring	3,816	-	2,571	(3,816)	2,571
Other provisions	1,841	105	2,765	(1,474)	3,237
Total provisions	22,623	165	53,396	(44,944)	31,240

4.19 Contingent liabilities

	Gross amount	Stage 1	Provision Stage 2	Stage 3	Net amount
30.06.2024					
Loan commitments provided	1,466,154	(10,266)	(11,016)	(1,704)	1,443,168
Financial guarantees provided	98,248	(523)	(1,990)	(292)	95,443
Other contingent liabilities	328,606	(827)	(1,174)	(29)	326,576
Total contingent liabilities	1,893,008	(11,616)	(14,180)	(2,025)	1,865,187
31.12.2023					
Loan commitments provided	1,206,000	(10,478)	(5,936)	(1,444)	1,188,142
Financial guarantees provided	101,220	(1,071)	(1,549)	(233)	98,367
Other contingent liabilities	296,502	(872)	(977)	(12)	294,641
Total contingent liabilities	1,603,722	(12,421)	(8,462)	(1,689)	1,581,150

Other contingent liabilities include the sum of liabilities resulting from legal cases and other, probable future events the settlement of which will probably require the use of resources representing economic benefit.

4.20 Related party transactions

The Group identified the related parties using the definition of IAS 24, therefore every enterprise that is directly or indirectly, through one or more intermediaries, related to the Group and key management personnel, including the members of the Board of Directors and the Supervisory Board, qualify as a related party.

All the transactions concluded with related companies were concluded according to regular business procedures. The transactions include credit and deposit transactions, and off-balance sheet transactions. All the transactions were carried out under the regular commercial conditions and by applying market interest rates.

	Associates and other investments		Key Management Personnel		Other related parties*	
	2024	2023	2024	2023	2024	2023
Assets						
Amounts due from banks	-	-	-	-	-	-
Loans and advances to customers	33,692	32,873	495	514	160,097	190,345
Derivative financial assets	-	-	-	-	131	16
Securities and equity instruments	90,701	96,414	-	-	59,368	54,078
Other assets	45,044	44,730	-	-	42	4
Liabilities						
Amounts due to banks	-	-	-	-	-	-
Current and deposit accounts	2,201	2,523	931	511	520,957	404,520
Derivative financial liabilities	-	-	-	-	-	-
Other liabilities	45,001	44,988	-	-	-	29
Profit or Loss						
Interest income	584	574	4	96	5,243	14,633
Interest expense	(1)	(719)	(2)	(24)	(20,559)	(39,592)
Net income from commissions and fees	12	161	83	11	134	660
Other income / (expense)	3,599	(62)	(1,679)	(2,039)	(132)	(413)
Contingencies and commitments						
Undrawn commitments to extend credit	695	783	10	4	58,704	52,530
Guarantees	-	-	-	-	101,816	95,785
Provision	14,100	14,344	18	2	16,554	17,859

* Balances to other related parties include exposures to owners and their groups.

4.21 Fair value of financial instruments

	Quoted prices available on the active market	Valuation techniques - with observable parameters	Valuation techniques - with significant non- observable parameters	Total
30.06.2024				
Financial assets measured at amortised cost	2,538,956	630,673	5,345,836	8,515,465
Loans and advances to banks	-	-	152,449	152,449
Loans and advances to customers	-	-	4,991,286	4,991,286
Repurchase assets	-	-	1,540	1,540
Securities	2,538,956	630,673	-	3,169,629
Other financial assets	-	-	200,561	200,561
Financial assets measured at fair value through profit or loss and hedging derivative assets	599	285,886	537,507	823,992
Revaluation on financial assets measured at FVTOCI	316,924	580,005	-	896,929
Total	2,856,479	1,496,564	5,883,343	10,236,386
31.12.2023				
Financial assets measured at amortised cost	2,429,391	581,473	4,678,598	7,689,462
Loans and advances to banks	-	-	106,544	106,544
Loans and advances to customers	-	-	4,390,428	4,390,428
Repurchase assets	-	-	17,918	17,918
Securities	2,429,391	581,473	-	3,010,864
Other financial assets	-	-	163,708	163,708
Financial assets measured at fair value through profit or loss and hedging derivative assets	663	298,430	530,867	829,960
Revaluation on financial assets measured at FVTOCI	439,107	473,431	-	912,538
Total	2,869,161	1,353,334	5,209,465	9,431,960

No reclassification was carried out between the levels of the fair value hierarchy during the period.

The fair values of financial assets and liabilities are as follows:

	Total carrying amount	Total fair value
30.06.2024		
Cash and cash equivalents	1,172,715	1,172,715
Financial assets measured at fair value through profit or loss and hedging derivative assets	823,992	823,992
Financial assets measured at FVTOCI	896,929	896,929
Financial assets measured at amortised cost	8,515,465	8,091,793
<i>Total financial assets</i>	<i>11,409,101</i>	<i>10,985,429</i>
Financial liabilities measured at fair value through profit or loss and hedging derivative liabilities	150,139	150,139
Financial liabilities measured at amortised cost	10,349,293	10,329,829
<i>Total financial liabilities</i>	<i>10,499,432</i>	<i>10,479,968</i>
31.12.2023		
Cash and cash equivalents	1,347,889	1,347,889
Financial assets measured at fair value through profit or loss and hedging derivative assets	829,960	829,960
Financial assets measured at FVTOCI	912,538	912,538
Financial assets measured at amortised cost	7,689,462	7,385,332
<i>Total financial assets</i>	<i>10,779,849</i>	<i>10,475,719</i>
Financial liabilities measured at fair value through profit or loss and hedging derivative liabilities	169,599	169,599
Financial liabilities measured at amortised cost	9,789,825	9,910,921
<i>Total financial liabilities</i>	<i>9,959,424</i>	<i>10,080,520</i>

4.22 Earnings per share

Earnings per share as at 30 June 2024 was calculated based on the net income available to ordinary shareholders of HUF 104,673 million (30.06.2023: HUF 81,953 million) and the weighted average number of ordinary shares outstanding of 322,530 thousand (30.06.2023: 321,976 thousand).

01.01.2024 – 30.06.2024

$$\begin{array}{rcccl} \text{Earnings per Ordinary} & & \text{Net income available to} & & \\ \text{Share} & & \text{ordinary shareholders} & & \\ \text{(in HUF)} & = & \text{(in HUF million)} & 104,673 & \\ & & \text{Average number of} & & \\ & & \text{ordinary shares outstanding} & & \\ & & \text{(thousands)} & 322,530 & \\ & & & & = 325 \text{ Ft} \end{array}$$

01.01.2023 – 30.06.2023

$$\begin{array}{rcccl} \text{Earnings per Ordinary} & & \text{Net income available to} & & \\ \text{Share} & & \text{ordinary shareholders} & & \\ \text{(in HUF)} & = & \text{(in HUF million)} & 81,953 & \\ & & \text{Average number of} & & \\ & & \text{ordinary shares outstanding} & & \\ & & \text{(thousands)} & 321,976 & \\ & & & & = 255 \text{ Ft} \end{array}$$

The diluted earnings per share is calculated based on the net income available to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effect of all dilutive potential ordinary shares. There was no dilution factor in the periods presented.

4.23 Segment report

The following segment information has been prepared in accordance with IFRS 8, “Operating Segments,” which defines requirements for the disclosure of financial information of an entity’s operating segments. It follows the “management approach”, which requires presentation of the segments on the basis of the internal reports about components of the entity, which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance. Management reporting for the Group is based on IFRS presenting the following segments.

The business segments identified by the Group represent the organizational structure as reflected in its internal management reporting systems. The Group is organized into four business lines, each with its own distinct market and products. Each business line has its own set of objectives and targets broken down by operating units, which are consistent with the Group's overall strategic direction.

On 30 June 2024 the Group's business segments and their main products were:

Corporate Banking

The Group provides trade finance, a wide array of credit, account and deposit products, forfeiting and factoring, letters of credit, guarantees, international payments, project and structured finance, investment and financial advisory services to large entities through branches and electronic delivery channels.

The Group serves financial institutions, financial service companies and other entities with financial services, as well as international and domestic payments, the Treasury department deals with investments in securities, hedging transactions and correspondent banking services, the Group participates in bank-to-bank finance.

Retail and Private Banking

The Group provides a wide range of deposit and savings instrument, credit and debit cards, portfolio management, and a limited number of loan products to high net worth individuals and entrepreneurs through more than 500 full-service branches and sub-branches, ATMs, telephone and electronic channels.

Leasing

The scope of activities has been extended to include the financing of agricultural machinery, large commercial vehicles, buses and general machinery.

Other

Residual items which cannot be directly allocated to business segments (mainly general administration expense) are included in the Other category.

30.06.2024	Corporate Banking	Leasing	Retail and Private Banking	Other	Consolidation effect*	Total
<i>Assets</i>						
Cash and cash equivalents	1,436,525	-	-	-	(263,810)	1,172,715
Financial assets measured at fair value through profit or loss	239,016	-	537,769	-	(24,586)	752,199
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	-	-	537,769	-	(24)	537,745
<i>Securities held for trading</i>	2,275	-	-	-	(489)	1,786
<i>Securities mandatorily at fair value through profit or loss</i>	49,182	-	-	-	-	49,182
<i>Derivative financial assets</i>	187,559	-	-	-	(24,073)	163,486
Hedging derivative assets	71,793	-	-	-	-	71,793
Financial assets measured at fair value through other comprehensive income	945,795	-	-	-	(48,866)	896,929
<i>Securities</i>	945,795	-	-	-	(48,866)	896,929
Financial assets measured at amortised cost	6,653,965	561,600	1,676,279	1,207,789	(1,584,168)	8,515,465
<i>Loans and advances to banks</i>	1,177,149	-	-	-	(1,024,700)	152,449
<i>Loans and advances to customers</i>	2,230,469	561,600	1,676,279	995,890	(472,952)	4,991,286
<i>Repurchase assets</i>	49,343	-	-	-	(47,803)	1,540
<i>Securities</i>	3,197,004	-	-	-	(27,375)	3,169,629
<i>Other financial assets</i>	-	-	-	211,899	(11,338)	200,561
Fair value change of hedged items in portfolio hedge of interest rate risk	-	-	-	(118)	-	(118)
Associates and other investments	-	-	-	478,805	(419,980)	58,825
Property, plant and equipment	20,380	1,509	7,917	99,564	(1,865)	127,505
Intangible assets	-	-	-	71,517	17,465	88,982
Income tax assets	-	-	-	11,494	687	12,181
<i>Current income tax assets</i>	-	-	-	1,111	-	1,111
<i>Deferred income tax assets</i>	-	-	-	10,383	687	11,070
Other assets	-	-	-	34,113	(4,836)	29,277
Assets held for sale	-	-	-	1,300	-	1,300
Total assets	9,367,474	563,109	2,221,965	1,904,464	(2,329,959)	11,727,053

* In previous period financial data for each segment included the effects of consolidation eliminations. From current period consolidation effect presented separately.

30.06.2024	Corporate Banking	Leasing	Retail and Private Banking	Other	Consolidation effect*	Total
<i>Liabilities and equity</i>						
Financial liabilities measured at fair value through profit or loss	143,189	-	-	-	(13,300)	129,889
<i>Derivative financial liabilities</i>	137,494	-	-	-	(13,300)	124,194
<i>Financial liabilities from short positions</i>	5,695	-	-	-	-	5,695
Hedging derivative liabilities	26,329	-	-	-	(6,079)	20,250
Financial liabilities measured at amortised cost	8,615,640	-	3,236,572	416,218	(1,919,137)	10,349,293
<i>Amounts due to banks</i>	3,638,831	-	-	-	(1,678,569)	1,960,262
<i>Amounts due to customers</i>	4,279,679	-	3,158,973	239,654	(52,277)	7,626,029
<i>Repurchase liabilities</i>	55,694	-	-	-	(47,850)	7,844
<i>Issued debt securities</i>	514,065	-	77,599	-	(91,862)	499,802
<i>Subordinated debt</i>	127,371	-	-	-	(33,268)	94,103
<i>Other financial liabilities</i>	-	-	-	176,564	(15,311)	161,253
Provisions	22,851	28	9,461	3,921	(137)	36,124
Income tax liabilities	-	-	-	2,561	643	3,204
<i>Current income tax liabilities</i>	-	-	-	2,042	-	2,042
<i>Deferred income tax liabilities</i>	-	-	-	519	643	1,162
Other liabilities	-	-	-	81,689	(2,998)	78,691
Equity	-	-	-	1,498,550	(388,948)	1,109,602
Total liabilities and equity	8,808,009	28	3,246,033	2,002,939	(2,329,956)	11,727,053

* In previous period financial data for each segment included the effects of consolidation eliminations. From current period consolidation effect presented separately.

30.06.2024	Corporate Banking	Leasing	Retail and Private Banking	Other	Consolidation effect*	Total
<i>Income statement</i>						
Interest and similar income	500,225	22,054	72,954	10,523	(67,552)	538,204
Interest expense	(336,616)	-	(7,199)	(6,891)	79,852	(270,854)
Net interest income	163,609	22,054	65,755	3,632	12,300	267,350
Net income from commissions and fees *	31,013	310	44,392	(3,721)	1,385	73,379
Results from financial instruments, net (Impairment) / Reversal on financial and non-financial instruments	10,939 (14,549)	188 1,298	3,957 (5,140)	- 174	(10,803) 1,885	4,281 (16,332)
Dividend income	-	-	-	12,011	(10,937)	1,074
Operating expense	(78,275)	(7,112)	(85,260)	(48,296)	15,812	(203,131)
Other income / (expense)	-	-	-	18,128	(18,265)	(137)
Gain on negative goodwill	-	-	-	-	-	-
Share of associates's profit	-	-	-	-	2,914	2,914
Result from assets held for sale	-	-	-	-	-	-
Profit before taxation	112,737	16,738	23,704	(18,072)	(5,709)	129,398
Income tax income / (expense)	-	-	-	(20,557)	(46)	(20,603)
Segment result	112,737	16,738	23,704	(38,629)	(5,755)	108,795

* The Group's management evaluates commission income and expense on a net basis.

** In previous period financial data for each segment included the effects of consolidation eliminations. From current period consolidation effect presented separately.

31.12.2023	Corporate Banking	Leasing	Retail and Private Banking	Other	Total
<i>Assets</i>					
Cash and cash equivalents	1,347,889	-	-	-	1,347,889
Financial assets measured at fair value through profit or loss	245,320	-	510,988	-	756,308
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	-	-	510,988	-	510,988
<i>Securities held for trading</i>	2,621	-	-	-	2,621
<i>Securities mandatorily at fair value through profit or loss</i>	47,516	-	-	-	47,516
<i>Derivative financial assets</i>	195,183	-	-	-	195,183
Hedging derivative assets	73,652	-	-	-	73,652
Financial assets measured at fair value through other comprehensive income	912,538	-	-	-	912,538
<i>Securities</i>	912,538	-	-	-	912,538
Financial assets measured at amortised cost	5,814,911	244,494	1,138,710	491,347	7,689,462
<i>Loans and advances to banks</i>	106,544	-	-	-	106,544
<i>Loans and advances to customers</i>	2,679,585	244,494	1,138,710	327,639	4,390,428
<i>Repurchase assets</i>	17,918	-	-	-	17,918
<i>Securities</i>	3,010,864	-	-	-	3,010,864
<i>Other financial assets</i>	-	-	-	163,708	163,708
Fair value change of hedged items in portfolio hedge of interest rate risk	3,159	-	-	-	3,159
Associates and other investments	-	-	-	55,169	55,169
Property, plant and equipment	23,906	1,378	484	94,733	120,501
Intangible assets	-	-	-	71,094	71,094
Income tax assets	-	-	-	13,540	13,540
<i>Current income tax assets</i>	-	-	-	276	276
<i>Deferred income tax assets</i>	-	-	-	13,264	13,264
Other assets	-	-	-	62,367	62,367
Assets held for sale	-	-	-	1,369	1,369
Assets	8,421,375	245,872	1,650,182	789,619	11,107,048

31.12.2023	Corporate Banking	Leasing	Retail and Private Banking	Other	Total
<i>Liabilities</i>					
Financial liabilities measured at fair value through profit or loss	152,581	-	-	-	152,581
<i>Derivative financial liabilities</i>	129,944	-	-	-	129,944
<i>Financial liabilities from short positions</i>	22,637	-	-	-	22,637
Hedging derivative liabilities	-	-	-	17,018	17,018
Financial liabilities measured at amortised cost	6,568,761	-	2,641,518	579,546	9,789,825
<i>Amounts due to banks</i>	2,027,667	-	-	-	2,027,667
<i>Amounts due to customers</i>	3,987,937	-	2,553,666	415,497	6,957,100
<i>Repurchase liabilities</i>	11,767	-	-	-	11,767
<i>Issued debt securities</i>	433,049	-	87,852	-	520,901
<i>Subordinated debt</i>	108,341	-	-	-	108,341
<i>Other financial liabilities</i>	-	-	-	164,049	164,049
Provisions	19,534	28	7,041	4,637	31,240
Income tax liabilities	-	-	-	16,985	16,985
<i>Current income tax liabilities</i>	-	-	-	15,354	15,354
<i>Deferred income tax liabilities</i>	-	-	-	1,631	1,631
Other liabilities	-	-	-	76,028	76,028
Equity	-	-	-	1,023,371	1,023,371
Total liabilities and equity	6,740,876	28	2,648,559	1,717,585	11,107,048

30.06.2023	Corporate Banking	Leasing	Retail and Private Banking	Other	Total
Income statement					
Interest and similar income	493,746	22,568	71,658	1,477	589,449
Interest expense	(281,818)	-	(11,230)	(13,063)	(306,112)
Net interest income	211,928	22,568	60,428	(11,586)	283,337
Net income from commissions and fees*	26,489	(321)	40,053	(1,587)	64,635
Results from financial instruments, net	(5,017)	(95)	3,266	-	(1,846)
(Impairment) / Reversal on financial and non-financial instruments	(23,673)	3,891	(8,683)	(1,616)	(30,080)
Dividend income	-	-	-	1,610	1,610
Operating expense	(44,589)	(5,429)	(88,698)	(84,124)	(222,839)
Other income / (expense)	(1,783)	162	(2)	8,525	6,902
Gain on negative goodwill	-	-	-	640	640
Share of associates' profit	-	-	-	-	-
Result from assets held for sale	-	-	-	-	-
Profit before taxation	163,356	20,277	6,365	(88,138)	102,359
Income tax income / (expense)	-	-	-	(17,651)	(17,651)
Segment result	163,356	20,277	6,365	(105,789)	84,708

* The Group's management evaluates commission income and expense on a net basis.

4.24 Subsequent events

Changes in the maturity of baby loans

For the beneficiary for whom the 5-year deadline for the birth of a child according to Government Decree No. 44/2019 (III.12) was or will be between 1 July 2024 and 30 June 2026, pursuant to No. 190/2024 (VII.8.) the 5-year deadline extended until 1 July 2026.

Increase in financial transaction levy

Based on Government Decree No. 183/2024. (VII. 8.), an additional financial transaction levy obligation was introduced.

Amendment of extra profit tax

According to Government decree No. 183/2024. (VII. 8.), credit institution may reduce its extra profit tax payment obligation in the proportion to the increase of government bonds maturing after 2027, if the the average daily stock of government bonds also increases for the period between 1 January 2024 and 30 November 2024. The amount of reduction applicable is up to 10 percent of increase in the nominal value of government bonds, but not more than 50 percent of the amount of extra profit tax payment obligation for the tax year.