



MFB Hungarian Development Bank
Private Limited Company

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

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

in million HUF unless otherwise stated


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


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

Budapest, 11 September 2019


dr. Levente Sipos-Tompa
Chief Executive Officer


Kornél Kisgergely
Executive officer

**MFB Hungarian Development Bank
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Separate Income Statement

in million HUF unless otherwise stated

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

MFB Hungarian Development Bank Private Limited Company
Separate Income Statement


in million HUF unless otherwise stated

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

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

Budapest, 11 September 2019


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Separate Other Comprehensive Income Statement


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

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

Budapest, 11 September 2019


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

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

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

Budapest, 11 September 2019


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