

BASE PROSPECTUS DATED 2 October 2023



MBH Bank Nyrt.

(incorporated with limited liability in Hungary)

€1,500,000,000

Euro Medium Term Note Programme

Any notes (“Notes”) issued pursuant to this base prospectus (the “Base Prospectus”) under the Euro Medium Term Note Programme (the “Programme”) on or after the date of this Base Prospectus are issued subject to the provisions described herein. Under the Programme, MBH Bank Nyrt. (formerly known as MKB Bank Nyrt.) (the “Issuer” or the “MBH”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The aggregate principal amount of Notes outstanding under the Programme will not at any time exceed €1,500,000,000 (or the equivalent in other currencies), subject to increase as provided herein.

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the “CSSF”) as competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) in Luxembourg for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of 12 months from the date of approval of this Base Prospectus. This Base Prospectus comprises a base prospectus for the purpose of Article 8 (1) of the Prospectus Regulation. Applications have been made to the Luxembourg Stock Exchange for the Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List of the Luxembourg Stock Exchange (the “Official List”) and to trading on the Luxembourg Stock Exchange’s regulated market.

The Issuer has requested the CSSF to notify the National Bank of Hungary (“MNB”) as competent authority under the Prospectus Regulation in Hungary, of its approval of the Base Prospectus pursuant to Article 25 of the Prospectus Regulation. Application may be made to the Budapest Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Budapest Stock Exchange.

References in this Base Prospectus to Notes being “listed” (and all related references) shall, unless the context otherwise requires, mean that such Notes have been (i) admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market and/or (ii) admitted to trading on the regulated market of the Budapest Stock Exchange, in each case as specified in the relevant Final Terms. Each of the Luxembourg Stock Exchange’s regulated market and the Budapest Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2014/65/EU, as amended, on markets in financial instruments (“MiFID II”).

The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Issuer; or (b) an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer. The Senior Preferred Notes and any Coupons (each as defined herein) relating thereto will constitute ordinary non-preferential debt for the purposes of the Ranking Legislation (as defined below). The Senior Non-Preferred Notes (as defined herein) and any Coupons relating thereto will constitute secondary non-preferential debt for the purposes of the Ranking Legislation. The Tier 2 Capital Notes (as defined herein) and any Coupons relating thereto will constitute subordinated non-preferential debt for the purposes of the Ranking Legislation.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date (i.e. until 2 October 2024) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the “EEA”) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “Benchmark Regulation”). If any such reference rate does constitute such a benchmark, the relevant Final Terms (as defined below) will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to Article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union (the “EU”), recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws, and may not be offered, sold or delivered within the United States (as defined in Regulation S (“Regulation S”) under the Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “*Risk Factors*” herein.

Arranger

CITIGROUP

Dealers

CITIGROUP

ERSTE GROUP

ING

MBH

UNICREDIT

IMPORTANT NOTICES

Final Terms/Drawdown Prospectus

Each Tranche (as defined under “*General Description of the Programme*” below) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as completed by a document specific to such Tranche called final terms (the “**Final Terms**”) which will be delivered to the CSSF and, where listed, the regulated market of the Luxembourg Stock Exchange and/or the regulated market of the Budapest Stock Exchange or in a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) as described under “*Final Terms and Drawdown Prospectuses*” below.

Responsibility for this Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus (or the relevant Final Terms, as the case may be) is in accordance with the facts and this Base Prospectus (or the relevant Final Terms, as the case may be) makes no omission likely to affect the import of such information.

The Notes

Notes may only be issued under the Programme which have a denomination of at least EUR100,000 (or its equivalent in any other currency at the relevant issue date).

Each Tranche of Notes in registered form (“**Registered Notes**”) will be represented by either: (a) individual note certificates in registered form (“**Individual Certificates**”); or (b) one or more global note certificates (“**Global Certificates**”).

Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the new safekeeping structure (“**NSS**”), registered in the name of a common depositary (or its nominee) for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Other relevant information

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed

together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Certain information in this Base Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Base Prospectus, the source of such information has been identified.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Save for the Issuer, no other party has separately verified the information contained in this Base Prospectus. None of the Arranger or the Dealers or the Calculation Agent or any of the Agents accepts any responsibility for the contents of this Base Prospectus (or any Final Terms) or for any other statement, made or purported to be made by the Arranger or the Dealers or the Calculation Agent or Agents or on its or their behalf in connection with the Issuer or the issue and offering of any Notes. Each of the Arranger, the Dealers, the Calculation Agent and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus, any Final Terms or any such statement. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer under or in connection with this Base Prospectus, any Final Terms and the Notes.

In the ordinary course of business, the Arranger and the Dealers may have engaged and may in the future engage in banking or investment banking transactions with the Issuer and its affiliates or any of them.

References in this Base Prospectus to a “**Holder**” or “**Noteholder**” are to the holder of a Bearer Note or the person in whose name a Registered Note is registered, as the case may be.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus (and the relevant Final Terms, where applicable) or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers or any Agent.

Neither this Base Prospectus nor any other information supplied in connection with the offering of any Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer and the Issuer’s subsidiaries (the “**Subsidiaries**”) taken as a whole (collectively, the “**MBH Group**”), the Arranger, the Dealers, the Calculation Agent or the Agents that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the Programme or the offering of Notes should purchase any Notes. None of the Arranger or the Dealers or any of their respective affiliates or any Agent has authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the MBH Group since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme or the offering of any Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arranger, the

Dealers, the Calculation Agent and Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the MBH Group during the life of the Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers, the Calculation Agent or the Agents. Investors should review, *inter alia*, the most recent published financial statements of the Issuer and the MBH Group when evaluating the Notes.

Suitability of investment

The Notes are complex financial instruments and may not be a suitable investment for all investors. Such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference into this Base Prospectus or any applicable supplement to the prospectus or any applicable Drawdown Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the currency in which the potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

An investment in the Notes may give rise to higher yields than a bank deposit placed with the Issuer or another deposit-taking bank within the MBH Group. However, an investment in the Notes carries risks which are very different from the risk profile of such a bank deposit. The Notes may provide greater liquidity than a bank deposit since bank deposits are generally not transferable. Conversely, unlike certain bank deposits (i) holders of the Notes have no ability to require repayment of their investment other than in very limited circumstances and (ii) Holders of the Notes will not have the benefit of any insurance or deposit guarantee of any government agency.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors. There are risks inherent in the holding of the Notes,

including the risks in relation to their ranking and the circumstances in which Noteholders may suffer loss as a result of holding the Notes. See also the risks described in the section headed “*Risk Factors*”.

Restrictions on distribution

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction and/or to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “**retail investor**” means a person who is one (or more) of:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made

available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a “**retail investor**” means a person who is one (or more) of:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
- (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (“**UK MiFIR**”).

Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled “*MiFID II Product Governance/Target Market*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled “*UK MiFIR Product Governance/Target Market*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Notice to investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Arranger and the Dealers are relying on an exemption from the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Investors to make own investigations

Neither this Base Prospectus nor any Final Terms nor any of the documents incorporated by reference constitutes an offer or an invitation to subscribe for or purchase any Notes and are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

Currency definitions

Unless otherwise indicated, all references in this Base Prospectus to "**Euro**", "**euro**", "**EUR**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended; all references to "**dollars**", "**\$**", "**U.S.\$**" or "**USD**" are to the lawful currency of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia (the "**United States**" or "**U.S.**") and all references to "**forint**", "**Hungarian forint**" and "**HUF**" are to the lawful currency of Hungary.

The Issuer prepares its financial statements in Hungarian forint and, unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in Hungarian forint.

Exchange Rates

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as HUF per EUR 1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Base Prospectus. Neither the Issuer nor the Arranger nor the Dealers represents that the HUF amounts referred to below could be or could have been converted into euro or USD at any particular rate indicated or any other rate. The average rate for a financial year means the average of the closing Bloomberg Composite Rate on each business day during a

year. The average rate for a month, or for any shorter period, means the average of the closing Bloomberg Composite Rate of each business day during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the euro on 22 September 2023 was HUF 389.65 per EUR 1.00.

| | HUF per EUR 1.00 | | | |
|-------------------------------|-------------------------|------------|----------------|-------------------|
| | High | Low | Average | Period end |
| Year ended 31 December | | | | |
| 2022 | 432.94 | 353.14 | 391.18 | 400.25 |
| 2021 | 371.35 | 345.64 | 358.57 | 369.00 |
| 2020 | 369.03 | 329.45 | 351.14 | 365.13 |
| 2019 | 336.71 | 312.82 | 325.34 | 330.52 |
| Month ended | | | | |
| 31 August 2023 | 393.59 | 379.6 | 385.25 | 381.24 |
| 31 July 2023 | 387.4 | 371.13 | 379.19 | 385.28 |
| 30 June | 374.13 | 368.25 | 370.87 | 371.13 |
| 31 May 2023 | 377.33 | 369.12 | 372.82 | 371.06 |

Ratings

As at the date of this Base Prospectus, the long-term counterparty risk rating assigned to the Issuer by Moody’s Investors Service Cyprus Ltd (“**Moody’s**”) was Baa2. Moody’s is established in the EEA and is certified under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). As such, Moody’s is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be: (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation; (b) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation; or (c) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation, will be disclosed in the Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made

and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Singapore SFA Product Classification

In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified and amended from time to time, the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes issued under the Programme are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange or the regulated market of the Budapest Stock Exchange, shall constitute a supplement to the base prospectus as required by Article 23 of the Prospectus Regulation.

FORWARD-LOOKING STATEMENTS

This Base Prospectus and the information incorporated by reference into this Base Prospectus include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and the information incorporated by reference into this Base Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer or the MBH Group concerning, among other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Issuer and the sectors and markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Issuer’s ability to control or predict. Forward-looking statements are not guarantees of future performance. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

The Issuer’s actual operating results, financial condition and the development of the sectors and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus. In addition, even if the operating results and financial condition of the Issuer, and the development of the sectors and markets in which it operates, are consistent with the forward-looking statements contained in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business conditions, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the Issuer and/or the sectors or markets in which it operates and those risks described in the section headed “*Risk Factors*”.

Investors are advised to read this Base Prospectus and the information incorporated by reference into this Base Prospectus in their entirety, and, in particular, the section headed “*Risk Factors*”, for a further discussion of the factors that could affect the Issuer’s future performance and the sectors and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus may not occur.

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Base Prospectus that may occur due to any change in the Issuer’s expectations or to reflect events or circumstances after the date of this Base Prospectus.

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I. GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is a general description of the Programme, must be read as an introduction to this Base Prospectus, and is qualified in its entirety by the remainder of this Base Prospectus and the information incorporated by reference herein (and, in relation to any Tranche of Notes, the relevant Final Terms). Words and expressions defined in “Forms of the Notes” or “Terms and Conditions of the Notes” shall have the same meanings in this General Description of the Programme.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

| | |
|--|---|
| Issuer: | MBH Bank Nyrt. |
| Issuer Legal Entity Identifier (LEI): | 3H0Q3U74FVVFED2SHZT16 |
| Website of the Issuer: | https://www.mbhbank.com/ |
| Arranger: | Citigroup Global Markets Europe AG |
| Dealers: | Citigroup Global Markets Europe AG, Erste Group Bank AG, ING Bank N.V., MBH Bank Nyrt., UniCredit Bank AG and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes (each a “ Dealer ”, and together the “ Dealers ”). |
| Fiscal Agent, Transfer Agent and Calculation Agent: | Citibank, N.A, London Branch |
| Registrar: | Citibank Europe plc |
| Listing Agent: | Banque Internationale á Luxembourg SA |
| Risk Factors: | There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series (as defined below) of Notes issued under the Programme. See “ <i>Risk Factors</i> ”. |
| Admission to Listing and Trading: | Applications have been made for Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List and to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II. The Issuer has requested the CSSF to notify the MNB, as competent authority under the Prospectus Regulation in Hungary, of its approval of the Base Prospectus pursuant to Article 25 of the Prospectus Regulation. |

Application may be made to the Budapest Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Budapest Stock Exchange.

Clearing Systems:

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of such Notes, any other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s) and specified in the relevant Final Terms.

Programme Amount:

Up to €1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Issuance in Series:

Notes will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (each a “**Tranche**”) issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Final Terms or Drawdown Prospectus:

Each Tranche of Notes will be issued on the terms set out in the Conditions as completed by the relevant Final Terms or Drawdown Prospectus.

Forms of Notes:

Notes may be issued in bearer form or in registered form.

Bearer Notes

Bearer Notes will be sold outside the United States to persons that are not U.S. persons in “offshore transactions” within the meaning of Regulation S. In respect of each Tranche of Bearer Notes, the Issuer will deliver a Temporary Global Note or (if TEFRA is specified as non-applicable or if the TEFRA C Rules are specified as applicable) a Permanent Global Note.

Each Temporary Global Note will be exchangeable for a Permanent Global Note. Each Permanent Global Note will be exchangeable for Notes in definitive bearer form (“**Definitive Notes**”) in accordance with its terms. Definitive Notes will, if interest-bearing, have interest coupons (“**Coupons**”) attached and, if appropriate, a talon (“**Talon**”) for further Coupons.

Each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and each Global Note which is not intended to be issued in NGN form (a “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around

the relevant issue date with a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg.

Registered Notes

Each Tranche of Registered Notes will be represented by either: (a) Individual Certificates; or (b) one or more Global Certificates.

Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depository and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Currencies:

Notes may be denominated in euro, U.S. dollars, pounds sterling or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Status of the Senior Preferred Notes:

The Senior Preferred Notes (and the Coupons relating thereto, if any) will constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and will constitute ordinary non-preferential debt (Hungarian terminology: *rendes fedezetlen követelések*) pursuant to Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Preferred Notes and any Coupons relating thereto will rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation and *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future (other than Senior Non-Preferred Notes and other obligations which rank or are expressed to rank junior to the Senior Preferred Notes including debt of the Issuer specified in Section 57(1b)(b) and Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation, and claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation) and other than such deposits, loans or other obligations which are given priority pursuant to applicable statutory provisions).

Status of the Senior Non-Preferred Notes:

The Senior Non-Preferred Notes (and the Coupons relating thereto, if any) will constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and will constitute secondary non-preferential debt (Hungarian terminology: *előresorolt, de nem elsőbbségi fedezetlen követelések*) pursuant to Section 57(1b)(b) of the

Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and any Coupons relating thereto rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation, junior to the Senior Preferred Notes and any Coupons relating thereto and ordinary non-preferred debt of the Issuer specified in Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Non-Preferred Notes will rank *pari passu* without any preference among themselves and with all other Senior Non-Preferred Claims and in priority to (A) all claims in respect of other non-preferential debts of the Issuer specified in Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation; (B) all claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation); and (C) all claims in respect of Tier 2 items and instruments of the Issuer within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation (including, without limitation, any Tier 2 Capital Notes).

Status of the Tier 2 Capital Notes:

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will constitute subordinated non-preferential debt arising from Tier 2 instruments (Hungarian terminology: *járuelékos tőkeelem*) within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Tier 2 Capital Notes and any Coupons relating thereto will rank junior to the claims against the Issuer specified in section 57(1)(a)-(h) of the Ranking Legislation, including the Senior Preferred Notes and the Senior Non-Preferred Notes and, in each case any Coupons relating thereto. The Tier 2 Capital Notes will rank *pari passu* without any preference among themselves.

Claims in relation to the Tier 2 Capital Notes shall be subordinated as provided in Condition 3(c) (*Tier 2 Capital Notes*) to all Senior Claims but shall rank:

- (i) subject as provided in paragraph (ii) below, *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith; and
- (ii) in priority to (A) obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital, (B) all obligations which rank, or are expressed to rank, *pari passu* with such obligations described in (A), (C) the claims of holders of all

classes of share capital of the Issuer and (D) any obligations that otherwise rank junior to the Tier 2 Capital Notes.

- Issue Price:** Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
- Specified Denominations:** The Notes may be issued in such denominations as may be specified in the relevant Final Terms, save that no Notes may be issued under the Programme which have a denomination of less than €100,000 (or its equivalent in any other currency at the relevant Issue Date).
- Maturities:** Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Interest:** Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate, a resetting rate or a floating rate (or a fixed/floating rate or floating/fixed rate).
- Fixed Rate Notes:** Fixed Rate Notes will bear interest at the fixed rate(s) of interest specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.
- Reset Notes:** Reset Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-swap rate for the relevant Specified Currency or a benchmark security rate, and for a period equal to the relevant reset period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.
- Zero Coupon Notes:** Zero Coupon Notes may be issued at their principal amount or at a discount to their principal amount and will not bear interest.
- Floating Rate Notes:** Floating Rate Notes will bear interest determined separately for each Series as follows:
- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or
 - (ii) by reference to a reference rate set out in the relevant Final Terms, subject to Condition 9 (*Benchmark Discontinuation and Benchmark Transition Event*),

in any such case as adjusted for any applicable margin specified in the relevant Final Terms.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.

Benchmark Discontinuation (in respect of Floating Rate Notes and Reset Notes referencing a rate other than SOFR):

If a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive or negative or zero)). See Condition 9(a) (*Benchmark Discontinuation*).

Benchmark Transition Event (in respect of Floating Rate Notes and Reset Notes referencing SOFR):

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (with consequent amendment to the terms of the relevant Series of Notes, as applicable). See Condition 9(b) (*Benchmark Transition Event*).

Redemption:

Unless previously redeemed or purchased and cancelled or substituted, Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest (as specified in the relevant Final Terms) on the Maturity Date.

Optional Redemption:

Notes may be redeemed before the Maturity Date at the option of the Issuer (as described in Condition 10(b) (*Redemption at the option of the Issuer*)), to the extent (if at all) specified in the relevant Final Terms, subject to obtaining Supervisory Permission for redemption and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes and Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes and Senior Preferred Notes).

To the extent (if at all) specified in the relevant Final Terms, Senior Preferred Notes and Senior Non-Preferred Notes may be redeemed before the Maturity Date at the option of the Noteholders (as described in Condition 10(f) (*Redemption at the option of Noteholders*)).

Early Redemption:

Except as described in “*Optional Redemption*” above, early redemption will only be permitted: (a) for tax reasons, as described in Condition 10(c) (*Redemption for Tax Event*); (b) in the case of Tier 2

Capital Notes, for regulatory reasons, as described in Condition 10(d) (*Redemption for Capital Disqualification Event*), subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)); (c), in the case of Senior Non-Preferred Notes and Senior Preferred Notes (unless otherwise specified in the relevant Final Terms) if the Notes are fully or partially excluded from the Issuer’s minimum requirements for (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments, as described in Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*), subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*)); and (d) where “Clean-Up Call Option” is specified to be applicable in the relevant Final Terms, if the Clean-Up Call Minimum Percentage (or more) of the principal amount outstanding of a Series of Notes has been redeemed or purchased and subsequently cancelled as described in Condition 10(p) (*Clean-Up Call Option*), subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes and Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes and Senior Preferred Notes.

Substitution and Variation of Tier 2 Capital Notes:

Unless otherwise specified in the relevant Final Terms, the Issuer may, upon occurrence of a Tax Event or a Capital Disqualification Event, either substitute all of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)). See Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*).

Substitution and Variation of Senior Non-Preferred Notes and Senior Preferred Notes:

Unless otherwise specified in the relevant Final Terms, the Issuer may, upon occurrence of a Loss Absorption Disqualification Event or a Tax Event, either substitute all of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*)). See Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*).

Negative Pledge:

None.

Cross Default:

None.

Withholding Tax and Additional Amounts:

All payments of principal, interest and any other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall (a) in the case of each Series of Senior Preferred Notes, unless the relevant Final Terms expressly specifies “Senior Preferred Notes: Gross-up of principal” as “Not Applicable”, in respect of payments of interest (if any) or principal or (b) in the case of all Tier 2 Capital Notes and all Senior Non-Preferred, in respect of payments of interest (if any) only and not principal, pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 13 (*Taxation*).

Notwithstanding any other provisions of the Conditions or the Fiscal Agency Agreement, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

Modification:

The Fiscal Agency Agreement will contain provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of the Conditions, subject, where applicable, to Condition 18(c) (*Supervisory Permission*). Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

Governing Law:

The Fiscal Agency Agreement, the Notes and the Coupons, and all non-contractual obligations arising out of or in connection with them, will be governed by, and shall be construed in accordance with, English law, save that the provisions of Condition 3 (*Status*) relating to the status, ranking and (if applicable) subordination of the Notes and waiver of set-off will be governed by, and shall be construed in accordance with, the laws of Hungary.

Ratings:

As at the date of this Base Prospectus, the issuer credit rating assigned to the Issuer by Moody's was Baa2. Moody's is established in the EEA and are certified under the CRA Regulation. As such, Moody's is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be: (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation; (b) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation; or (c) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation, will be disclosed in the Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the EEA (including Hungary and Italy), the United Kingdom, Japan and Singapore, see "*Subscription and Sale*".

II. RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the Issuer's or the MBH Group's business, operations, financial condition or prospects and the industry in which they operate which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below are not the only risks the Issuer and the MBH Group face, many of which relate to events and depend on circumstances that may or may not occur in the future. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. In addition, many of these factors are correlated and may require changes to the Issuer's and/or the MBH Group's capital requirements, and events described therein could therefore have a compounding adverse effect on the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" shall have the same meanings in this Risk Factors section.

1. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFILL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME

1.1 Risks related to the macroeconomic and geopolitical environment

1.1.1 *The volatile economic environment following the Russian invasion of Ukraine and in the post-COVID era*

In the 3 years ended 31 December 2022, the COVID-19 pandemic severely impacted the global economy. Supply chains and logistic systems were disrupted by periodic lockdowns and social distancing requirements and the supply of certain key raw materials reduced significantly, leading to a more volatile economic environment compared to previous years. Raw material and energy prices rose steeply, leading to higher inflation and interest rates in the EU, including in Hungary. The Russian invasion of Ukraine, which began on 24 February 2022, and the subsequent implementation of sanctions on Russia have accelerated supply shortages and resulted in higher energy prices and more broad-based inflation. The Issuer does not have any direct exposure to Russia and has not incurred any direct losses as a result of the invasion by Russia in February 2022.

In response to the increasing inflationary environment, major central banks, including the MNB, have raised interest rates. As a result of these and other factors, global financial markets have experienced significant volatility and disruption in recent years, which have adversely affected the performance and liquidity of many financial institutions and instruments, including the acquisition of Credit Suisse, a global systemically important bank, by UBS, following the intervention of the Swiss regulators, and the failure of Silicon Valley Bank and Signature Bank in the United States. In addition, the risk of HUF devaluation against the EUR and USD has increased, and this could further contribute to a more volatile operating environment for the MBH Group.

This volatile environment could cause financial difficulties for the MBH Group's customers, and, in particular, in the event of continuing high inflation and a decrease in real wages. The deteriorating credit quality of the MBH Group's customers may, in particular, result in increasing defaults and arrears in monthly payments on loans, higher credit impairments on the loans and advances portfolios of the MBH Group, declining mortgage asset values and flat or decreasing loans and advances portfolio levels, all of which could adversely affect the Issuer's ability to service its payment obligations, including those in respect of the Notes. Furthermore, lower demand for, and origination of, new loans and advances could expose the Issuer to the risk of losing customers to competitors with less stringent lending requirements.

The MBH Group's activities and the profitability of its operations are strongly affected by the macroeconomic environment and the domestic and international investor perception of Hungary. The macroeconomic situation will both determine the magnitude of lending by the Issuer and also the demand for any Notes. These may in turn have a negative impact on the MBH Group's profitability and the Issuer's ability to meet its obligations under any Notes issued under the Programme.

1.1.2 ***A potential deterioration in Hungarian economic conditions could affect the MBH Group's business, financial condition and results of operations***

The MBH Group conducts its operations mainly in Hungary. As a result, the macroeconomic situation in Hungary has a material impact on the business, financial condition and results of operations of the MBH Group.

The economic situation in Hungary depends on a number of factors, including measures by which the government and the MNB attempt to influence the economy, such as setting levels of taxation and the distribution of the budget, as well as the money supply, interest rates and labour market conditions, the demographic situation in the country. Macroeconomic conditions in the world and in Europe also have an effect, for example through the inflow of funds from the European Union.

A potential prolonged economic slowdown in Hungary would damage the MBH Group's operations. Potentially higher unemployment, a high inflation environment and lower consumption, as well as fluctuations in the financial markets (including the currency markets), may adversely affect the financial condition of the MBH Group's customers, which could, in turn, impair the quality and volume of the MBH Group's loans and advances portfolios and other financial assets and result in decreased demand for the MBH Group's products. In addition, should market conditions remain unstable for an extended period, the value of assets securing loans already granted or to be granted by the MBH Group, including real estate, may decline.

The MBH Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing loans, make deposits and acquire new financial products offered by the MBH Group. The financial situation of Hungarian households, including the MBH Group's customers, is highly correlated with the inflationary environment and with the unemployment rate. A potential increase in the unemployment rate in Hungary could cause an increase in the MBH Group's expected credit losses or hinder growth of the MBH Group's loans and advances portfolios.

The level of risk that is acceptable to customers may also decrease with respect to investments in securities, investment funds or other investment products offered by the MBH Group. Significant fluctuations or a decline in financial markets may discourage potential customers from buying investment products offered by the MBH Group and current holders may withdraw or reduce their

exposure to such products, which may have an adverse effect, in particular, on the MBH Group's fee and commission income.

Any deterioration in economic, business, political and social conditions in Hungary may have a material adverse effect on the business, financial condition and operations of the MBH Group.

1.2 Risks related to the business of the Issuer

1.2.1 *The MBH Group is exposed to credit risk of its customers and counterparties*

Credit risk is present and inherent in both the on-balance sheet transactions and off-balance sheet commitments of the MBH Group.

The credit risk faced by the Issuer and other members of the MBH Group arises primarily from the risks of non-payment and default on the part of the Issuer and other MBH Group members' borrowers and other counterparties. Any deterioration or adverse change in the creditworthiness of the Issuer and the MBH Group members' borrowers and other counterparties, or a fall in collateral values, are likely to affect the recoverability and value of the Issuer and other MBH Group members' assets, and could require an increase in provisions either in respect of individual MBH Group members or at the MBH Group level, which in turn could have a negative impact on the financial performance of the Issuer and the MBH Group.

In addition, third parties that owe the Issuer or any member of the MBH Group money, securities or other assets may not perform their obligations due to bankruptcy, a shortage in liquidity, downturns in the economy or real estate values, operational failure or any other reasons.

Credit risk tends to be aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. Any negative developments in the operating performance, loan-loss levels, write-downs and impairments of the Issuer and the MBH Group could adversely affect their results and may result in capital requirements that could constrain their operations, thereby reducing the Issuer's ability to service payments under the Notes and potentially adversely affecting the trading price of the Notes. The deteriorating credit quality of the Issuer's customers, in particular, may result in increasing defaults and arrears in payments on loans which could adversely affect the Issuer's ability to service payment obligations under the Notes.

1.2.2 *The provisions made by the MBH Group may not be adequate to cover actual losses sustained*

The MBH Group makes provisions for expected credit losses, litigation, tax, regulatory and other contingencies based on its best estimates and judgements, taking into account historical experience, current conditions and reasonable assumptions. However, these provisions may not be sufficient to cover the actual losses that the MBH Group may incur in the future, due to the inherent uncertainties and unpredictability of these events and their outcomes. If the MBH Group's provisions prove to be inadequate, it may have to increase its provisions or recognise additional charges in its income statement, which could adversely affect its financial condition, results of operations and capital position. Furthermore, the MBH Group's provisions may be subject to review and challenge by its auditors, regulators, tax authorities or other parties, which could result in adjustments or disputes that could also have a negative impact on its financial performance and reputation.

1.2.3 *The MBH Group is exposed to risks relating to the value and realisation of its security interests*

One of the ways in which the MBH Group looks to manage its exposure to defaults by borrowers under loans is through enforcement action taken to realise assets provided as security in respect of such loans. Therefore, the credit risk of the Issuer and the other MBH Group members may increase when the security it holds cannot be enforced or is liquidated at prices insufficient to recover the full amount due and payable under the relevant loan. The market value at which collateralised assets can be sold, and thus the results of realisation through such enforcement actions, heavily depends on the then prevailing conditions of the market for such collateralised assets (such as, but not limited to, the real estate market) and the legal environment at the relevant time. A decline in the value of security taken by the Issuer or any member of the MBH Group, or the inability to obtain additional security may require the relevant member of the MBH Group (both at the level of the MBH Group's individual members and on a consolidated basis) to reclassify the relevant loans and set aside additional provisions for loan losses, and could also result in increased reserve and/or capital requirements.

In addition, the Issuer and certain members of the MBH Group permit their clients in certain transactions to purchase securities on a margin basis (i.e. to borrow a proportion of the purchase price from the Issuer or the relevant member of the MBH Group and to provide collateral for such credit with a set percentage of the securities purchased). During declines in securities prices, the value of the collateral securing margin purchases may fall significantly below the amount of the indebtedness of such clients. The inability of such clients to provide additional collateral may expose the Issuer or the relevant member of the MBH Group to significant losses on these margin transactions.

The ability of the Issuer and the other members of the MBH Group to enforce the security interests they have taken may be dependent on decisions of courts and applicable execution measures in the jurisdictions in which the MBH Group operates. Such ability may be adversely affected in future by regulatory or governmental measures such as the imposition of enforcement moratoriums and quota regimes imposed on evictions and enforcement sales outside of the court processes, such as the restrictions in relation to foreclosure proceedings against mortgaged properties that have been introduced by the government of Hungary (the "**Hungarian Government**").

Any failure to recover the expected value of the security taken by the Issuer, or other members of the MBH Group, may expose the Issuer and the other members of the MBH Group to losses, which may have a material adverse effect on the businesses, financial condition and results of operations of the Issuer and other members of the MBH Group and ultimately the ability of the Issuer to meet its obligations under the Notes.

1.2.4 *The MBH Group is exposed to the risks associated with its approach to handling its non-performing loan portfolio*

The main goal of the MBH Group's non-performing loan ("**NPL**") strategy is to avoid default in the case of early delinquent customers, and to restructure and cure non-performing loans.

Relying on its own collection procedures, MBH Group carries out active early receivables management (soft collection), restructuring and collateral enforcement. The MBH Group believes that this can create value for shareholders while maintaining relationships with relevant customers. In order to avoid the accumulation of NPL stocks, the time period for in-house management of non-performing loans is limited (1-1.2 years is recommended for standard customers, depending on the product and type of customer), after which the non-performing stocks are sold on the market.

As a result of the worsening macroeconomic situation, the management of the MBH Group expects NPL stocks to increase, which may decrease the market price of receivables and impact the MBH Group's profits.

1.2.5 *The MBH Group is dependent on customer deposits for liquidity*

In managing its liquidity risk, the MBH Group is dependent on external sources of funding through deposits and wholesale markets. The ability of the MBH Group to access these funding sources on favourable economic terms, or at all, in circumstances where the MBH Group's financial condition and/or the Hungarian economy substantially deteriorates, is subject to a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and the level of confidence in the MBH Group.

As at the date of this Base Prospectus, the MBH Group's principal source of funds is customer deposits, particularly retail deposits. As at 31 December 2022, customer deposits (amounts due to customers) represented 67 per cent. of total liabilities (62 per cent. of total assets) of the MBH Group on a consolidated basis. The customer deposit (amounts due to customers) portfolio of the MBH Group amounted to HUF 6,270.9 billion at the end of Q2 2023.

The availability of ongoing funding from customer deposits is subject to factors such as depositors' concerns relating to the economy in general, the financial services industry and the MBH Group specifically, and any significant deterioration in economic conditions in Hungary. Any of these factors separately or in combination could lead to a sustained reduction in the MBH Group's ability to access customer deposit funding on appropriate terms in the future.

If there is a material decrease in the MBH Group's customer deposits or a large unexpected outflow of deposits, the MBH Group may not be able to maintain its current levels of funding without disposing of a number of the MBH Group's assets or having to raise additional funding through other sources.

Furthermore, should the MBH Group seek to diversify further its source of funds, for example through the issuance of Notes under this Programme, the MBH Group may be exposed to refinancing liquidity risks such that it is not able to refinance its liabilities on time or is only able to refinance such liabilities at a higher-than-expected cost. Such refinancing risk could have a material adverse effect on the Issuer and the other MBH Group members' businesses, financial condition and results of operations and ultimately its ability to meet its obligations under the Notes.

1.2.6 *The MBH Group is exposed to risks associated with movements in interest rates*

The Issuer and certain members of the MBH Group earn interest from loans and other assets, and pay interest to its depositors and other creditors. The Issuer may fund its assets with fixed and/or relatively high interest rates, by liabilities obtained at floating and/or lower interest rates, and vice versa. Interest rate risk may also arise when interest rate fixing periods on assets and liabilities do not coincide. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material adverse effect on the financial condition and results of operations of the Issuer and the MBH Group.

Interest rates are highly sensitive to many factors beyond the Issuer and other MBH Group members' control, including monetary policies and domestic and international economic and political conditions. Changes in market interest rates (including changes in the difference between prevailing short-term and long-term rates) and correlations between changes in interest rates in the reference markets and interest margins could affect the interest rates the Issuer and members of the

MBH Group charge on their interest-earning assets in a different way to the interest rates they pay on their interest-bearing liabilities. This difference could reduce the Issuer and other MBH Group members' net interest income. In particular, as a result of the measures taken by governments in response to the COVID-19 pandemic and higher energy prices following Russia's invasion of Ukraine, the significant increase in the level of the fiscal deficit and state indebtedness in Hungary may, in turn, result in the cost of borrowing rising for the Issuer and other members of the MBH Group, and consequently lower profitability or losses where the interest expenses of such members of the MBH Group exceed the interest income received on their interest-earning assets. If interest rates remain higher than expected, the Issuer may face increased interest expenses which may have a material adverse effect on the financial condition and results of operations of the Issuer and the MBH Group.

1.2.7 *The MBH Group could be adversely affected by fluctuations in currency exchange rates*

The MBH Group is exposed to foreign exchange risk because a part of the assets and liabilities of the Issuer and members of the MBH Group may be denominated in a currency different from those of certain of the liabilities funding such assets.

In addition, the Issuer and the MBH Group may become subject to governmental interventions and measures that aim to alleviate the effects of increased delinquency rates on foreign currency denominated loans granted to borrowers without matching foreign currency income as a result of the significant foreign exchange rate volatility in recent periods.

The MBH Group may also face increased competition from competitors that benefit from currency depreciation or appreciation in their respective markets. The MBH Group may not be able to adjust its prices, costs or hedging strategies in a timely or effective manner to mitigate the impact of currency exchange rate fluctuations, and may incur losses or opportunity costs as a result. Accordingly, investors should be aware that currency exchange rate fluctuations could have a material adverse effect on the MBH Group's business, financial condition and results of operations.

1.2.8 *The MBH Group is subject to the risk that the value of its assets could be impaired by market risks*

Fluctuations in debt and equity markets or changes in trading parameters influencing market prices (including, among other things, interest rates, credit spreads, bond prices, other security and commodity prices, derivative prices, prices of other marketable assets, indirect indicators such as implied volatility of, and correlations between, the foregoing and general financial market liquidity risks (e.g. the risks of not obtaining any requisite funding or selling assets as needed)) may affect the market value and liquidity of the Issuer and the MBH Group's assets and may lead to impairment charges or the write-down of goodwill. As of the date of this Base Prospectus, the MBH Group has not recorded any goodwill. Changes in interest rate levels, yield curves and spreads may affect the Issuer and certain MBH Group members' net revenue margin.

The investment banking activities, revenues from trading operations (whether for its own account or for the account of its customers), asset-liability management activities and hedging strategies of the MBH Group (or the availability of such hedging strategies) may also be adversely affected by market volatility.

Sustained market downturns may lead to a decline in the volume of capital market transactions that the MBH Group executes for its customers and, therefore, a decrease in the revenues from commissions and spreads earned from such trades. Furthermore, the fair value of financial instruments held by the MBH Group, including bonds (government, corporate and bank bonds),

equity investments, loans measured at fair value through profit or loss (“FVTPL”), investments in private equity, hedge, credit and other investment funds, commodities and derivatives are also subject to the volatility of, and correlations between, market prices and trading parameters. To the extent that volatile market conditions persist or recur, the fair value of the MBH Group’s bond, derivative and credit portfolios, as well as other classes, could fall more than estimated, and therefore cause the MBH Group to record write-downs. Furthermore, these developments may lead to material losses if the Issuer or members of the MBH Group cannot close out deteriorating positions. Monitoring the deterioration in the value of positions taken may, at the same time, be particularly difficult in the case of assets which are not traded on stock exchanges or on organised over-the-counter (“OTC”) markets, such as certain derivative contracts between banks, and whose value is calculated by using financial models, rather than on the basis of publicly quoted prices.

Adverse market movements and/or a failure to identify and adequately manage any of the foregoing risks may have a negative impact on the MBH Group’s businesses, financial condition and results of operations, and thus on the Issuer’s ability to service its respective payment obligations under the Notes.

1.2.9 *The MBH Group may be adversely affected by the risks associated with the merger of the Issuer*

In 2022, Budapest Bank and Takarékközpont Holding, and subsequently in 2023 Takarékbank merged into MKB Bank. With the completion of the Merger, Hungary’s second largest bank was created in terms of total assets (see “*Description of the Issuer and the MBH Group’s Business – History*” and “*Description of the Issuer and the MBH Group’s Business – The steps of the Merger*”). The completion of the Merger involved complex legal, operational and financial integration processes that may have adverse effects on the Issuer’s business, results of operations, financial condition and prospects. The Issuer may face difficulties in retaining and attracting customers, employees and business partners, as well as in maintaining its market position, reputation and brand recognition, as a result of the Merger.

Furthermore, the Merger may have exposed the Issuer to additional risks, such as accounting adjustments, impairments, integration costs, synergies shortfalls or unforeseen events or circumstances that could materially and adversely affect the Issuer’s business, financial condition, results of operations and prospects.

1.2.10 *The MBH Group may be unable to raise new capital*

The MBH Group’s strategy is based on, among other things, certain financial expectations, including its ability to raise new capital and/or debt. Several factors, including the perceived creditworthiness of the MBH Group (including any credit ratings assigned to the Issuer or any of its debt obligations) as well as adverse macroeconomic conditions, significant or unexpected changes in the regulation of the banking sector in Hungary and the CEE region, and loss of confidence by investors, counterparties and/or customers in the MBH Group, may affect the ability of the MBH Group to access the capital markets and/or the cost and other terms upon which the MBH Group is able to obtain market funding.

1.2.11 *The MBH Group’s profitability is subject to its customers’ demands to prepay*

The volatility of interest rates and foreign exchange rates will increase demands for prepayment among the Issuer’s customers, which could adversely affect the Issuer’s profitability.

Prepayment risk means an increasingly significant exposure for the Issuer, especially due to the legislative provisions applicable to mortgage loans, which are granted to consumers. Pursuant to

the Hungarian Consumer Credit Act (as defined below), consumer borrowers are entitled at any time to discharge, in whole or in part, their obligations under their credit agreements, including mortgage-backed loans. Further, the provisions of the Consumer Credit Act impose limitations on the right of credit institutions to recover their losses and costs incurred as a consequence of a prepayment by consumer borrowers. This in turn requires more stringent asset-liability management, further increasing the cost of funding for the Issuer.

Any legislative measures that may facilitate prepayments and/or early repayments by borrowers or impose further restrictions on the Issuer and the MBH Group's ability to recoup possible losses from such prepayments and/or early repayments, such as an early repayment scheme for certain foreign currency denominated loans, may have an adverse effect on the businesses, financial condition and results of operations of the relevant member of the MBH Group.

1.2.12 *The MBH Group faces risks associated with the implementation of its business strategy*

The MBH Group intends to continue to explore and pursue opportunities to strengthen and grow its business generally. The success of the MBH Group's business, financial position and results of operations, in general, depends, in part, on the success of new products and services offered to clients, including the shift to digitalisation pursuant to the MBH Group's implementation of its digital transformation strategy. The MBH Group's success is also dependent on its ability to anticipate and leverage new and existing technologies that may have an impact on products and services in the banking industry. Technological changes may further intensify and complicate the competitive landscape and influence client behaviour. If the MBH Group's products and services employ technology that is not as attractive to clients as that employed by its competitors, if it fails to employ technologies desired by clients before its competitors do so, such as digitalisation, or if it fails to execute targeted strategic technology initiatives on time or on budget, its business, financial condition and results of operations could be adversely affected. In addition, if the MBH Group cannot respond in a timely fashion to the changing needs of its clients, it may lose clients, which could in turn materially adversely affect its financial condition and results of operations.

2. RISKS RELATED TO THE OPERATIONAL AND COMPETITIVE ENVIRONMENT

2.1 The MBH Group is exposed to the failure or malfunctioning of its information technology systems

The activities of the Issuer and the MBH Group activities are dependent on highly sophisticated information technology (IT) systems. IT systems are vulnerable to a number of problems, such as computer virus infection, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, they will be adequately addressed. The occurrence of any failures or interruptions could result in a loss of customer data and an inability to service the Issuer's customers, which could have a material adverse effect on the Issuer and the MBH Group's reputation, financial condition and results of operations.

In addition, the Issuer and the MBH Group's operations rely on the secure processing, storage and transmission of confidential and other information in their computer systems and networks. Although the Issuer and the MBH Group take protective measures and endeavour to modify them as circumstances warrant, their computer systems, software and networks may be vulnerable to unauthorised access and other events that could have a security impact. Given the high volume of transactions of the Issuer and the MBH Group, certain errors may be repeated or compounded before they are discovered and rectified. If one or more of such events occurs, this could potentially jeopardise the Issuer's, the MBH Group's, their clients', counterparties' or third parties' confidential and other information processed and stored in, and transmitted through, the Issuer and the MBH Group's computer systems and networks, or otherwise cause interruptions

or malfunctions in the Issuer's and the MBH Group's, their clients', counterparties' or third parties' operations, which could result in significant losses or reputational damage.

2.2 The MBH Group is subject to the risk that its risk management controls may not be effective

The MBH Group has implemented comprehensive risk management strategies and systems aimed at adequately identifying and measuring the risks they face, such as the incidence of loan losses or delinquency, and at mitigating those risks. Although the Issuer and the MBH Group invest substantial time and effort in their risk management strategies and systems, such procedures may nonetheless fail under some circumstances, particularly when confronted with risks that are not identified or anticipated.

Furthermore, the methods and models applied by the MBH Group for risk measurement and control only model the risks anticipated by such methods and models, and cannot, therefore, guarantee with any certainty that each and every risk in every circumstance will be identified, hedged and controlled. Any failure of the risk management system and strategies of the MBH Group may lead to unexpected losses from unidentified or incorrectly evaluated market developments, trends or other circumstances, which in turn may affect the Issuer's ability to fulfil its obligations under the Notes.

2.3 The MBH Group's information systems and networks are vulnerable to privacy or data protection failures and cyber-security risks

The MBH Group is subject to regulation regarding the processing (including disclosure and use) of personal data. The MBH Group processes significant volumes of personal data relating to customers as part of its business, some of which may also be classified under legislation as sensitive personal data. The MBH Group must therefore comply with strict data protection and privacy laws and regulations.

The MBH Group also faces the risk of a breach in the security of its IT systems, for example from increasingly sophisticated attacks by cybercrime groups with criminal or malicious intent, including attacks designed to overload the MBH Group's systems. These risks are accentuated as the MBH Group increasingly digitalises its products, services, key functions and distribution channels and as cyber-attacks become more sophisticated and prevalent. The MBH Group is subject to the risk that any cyber-attack may result in data breaches and/or a temporary loss of operational availability of the MBH Group's systems to its employees and/or customers which could have a material adverse effect on the MBH Group's business, financial conditions, reputation and operating results.

There is a risk that the MBH Group may not continue to invest sufficiently in its information security controls in response to emerging threats, such as cybercrime and fraud, and to seek to ensure that controls for known threats remain robust. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the MBH Group.

The MBH Group seeks to mitigate such risks, including by ensuring that systems and procedures are in place to ensure compliance with relevant regulations. There can, however, be no assurance that such security measures will be effective.

2.4 The MBH Group is subject to personnel risks

The Issuer and the MBH Group are exposed to personnel risks, in particular, qualification, fluctuation, availability and engagement risks. The Issuer and the MBH Group's current senior management team includes a number of executives who the Issuer believes contribute significant experience and expertise to their management in the banking sector in which the Issuer operates. The continued success of the Issuer and the MBH Group's businesses and the Issuer's ability to execute its business strategy will depend, in

large part, on the efforts of senior management. Compensation is a key element of retaining and engaging highly qualified employees. At the same time, EU and Hungarian legislation imposes significant restrictions as to the remuneration policies that may be applied by credit institutions (such as the Issuer and other bank members of the MBH Group) including, among other things, the requirement that remuneration policies be consistent with, and promote, sound and effective risk management, do not encourage risk-taking that exceeds the level of tolerated risk in respect of the relevant credit institution and distinguish between basic fixed remuneration and variable (or performance-based) remuneration. If a substantial portion of the Issuer and the MBH Group's senior management leaves the Issuer or the MBH Group, the business of the Issuer and the MBH Group may be materially adversely affected.

2.5 The MBH Group operates in markets where competition is high and this may increase significantly in the future

The Issuer and other members of the MBH Group are subject to intense competition which is expected to increase further in future with the implementation of the European single market in the financial services sector. Apart from local competitors, other international banks may enter the Hungarian banking market, thus increasing the pressure on profit margins of the Issuer and the MBH Group.

There can be no assurance that the Issuer and the other members of the MBH Group can maintain their competitive position. If the MBH Group is unable to provide competitive products and/or services, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and other income and/or lose market share, the occurrence of which may have a material adverse effect on the business, financial condition and results of operations of the Issuer and the MBH Group.

3. RISKS RELATED TO THE LEGAL AND REGULATORY ENVIRONMENT

3.1 The MBH Group is subject to changes to government policy and regulation

In response to the severe market conditions arising from the 2007/2009 global financial crisis, central banks and governments throughout the world have adopted several measures aimed at increasing liquidity in, and promoting the stability of, the financial markets. In particular, numerous governments in the EU have provided additional capital and funding facilities to financial institutions and are implementing other measures including increased regulatory oversight and administrative restrictions as well as additional capital requirements. In an unfavourable macroeconomic environment, the Hungarian Government may impose additional sector specific taxes on the financial sector in order to preserve public finances, which may represent significant additional costs for the MBH Group.

As a result of these and other ongoing and possible future changes in the financial services regulatory landscape), the MBH Group may face greater regulation in Hungary. Compliance with such changes may increase its capital requirements and costs, heighten disclosure requirements, hinder its ability to enter into or carry out certain types of transactions, affect the MBH Group's strategy and limit or require modification of the rates or fees that it charges on certain loan and other products, any of which could lower the return ratio on its investments, assets and equity. The MBH Group may thus face increased compliance costs and limitations on its ability to pursue certain business opportunities.

Although the members of the MBH Group work closely with their regulators and continuously monitor the regulatory environment, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer. Laws and regulations may change from time to time due to political, economic, social or environmental factors, or as a result of international agreements or sanctions. Such changes may impose new or additional obligations, costs, taxes, restrictions or liabilities on the Issuer. See *“Description of the Issuer and the MBH Group’s Business – Recent developments - Moratorium on loan payments in the agricultural sector”*; *“Description of the Issuer and the MBH Group’s Business – Recent*

developments - Temporary cap on floating interest rates applicable to consumer mortgage loans”; “Description of the Issuer and the MBH Group’s Business – Recent developments - Temporary cap on floating interest rates applicable to credit, loan and financial lease agreements of MSEs” and “Hungarian Banking Sector - Integration of cooperative credit institutions”.

Credit institutions in Hungary (such as the Issuer) are also subject to special taxes, including a banking tax and, most recently, a special tax on extra profits (see *“Description of the Issuer and the MBH Group’s Business – Recent developments - Windfall tax on extra profits in the banking sector”*). Any of the foregoing may have an adverse effect on the MBH Group’s businesses, financial condition and results of operations.

3.2 The MBH Group is exposed to litigation risk

The Issuer and the MBH Group may from time to time be subject to litigation, including representative actions for the protection of the collective interests of consumers, whether of a substantive or vexatious nature. Such litigation, if not dismissed at an early stage or decided contrary to the best commercial interests of the Issuer or the MBH Group, may have an adverse impact on the operations of the Issuer or the MBH Group. Furthermore, such cases may include claims or actions in which the petitioner or plaintiff has not specifically, or not in whole, quantified the penalties or damages sought. In these circumstances, it may, in particular, be difficult to predict the outcome of a dispute and estimate possible losses in a reliable manner and, therefore, to set aside adequate provisions for such possible losses.

3.3 The MBH Group is exposed to the risk of fraud and illegal activities

The MBH Group is subject to rules and regulations related to money laundering, anti-bribery and terrorism financing. Compliance with anti-money laundering, anti-bribery and anti-terrorist financing rules entails significant cost and effort, including obtaining information from clients and other third parties. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the MBH Group has anti-money laundering, anti-bribery and counter-terrorism financing policies and procedures which aim to ensure compliance with applicable legislation and strive for zero tolerance of any violations, it may not always be successful in identifying all instances of suspicious activity, fraud or human error and, therefore, may not be able to comply at all times with all rules applicable to money laundering, anti-bribery and terrorism financing as extended to the whole MBH Group and applied to its workers in all circumstances. As a general statement, a violation, or even any suspicion of a violation, of any of these rules may have serious legal and financial consequences, which could have a material adverse effect on the MBH Group’s reputation, business, financial condition and results of operations.

3.4 The MBH Group is subject to compliance with economic sanctions programmes

The MBH Group’s operations are subject to various anti-corruption laws and constantly changing economic sanction programmes, including those administered by the United Nations, the UK and the EU, as well as those of the United States Department of Treasury’s Office for Foreign Assets Control (**OFAC**). The anti-corruption laws generally prohibit providing anything of value for the purposes of obtaining or retaining business or securing any improper business advantage. As part of its business, the MBH Group may deal with entities whose employees are considered government officials. In addition, economic sanctions programmes restrict the MBH Group’s business dealings with certain sanctioned countries, individuals and entities. Although as at the date of this Base Prospectus the Russian-Ukrainian conflict has no quantifiable effect on the Issuer and the MBH Group, the Issuer cannot give any assurance that the current sanctions regimes directed at Russia will not have a material impact in the future. The MBH Group does not have any branches in Russia or Ukraine. As a consequence of the Russian-Ukrainian war, the Issuer purchased and integrated the loan portfolio of Sberbank Hungary Ltd. (**Sberbank Hungary**), however all sanctioned exposures of the portfolio were eliminated during the transfer (see *“Description of the Issuer and the MBH Group’s Business – Business Overview - Retail and Private Banking”*).

Although the MBH Group has internal policies and procedures and monitoring measures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, these policies and procedures cannot provide complete assurance that the MBH Group's employees, directors, officers, clients, partners, agents, service providers or introducing parties will not take actions in violation of its policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which the Issuer or they may be ultimately held responsible. Litigation or investigations relating to alleged or suspected violations of anti-corruption laws and sanctions regulations could lead to financial penalties being imposed on the MBH Group, limits being placed on the MBH Group's activities, the MBH Group's authorisations and licences being revoked, damage to the MBH Group's reputation and other consequences that could have a material adverse effect on the MBH Group's business, financial condition and results of operations. Further, violations of anti-corruption laws and sanctions regulations could be costly.

3.5 The MNB may identify issues during inspections of the Issuer in the future which, if not adequately resolved by the Issuer, may result in sanctions, fines or other penalties

In the ordinary course of its activities, the MBH Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors who oversee the financial services sector and other areas in which the MBH Group operates, including the MNB, which regularly conducts inspections.

If any irregularities are found by these supervisory authorities and the Issuer fails to remedy them (provided that such possibility is given) the Issuer may be exposed to sanctions, fines and other penalties as prescribed by the relevant laws. This could affect the business, financial condition and results of operations of the MBH Group.

3.6 The MBH Group is exposed to changes in the mandatory deposit guarantee and investor compensation schemes

With effect from 1 January 2011, the guarantee provided by the National Deposit Insurance Fund (in Hungarian: "Országos Betétbiztosítási Alap") (the "Fund I") on so-called "registered" (in Hungarian: "névre szóló") bank account deposits (as defined in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (the "Credit Institutions Act")), placed with the domestic credit institutions (being members of Fund I) was extended to an aggregate amount of €100,000 per depositor. This is in line with the requirements of Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes. Such directive requires, among other things, faster payouts and additional ex-post contributions by credit institutions under mandatory deposit guarantee schemes. On this basis, from 1 January 2021 the deadline for a payout from Fund I was reduced from 15 business days to 10 business days.

Any future changes in the laws governing Fund I could increase the MBH Group's membership costs or, if they are perceived as adverse by the MBH Group's customers, could expose the Issuer to the risk of losing customers to competitors which could adversely affect the MBH Group's businesses or reputation. For the avoidance of doubt, investors in the Notes should be aware that the Notes are not covered by Fund I. In case of financial difficulties of another member of Fund I, the MBH Group may be required to make an extraordinary payment.

The Issuer is a member of the Hungarian Investor Protection Fund (in Hungarian: "Befektetésvédelmi Alap") (the "Fund II"), which is a statutory fund established to provide compensation to investors in case of the failure or insolvency of an investment service provider (including a universal credit institution with an investment services licence) or a fund manager that is a member of Fund II. However, the compensation provided by Fund II is subject to certain limitations and conditions, and does not cover losses or claims that investors may incur in relation to the Notes issued by the Issuer under the Programme.

3.7 **Loss absorption at the point of non-viability of the Issuer and resolution**

The establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms is regulated by Directive 2014/59/EU of the European Parliament and of the Council (the “**BRRD**”). The aim of the BRRD is to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ exposure to losses. The BRRD was implemented in Hungary by Act XXXVII of 2014 on the further development of the institutional system strengthening the security of certain participants of the financial intermediation system (the “**Resolution Act**”).

The powers provided to resolution authorities in the Resolution Act include write-down powers to ensure relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the Resolution Act sets out that resolution authorities may write down such capital instruments in full on a permanent basis, or convert them in full into common equity tier 1 instruments, at the point of non-viability of the Issuer or the MBH Group and before other resolution measures are implemented (“**Non-Viability Loss Absorption**”), including the bail-in tool described below. The Resolution Act provides, among other things, that resolution authorities shall exercise the write-down power in relation to Non-Viability Loss Absorption in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of, among others, the Tier 2 Capital Notes and the Senior Non-Preferred Notes being reduced to zero on a permanent basis.

For the purposes of Non-Viability Loss Absorption, the point of non-viability under the Resolution Act is the point at which (i) the institution or the group is failing or is likely to fail and (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any action other than the write-down or conversion of capital instruments, independently or in combination with a resolution action, would prevent the failure of the institution or the group within a reasonable timeframe.

The MNB in its capacity as the resolution authority (the “**Resolution Authority**”) must implement resolution measures, if (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) in the view of the Resolution Authority, no other action can prevent the failure of the institution and (iii) in the view of the Resolution Authority, the resolution measures are required by public interest.

Additionally, the Resolution Authority may, as a bail-in tool write down the claims of unsecured creditors of a failing institution and convert unsecured debt claims (including those of the Noteholders) into equity under the Resolution Act. The bail-in tools of the Resolution Authority provide the Resolution Authority with broad powers, including the power to cancel a bank’s existing shares or severely dilute existing shareholdings, including with respect to any shares issued or conferred upon conversion of capital instruments to common equity tier 1 instruments pursuant to Non-Viability Loss Absorption. The Resolution Act provides that a write-down resulting from the use of the bail-in tool would, in summary, follow the ordinary allocation of losses and ranking in an insolvency of the relevant institution.

In addition to Non-Viability Loss Absorption and the bail-in tool described above, the Resolution Act provides the Resolution Authority with other broad powers to implement resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments (including, in each case, the Notes).

If the Resolution Authority were to exercise such powers in respect of the Issuer, then existing shareholders and/or debt holders, including holders of the Notes, may experience dilution of, or losses on, their holdings and may not receive any compensation for their losses. In addition, in a resolution situation, financial public

support will only be available to the Issuer as a last resort after the resolution authorities have assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Given that the purpose of resolution tools is to minimise any reliance on financial public support, there can be no assurance that any such financial public support will be forthcoming. However, see also the risk factor titled “*The MBH Group is subject to changes to government policy and regulation*” above.

The Resolution Act, in line with the BRRD, empowers the Resolution Authority to require credit institutions to have a sufficient amount and quality of own funds and eligible liabilities, which in case of emergency can be partially or entirely subject to bail-in or conversion measures. The relevant powers of the MNB are specified in the Resolution Act and in Commission Delegated Regulation (EU) 2016/1450 (the “**MREL Regulation**”) supplementing the BRRD with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities (known as the “**MREL requirement**”). Further requirements are specified by the policies of the Single Resolution Board and the MNB.

The Issuer intends to apply the proceeds of the Notes, among other things, towards establishing own funds and eligible liabilities which satisfy the requirements of the MREL Regulation. There is no assurance that the MREL Regulation will not be changed or the regulator’s policies will not be tightened in the future which may consequently have an adverse effect on the business, financial condition and results of operations of the Issuer and the MBH Group. Breaching the binding MREL requirement due the Issuer’s inability to access capital markets resulting from their temporary or prolonged closure, or for any other reason, may have negative implications on the Issuer, such as a request from the Resolution Authority to submit a MREL restoration plan or the imposition of capital distribution penalties.

In addition, the European Commission has adopted reforms to the BRRD in order to, among other things, implement in the EU the Financial Stability Board’s total loss absorbing capacity standard (“**TLAC**”) by adapting the existing regime relating to MREL, i.e. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (“**BRRD II**”). BRRD II was published in the Official Journal of the European Union on 7 June 2019, with entry into force 20 days following that publication. BRRD II has been transposed into Hungarian law by way of an amendment to the Resolution Act. The TLAC requirements do not currently apply to the MBH Group given the Issuer is not a Global Systemically Important Institution.

3.8 **The MBH Group will be required to maintain a minimum requirement for own funds and eligible liabilities**

To support the effectiveness of bail-in and other resolution tools, the BRRD requires that all institutions must meet the MREL requirement by reference to the own funds and eligibility liabilities which may be bailed-in, calculated as a percentage of the institutions total risk exposure amount and total exposure measure as set by the relevant resolution authorities. Items eligible for meeting the MREL requirement include an institution’s own funds, along with its “eligible liabilities”.

The MNB has revised the consolidated minimum MREL requirement of the Issuer. The consolidated MREL requirement has to be met by 1 January 2026. The determination of the MREL requirement has been revised to 22.56 per cent. of the MBH Group’s total risk exposure amount (“**TREA**” or “**RWA**”) and 5.89 per cent. of the MBH Group’s total exposure measure (“**TEM**”).

Pursuant to Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (“**CRD V**”), the Issuer has to meet the combined buffer requirement in addition to

the TREA based MREL requirement as institutions shall not use CET1 capital, that is maintained to meet the combined buffer requirement, to meet the risk-based component of the MREL requirement. The MREL requirement is to be reviewed at least once a year.

The MNB informed the Issuer that subordination requirements will also be applicable to the Issuer from 15 December 2024. The minimum level of subordination for the Issuer will be 13.5 per cent. of the MBH Group's TREA, 5 per cent. of the MBH Group's TEM and 8 per cent. of the MBH Group's total liabilities and own funds ("**TLOF**").

These factors may have an adverse effect on the funding plans and costs of the MBH Group and, as a result, its net interest income.

4. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

4.1 Risks relating to a particular structure of Notes

A wide range of Notes may be issued under the Programme and some Notes may have features which contain particular risks for potential investors. Set out below is a description of certain risks relating to particular structures of Notes:

4.1.1 *An investor assumes an enhanced risk of loss in the event of the Issuer's insolvency*

The Issuer intends to use the proceeds of any Tier 2 Capital Notes, among other things, as part of its Tier 2 capital and such Notes are intended to qualify as Tier 2 instruments as specified in Article 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**"). It cannot be excluded that on the basis of a future law (including any EU regulation substituting the CRR) or as a result of the interpretation of the laws by the MNB such qualification would need to be changed and thus result in reduced regulatory capital levels. Upon the occurrence of a Capital Disqualification Event, the Issuer will have the right to redeem the Notes at the Optional Redemption Amount (Capital Disqualification Event) (see "*Risk Factors – Risks relating to the Notes generally – The Notes may be subject to early redemption at the option of the Issuer upon the occurrence of certain regulatory events*").

4.1.2 *The obligations of the Issuer in respect of Tier 2 Capital Notes are unsecured and subordinated and the claims of Holders of Senior Non-Preferred Notes also rank after more senior creditors*

The Tier 2 Capital Notes will constitute unsecured and subordinated obligations of the Issuer. On a Winding-Up of the Issuer, all claims in respect of the Tier 2 Capital Notes will rank junior to all Senior Claims. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Tier 2 Capital Notes. If there are sufficient assets to enable the Issuer to pay the claims of more senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Tier 2 Capital Notes and all other claims that rank *pari passu* with the Tier 2 Capital Notes in full, Holders will lose some (which may be substantially all) of their investment in the Tier 2 Capital Notes.

For the avoidance of doubt, the Holders of Tier 2 Capital Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Although the Tier 2 Capital Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Tier 2 Capital Notes will lose all or some of the value of their investment should the Issuer become insolvent or subject to any of the resolution tools or the write-down or conversion powers in the Resolution Act.

The claims of Holders of the Senior Non-Preferred Notes will rank after the claims of Holders of Senior Preferred Notes and other unsubordinated creditors of the Issuer but before the claims of Holders of the Tier 2 Capital Notes. The same risks are therefore also applicable to Holders of the Senior Non-Preferred Notes as those set out above.

If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the relevant Series of Notes, Holders of such Notes will lose some (which may be substantially all) of their investment in such Notes. For the avoidance of doubt, the Holders of the Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer. Therefore, if the Issuer becomes insolvent or defaults on its obligations, investors investing in the Notes in a worst case scenario could lose their entire investment.

The European Commission proposed revisions to the Crisis Management and Deposit Insurance (“CMDI”) Framework on 18 April 2023. The reforms aim to increase the protection of depositors in case of a bank failure, to harmonise resolution practices across the EU. The proposed amendment also includes the introduction of equal preferential ranking on insolvency for all deposits and certain changes to the MREL regime which could mean that the Senior Preferred Notes would rank junior to all of the Issuer’s depositors. The CMDI proposal is subject to the ordinary legislative procedure of the EU, which involves negotiations and approvals by the European Parliament and the Council of the EU, as well as possible amendments and compromises. The outcome and timing of this process are uncertain and may be influenced by various political, economic and regulatory factors, but if the CMDI proposal is adopted and implemented, it may have a material impact on the Issuer’s regulatory capital position, its capital planning and management, including on the obligations of the Issuer in respect of the Senior Preferred Notes issued under the Programme, as well as on the rights and interests of the Holders.

Holders are also subject to the provisions of the Resolution Act relating to, *inter alia*, the write down or conversion of capital instruments and the bail-in of liabilities as described under “*Risk Factors – Risks related to the Legal and Regulatory Environment – Loss absorption at the point of non-viability of the Issuer and resolution*”.

4.1.3 ***Holders may not require the redemption of the Notes prior to their maturity***

Save where the Holders have a put right, the Issuer is under no obligation to redeem Notes at any time prior to their stated Maturity Date and the Holders of such Notes have no right to require the Issuer to redeem or purchase such Notes at any time. Any redemption, purchase substitution or variation of such Notes by the Issuer will be subject always to Supervisory Permission and to compliance with prevailing Regulatory Capital Requirements or, in the case of Senior Non-Preferred Notes and the Senior Preferred Notes, Loss Absorption Regulations, and the Holders may not be able to sell such Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in such Notes should be prepared to hold their Notes for a significant period of time.

4.1.4 ***Holders of Tier 2 Capital Notes and Senior Non-Preferred Notes will, and Holders of Senior Preferred Notes may, have limited remedies***

The remedies available to Holders of Tier 2 Capital Notes and Senior Non-Preferred Notes or Senior Preferred Notes where the relevant Final Terms specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) applies, are limited.

Holders may not at any time demand repayment or redemption of such Notes, although in a Winding-Up the Holders will have a claim for an amount equal to the principal amount of the Notes plus any accrued interest.

The sole remedy in the event of any non-payment of principal or interest under such Notes, subject to certain conditions as described in Condition 14 (*Enforcement*), is that a Holder may institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under such Notes are more limited than those typically available to the Issuer's unsubordinated creditors, including Holders of Senior Preferred Notes where the relevant Final Terms specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) does not apply. For further details regarding the limited remedies of the Holders, see Condition 14 (*Enforcement*).

4.1.5 ***The Notes may be subject to early redemption at the option of the Issuer upon the occurrence of certain regulatory events***

Subject to obtaining prior Supervisory Permission and to compliance with prevailing Regulatory Capital Requirements and, in the case of Senior Non-Preferred Notes or Senior Preferred Notes, Loss Absorption Regulations, the Issuer may, at its option, redeem all (but not some only) of the Tier 2 Capital Notes, the Senior Non-Preferred Notes or the Senior Preferred Notes (unless, in the case of the Senior Non-Preferred Notes and the Senior Preferred Notes, "Senior Notes: Loss Absorption Disqualification Event Redemption" is specified to be "Not Applicable" in the relevant Final Terms) at their principal amount plus interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date upon the occurrence of a Capital Disqualification Event or a Loss Absorption Disqualification Event, as applicable, at any time.

An optional redemption feature is likely to limit the market value of such Notes. During any period when the Issuer may elect to redeem the Notes or there is a perception that the Issuer is able to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that such Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems such Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem such Notes, and if so whether the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If such Notes are so redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

4.1.6 *Waiver of set-off*

The Holders waive any right of set-off in relation to such Notes insofar as permitted by applicable law. Therefore, Holders of Notes will not be entitled (subject to applicable law) to set-off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

4.1.7 *The Notes may be modified or substituted by the Issuer without the consent of the Holders in certain circumstances, subject to certain restrictions*

Unless the relevant substitution and variation provisions are marked "Not Applicable" in the relevant Final Terms, in the event of certain specified events relating to taxation (a "Tax Event") or following the occurrence of a Capital Disqualification Event or a Loss Absorption Disqualification Event, as applicable, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable) Qualifying Tier 2 Securities or Loss Absorption Compliant Notes, as applicable, without the consent of the Holders.

Qualifying Tier 2 Securities and Loss Absorption Compliant Notes must have terms not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing. However, there can be no assurance that, due to the particular circumstances of a Holder of Notes, such Qualifying Tier 2 Securities or Loss Absorption Compliant Notes will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities or Loss Absorption Compliant Notes are not materially less favourable to holders than the terms of the Notes. In addition, the Issuer may make changes to Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*) of the Notes to ensure that Noteholders are bound by the exercise of Bail-in Powers (among other things) even if this is not favourable to them and even if it results in a change to the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*) (which, on issue of the Notes, is English law). Further, the tax and stamp duty consequences could be different for Holders of Notes once such Notes have been varied or substituted as described above.

4.1.8 *The Issuer may exercise a Clean-Up Call Option to redeem Notes prior to maturity in certain circumstances*

Where the relevant Final Terms specify that a Clean-Up Call Option is applicable, the Issuer may, at its option, but in each case subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes and Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes and Senior Preferred Notes, redeem all (but not some only) of the relevant Notes if the Clean-Up Call Minimum Percentage (or more) of the principal amount outstanding of a Series of Notes has been

redeemed or purchased and subsequently cancelled at their principal amount or the amount specified in the relevant Final Terms together with accrued interest (if any) thereon.

4.1.9 ***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

4.1.10 ***The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes***

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate or CMT Rate and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes) such calculation to be made by the Calculation Agent on the relevant Reset Determination Date (each such interest rate being a “**Subsequent Reset Rate of Interest**”). The Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

4.1.11 ***If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower overall interest return for Noteholders. If the Notes are converted from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Notes are converted from a floating rate to a fixed rate, the fixed rate in such circumstances may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

4.1.12 ***Market disruption***

In certain situations, interest on Notes is determined by reference to market information sources. Such market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by, among other things, physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

In respect of a Floating Rate Note, a Fixed/Floating Rate Note or a Reset Note (where the Rate of Interest is to be determined by reference to a screen rate, such as the euro interbank offered rate (“**EURIBOR**”)), if such Reference Rate does not appear on the relevant screen page or if the relevant screen page is not available for any reason, the Issuer will request each of the Reference

Banks, appointed by the Issuer, to provide the Issuer with its offered quotation to leading banks for the Reference Rate for the purposes of determining the applicable Rate of Interest. However, there can be no assurance that the Issuer will be able to appoint one or more Reference Banks to provide offered quotations and no Reference Banks have been appointed at the date of this Base Prospectus. Condition 5 (*Reset Note Provisions*) and Condition 6 (*Floating Rate Note Provisions*) set out fallback provisions if fewer than the requisite number of Reference Banks are appointed.

4.1.13 *The regulation and reform of benchmarks may adversely affect the value of Notes linked to or referencing such “benchmarks”*

4.1.13.1 *Benchmark Reform*

Reference rates and indices, including interest rate benchmarks, which are deemed to be “benchmarks” (including EURIBOR) are subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark. The Benchmark Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

4.1.13.2 *Fallbacks under the Conditions of the Notes*

The Conditions also provide for certain fallback arrangements in the event that a Benchmark Event occurs. The Issuer may, after appointing and consulting with an Independent Adviser, determine a Successor Rate or, failing which, an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate may result in the Notes performing differently (including paying a lower rate of interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate is determined, the Conditions provide that the Issuer may vary the Conditions, as necessary, to ensure the proper

operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined, the Conditions also provide that an Adjustment Spread will be determined to be applied to such Successor Rate or Alternative Rate. Accordingly, while any Adjustment Spread may be expected to be designed to eliminate, to the fullest extent reasonably practicable in the circumstances, or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Original Reference Rate were to continue to apply. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to Noteholders. If no positive or negative Adjustment Spread is determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Reset Rate of Interest. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the Notes.

If, following the occurrence of a Benchmark Event no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Reset Notes, the application of the previous Reset Rate for the preceding Reset Period, or for the First Reset Rate of Interest, the application off the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date or a rate based on Condition 5(d) (*Fallback – Mid-Swap Rate*) or Condition 5(e) (*Fallback – CMT Rate*).

However, no Successor Rate, Alternative Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the Conditions will be made pursuant to the Conditions if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital or eligible liabilities instruments (as applicable). Such a determination may result in the Notes performing differently than would otherwise have been the case prior to the Benchmark Event and there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Moreover, any of the above matters or any other significant change to the setting or existence of the Original Reference Rate could adversely affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

4.1.14 ***The market continues to develop in relation to near risk-free rates (including overnight rates) which are possible reference rates for the Notes***

Investors should be aware that the market continues to develop in relation to near risk-free rates (“**risk-free rates**”), such as the Secured Overnight Financing Rate (“**SOFR**”) and the euro short-term rate (“**€STR**”), as reference rates in the capital markets for U.S. Dollar and euro bonds, respectively, and their adoption as alternatives to the relevant interbank offered rates. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

In addition, market participants and relevant working groups have been working together to design alternative reference rates based on risk-free rates, including applying term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. The market or a significant part thereof may over time adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference such risk-free rates issued under this Programme. If the relevant risk-free rates do not prove to be widely used in securities such as the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing rates that are more widely used. The Issuer may in the future also issue Notes referencing SOFR, SOFR Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous SOFR, SOFR Compounded Index or €STR referenced Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in notes linked to such risk-free rates issued to date and no assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance. In addition, the methodology for determining any overnight rate index used to determine the Rate of Interest in respect of certain Notes could change during the life of such Notes.

Notes referencing risk-free rates may also have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk-free rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Certain administrators of risk-free rates have published hypothetical and actual historical performance data. Hypothetical data inherently includes assumptions, estimates and approximations and actual historical performance data may be limited in the case of certain risk-free rates. Investors should not rely on hypothetical or actual historical performance data as an indicator of the future performance of such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SOFR, SOFR Compounded Index or €STR.

4.1.15 *Risk-free rates differ from interbank offered rates in a number of material respects*

Risk-free rates may differ from interbank offered rates in a number of material respects, including (without limitation) by being backwards-looking in most cases, calculated on a compounded or

weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking SOFR or €STR become due and payable under Condition 14 (*Enforcement*) or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

4.1.16 ***Administrators of SOFR or €STR may make changes that could change the value of SOFR, or €STR or discontinue SOFR or €STR respectively***

The Federal Reserve Bank of New York or the European Central Bank (or their successors) as administrators of SOFR (and SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such rates and/or indices are calculated, eligibility criteria applicable to the transactions used to calculate such rates and/or indices, or timing related to the publication of SOFR, SOFR Compounded Index or €STR. In addition, an administrator may alter, discontinue or suspend calculation or dissemination of SOFR, SOFR Compounded Index or €STR, in which case a fallback method of determining the interest rate on the Notes will apply in accordance with the Conditions. An administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

4.1.17 ***Notes where denominations involve integral multiples***

In relation to any issue of Notes that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination (for example, a Note may have a denomination of EUR100,000 and multiples of EUR1,000). In such a case, a Holder who (as a result of trading such amounts) holds an amount that is less than the minimum Specified

Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount that is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

4.2 Risks relating to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

4.2.1 *The Notes are not ‘protected liabilities’ for the purposes of any government compensation scheme*

The Notes are not guaranteed or insured by any government, government agency or compensation scheme of the Hungary or any other jurisdiction. Further, as part of the reforms required by BRRD, amendments were made to relevant legislation in Hungary to establish in the insolvency hierarchy a statutory preference (i) firstly, for deposits that are insured by the Hungarian depositor protection scheme the National Deposit Insurance Fund (“**insured deposits**”) and (ii) secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA bank (“**other preferred deposits**”). All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the Issuer, including the Holders of the Notes. Insured deposits are excluded from the scope of the bail-in tool.

4.2.2 *There is no limit on the amount or type of further bonds or other indebtedness that the Issuer may issue, incur or guarantee*

There is no restriction on the amount of notes, bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such Notes or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up or administration or resolution of the Issuer and may limit the Issuer’s ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein.

4.2.3 *The Issuer may not be liable to pay certain taxes*

All payments of principal, interest and any other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall (a) in the case of each Series of Senior Preferred Notes unless the relevant Final Terms expressly specifies “Senior Preferred Notes: Gross-up of principal” as “Not Applicable”, in respect of payments of interest (if any) or principal or (b) in the case of all Tier 2 Capital Notes and all Senior Non-Preferred, in respect of payments of interest (if any) only and not principal, pay such Additional Amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 13 (*Taxation*).

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the Noteholders and Couponholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 13 (*Taxation*).

4.2.4 *Changes in law may adversely affect the rights of Holders*

Changes in law after the date hereof may affect the rights of Holders as well as the market value of the Notes. The Conditions are based on English and Hungarian law in effect as of the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Hungarian law or administrative practice after the date of issue of the relevant Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any change in law or regulation that triggers a Tax Event, a Capital Disqualification Event or a Loss Absorption Disqualification Event would, in the case of certain Notes, entitle the Issuer, at its option (subject to, among other things, obtaining prior Supervisory Permission), to redeem the Notes, in whole but not in part, as provided under Condition 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*), as the case may be.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

4.2.5 *Judgments entered against Hungarian entities in the courts of a state which is not subject to the Brussels Regulations, the Lugano Convention or the Hague Convention may not be enforceable in Hungary*

Hungarian courts normally recognise foreign judgments provided that the foreign courts had jurisdiction under the rules set out in Act XXVIII of 2017 on private international law.

However, a judgment entered against a company incorporated in Hungary in the courts of a state which is not, under the terms of: (i) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “**2012 Brussels Regulation**”); (ii) Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “**2000 Brussels Regulation**”); (iii) the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters made at Lugano on 30 October 2007 (the “**Lugano Convention**”); or (iv) the Hague Choice of Court Convention of 30 June 2005 (the “**Hague Convention**”) a Member State (as defined in the 2012 Brussels Regulation and the 2000 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention and the Hague Convention), may not be automatically enforceable in Hungary, as a matter of law without a retrial on its merits.

An English court judgment entered against the Issuer in relation to any Notes would be enforceable in accordance with sections 109 and 113 of the Act XXVIII of 2017 on private international law. These provisions set out that a final and binding money judgment of a foreign court would be recognised by Hungarian courts, if the respective contracting parties previously duly agreed to

submit their disputes to the jurisdiction of that foreign court. However, the wording of the relevant provisions leave the question open for interpretation as to whether the Hungarian courts may exercise some form of discretion when it comes to a decision on the recognition and enforceability of foreign judgments for payment of money in the absence of reciprocity (currently, there is no reciprocity between England and Hungary) if the relevant judgment is based on the choice of forum agreement of the respective parties.

In addition, judicial enforcement in Hungary is subject to standard exceptions to recognition such that the enforcement of a court judgment of the English courts would be refused if: (i) such judgment conflicts with public policy in Hungary; (ii) the losing party in the relevant case or its authorised representative did not participate in the proceedings because such party did not have proper or timely notice of the proceedings; (iii) the proceedings were commenced in Hungary before they were commenced in the England; (iv) Hungarian courts (or relevant Hungarian authorities) have already determined the matter (*res judicata*); or (v) foreign courts have already determined the matter and such judgment is eligible for recognition in Hungary (irrespective of whether such eligible judgment is actually sought to be enforced in Hungary).

It is also noted that most of the foreign judgments have been recognised and enforced in Hungary based on either the Brussels Regulation or international treaties since the entry into force of Act XXVIII of 2017 on private international law and, therefore, very limited interpretation and court cases are available regarding recognition and enforcing of foreign judgments where no international treaty/EU regulation is applicable and no reciprocity is available.

As a result, there is a risk that a judgment of the courts of England and Wales entered against the Issuer in relation to the Notes may not be enforceable or may take longer to enforce, and any such enforcement is largely untested in Hungary.

4.2.6 ***A downgrade of the credit rating assigned by any credit rating agency to the Issuer or, if applicable, to the Notes could adversely affect the liquidity or market value of the Notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies***

Tranches of Notes issued under the Programme may be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Issuer is under no obligation to ensure that any Notes issued by them under the Programme are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Issuer and/or, if applicable, the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Issuer's strategy and management's capability; the Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the MBH Group's key markets; the level of political support for the industries in which the MBH Group operates; and legal and regulatory frameworks affecting the Issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to an issuer within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may

downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the Notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or, if applicable, the Notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Notes (whether or not the Notes had an assigned rating prior to such event).

Furthermore, as a result of the CRA Regulation, if the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes, which may impact the value of the Notes and any secondary market trading thereof.

4.2.7 *Investors to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer*

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates which may be deposited with a common depository for Euroclear and Clearstream, Luxembourg (each of Euroclear and Clearstream, Luxembourg, a "**Clearing System**"). If the Global Notes are NGN or if the Global Certificates are to be held under the NSS, they will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Notes or, as the case may be, Global Certificates. While the Notes are represented by one or more Global Notes, or as the case may be, Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or, as the case may be, Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the common depository or, for Global Notes that are NGN and Global Certificates to be held under the NSS, the common safekeeper for Euroclear and Clearstream, Luxembourg. A Holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

4.2.8 *Modification and waivers*

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

4.2.9 *A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs*

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

4.2.10 *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

4.3 **Risks relating to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

4.3.1 *There can be no assurance about the development or performance of a secondary trading market for the Notes*

The Notes issued under the Programme represent a new security for which no secondary trading market exists (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued) and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions, interest rates, currency exchange rates and inflation rates that may adversely affect the market price of the Notes, such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or,

where relevant, of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed a secondary market.

Moreover, although the Issuer and any subsidiary of the Issuer can (subject to Supervisory Permission and compliance with prevailing Regulatory Capital Requirements or Loss Absorption Regulations, as applicable) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer (or on behalf of the Issuer) could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing credit market conditions, whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although an application has been made to admit the Notes issued under the Programme to trading on the Market, there can be no assurance that such application will be accepted, that the Notes will be so admitted, or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes.

4.3.2 *There are exchange rate risks and exchange control risks associated with the Notes*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease; (a) the Investor's Currency equivalent yield on the Notes; (b) the Investor's Currency equivalent value of the principal payable on the Notes; and (c) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

III. PRESENTATION OF INFORMATION

Presentation of financial information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer and the MBH Group has been extracted from (i) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2022 (the “**2022 Annual Consolidated Financial Statements**”) and 31 December 2021 (the “**2021 Annual Consolidated Financial Statements**”) and, together with the 2022 Annual Consolidated Financial Statements, the “**Annual Consolidated Financial Statements**”) and (ii) the unaudited condensed consolidated interim financial statements of the Issuer, reviewed by the independent auditor as at and for the 6 months period ended 30 June 2023 (the “**2023 Interim Consolidated Financial Statements**”) and, together with the Annual Consolidated Financial Statements, the “**Consolidated Financial Statements**”).

The Annual Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (the “**IFRS**”), while the 2023 Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, the standard of IFRS applicable to the preparation of interim financial statements. The functional currency of the members of the MBH Group is Hungarian forint. Unless stated otherwise, all figures are presented in the Consolidated Financial Statements in millions of HUF.

Key Factors Affecting Comparability

In 2022, Budapest Bank Zrt. (“**Budapest Bank**”) and Magyar Takarékbankholding Zrt. (“**Takarék Holding**”), and subsequently in 2023 Takarékbank Zrt. (“**Takarékbank**”) merged into MKB Bank Nyrt. (“**MKB Bank**”) (the “**Merger**”). With the completion of the Merger, Hungary's second largest bank was created in terms of total assets¹. As a result of the Merger, the merged MKB Bank acquired control over the subsidiaries of Budapest Bank and, through Takarékbank Holding, over the subsidiaries of the Takarékbank Group which comprised of Magyar Takarékszövetkezeti Bank Zrt. (“**MTB Bank**”) and Takarékbank Jelzálogbank Nyrt. (“**Takarék Mortgage Bank**”). For more information on the Merger see “*Description of the Issuer and the MBH Group’s Business – History*” and “*Description of the Issuer and the MBH Group’s Business – The steps of the Merger*”.

The business combination was accounted as an acquisition under common control. The merged group applied the predecessor accounting method, and in presenting the Merger, the Issuer applied the prospective presentation method. This means that: (i) assets and liabilities (net assets) of the entities involved in a business combination under common control are included in the consolidated financial statements at their book-value as of the relevant merger date when control is obtained and (ii) the results of entities involved in a business combination under common control are consolidated prospectively from the date on which the business combination occurred. Accordingly, the 2022 Annual Consolidated Financial Statements consolidate the assets and liabilities acquired through business combination and the results of the newly merged group since 1 April 2022.

As such, the comparability of financial information between the 2022 Annual Consolidated Financial Statements and the 2021 Annual Consolidated Financial Statements is limited, as the comparative financial data includes only the financial data of the Issuer and its subsidiaries before the Merger. Also, due to the Merger, the comparability of financial information between the periods of six months ended 30 June 2023 and 30 June 2022, which are presented in the 2023 Interim Consolidated Financial Statements is limited, as the comparative financial data includes results of the merged entities and their subsidiaries for a period of three months only i.e. from 1 April 2022 to 30 June 2022. The merger of Takarékbank into MKB Bank in 2023 has no impact on the presentation of the period of six months ended 30 June 2023, as it was part of Takarékbank Holding, which merged into MKB Bank in 2022 (except for the transfer among equity elements that is required by the local regulations).

¹ Source: MNB's supervisory data included in the so-called Golden Books: https://statisztika.mnb.hu/statistical-topics/supervisory-statistics/v_-golden-books/golden-books

In connection with the Merger, the MBH Group modified the structure of its primary financial statements, and as such the comparative figures as at and for the year ended 31 December 2021 were restated in the 2022 Annual Consolidated Financial Statements. The Group changed its accounting policy in connection with the presentation of:

- (i) modification loss/gain of stage 1 financial instruments – in 2021 the amount of the modification result for stage 1 financial instruments was not material, therefore the MBH Group did not restate its profit or loss for 2021; and
- (ii) income tax – the MBH Group applies corporate income tax, local business tax and innovation contribution as income tax.

Due to the restatements and reclassifications introduced, all financial information related to the year ended 31 December 2021 presented elsewhere in this Base Prospectus is derived from the comparative figures presented in the 2022 Annual Consolidated Financial Statements. More information on the comparability of financial information, as well as on the restatements and reclassifications due to the Merger is included in the notes to the 2022 Annual Consolidated Financial Statements which are incorporated by reference into this Base Prospectus.

Reflection of the Merger in the financial statements

The following table summarises the financial statements in which the relevant entities are included.

| Consolidated Financial Statements of MBH Bank Nyrt.* | Six months period ended | | | | Year ended | | | |
|--|-------------------------|-------------------------|---------------|-------------------------|------------------|-------------------------|------------------|-------------------------|
| | 30 June 2023 | | 30 June 2022 | | 31 December 2022 | | 31 December 2021 | |
| | Balance sheet | Profit & Loss Statement | Balance sheet | Profit & Loss Statement | Balance sheet | Profit & Loss Statement | Balance sheet | Profit & Loss Statement |
| MKB Bank and its subsidiaries | included | Q1-Q2 | included | Q1-Q2 | included | Q1-Q4 | included | Q1-Q4 |
| Budapest Bank and its subsidiaries | included | Q1-Q2 | included | Q2 | included | Q2-Q4 | not included | not included |
| Takarékbank and its subsidiaries | included | Q1-Q2 | included | Q2 | included | Q2-Q4 | not included | not included |

* Before 1 May 2023, MKB Bank.

Non-IFRS financial measures

The Base Prospectus includes certain data which the Issuer considers to constitute non-IFRS financial measures or alternative performance measures (the “APMs”) for the purposes of the European Securities Markets Authority (the “ESMA”) Guidelines on Alternative Performance Measures.

These APMs or non-IFRS financial measures may not be indicative of the Issuer’s historical operating results, nor are such measures meant to be predictive of its future results. The Issuer presents these APMs because it considers them an important supplemental measure of its performance and believes that they and similar measures are widely used in the industry in which it operates as a means of evaluating a company’s results. The Issuer believes that the presentation of these non-IFRS measures enhances an investor’s understanding of the MBH Group’s financial performance in the periods presented and provides helpful comparisons of financial performance between periods by providing segmented financial information and adjustment for the distorting effect. However, not all banks and

financial institutions calculate APMs in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other banks and financial institutions under the same or similar names.

Neither the assumptions underlying the APMs have been audited in accordance with International Standards on Auditing (ISA) or any other auditing standards nor reported on in any other form by an independent auditor.

In evaluating the APMs, investors should carefully consider the financial statements of the Issuers incorporated by reference in this Base Prospectus. Although certain of this data has been extracted or derived from the financial statements incorporated by reference in this Base Prospectus, this data has not been audited or reviewed by the independent auditors.

Accordingly, undue reliance should not be placed on the APMs contained in this Base Prospectus and they should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer's liquidity.

The APMs include the following financial measures:

(Data is presented in HUF million. Averages are calculated using the quarterly closing average balances for the relevant period.)

i. Adjusted net profit

Definition: Net profit as per the financial statements modified by adjustments determined by management of the Issuer.

Adjusted net profit is calculated as profit for the year as per the financial statements adjusted for banking tax, extra profit tax, Fund I Extraordinary Fee and integration costs, all after giving effect to corporate income tax. Adjusted net profit provides additional information on profits for the period on an adjusted basis, in order to enable better comparability of net profits of prior periods.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Profit for the year | 84,708 | 91,168 | 33,520 |
| Adjustments (total, after giving effect to corporate income tax): | 57,426 | 41,996 | 37,829 |
| (+) Banking tax | 14,722 | 6,481 | 7,412 |
| (+) Extra profit tax | 46,024 | 28,538 | 29,038 |
| (+) Fund I Extraordinary Fee* | -4,756 | 4,756 | - |
| (+) Integration costs** | 1,436 | 2,221 | 1,378 |
| Adjusted net profit*** | 142,133 | 133,163 | 71,349 |

*Fund I Extraordinary Fee means the reimbursement of the extraordinary fees paid to the National Deposit Insurance Fund (in Hungarian: "Országos Betétbiztosítási Alap", "Fund I") due to the Sberbank bankruptcy (see "Description of the Issuer and the MBH Group's Business – Business Overview - Retail and Private Banking").

**Integration costs are the expenses incurred as a result of the Merger and relate to professional services such as IT, legal, audit and advisory services.

***Due to rounding, the sum of the line items may not equal the total.

ii. Adjusted net interest income

Definition: Net interest income before loss allowance on loans and placements as per the financial statements modified by adjustments determined by management of the Issuer. Net interest income calculates the difference between the revenue generated from the Issuer's interest-bearing assets and the expenses associated with paying its interest-bearing liabilities for the relevant period. Interest income (the interest subsidy received from the Hungarian State or interest received from the customer) and interest expense (include the amortisation of any discount or premium on securities. Net interest income is calculated before any loss allowance on loans.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Net interest income | 283,337 | 365 727 | 113 590 |
| (-) Reclassification of commission expense on investment services to net interest income | -1,824 | - | 633 |
| (+/-) Modification loss reclassification from net interest income | 6,624 | -4,134 | -2,087 |
| (+) Reclassification of financial transactions to net interest income | - | 8,407 | 9,505 |
| (+) Structural adjustments | - | 2,238 | 24 |
| Adjusted net interest income | 288,137 | 372,238 | 121,665 |

iii. Adjusted net income from fees and commissions

Definition: Net income from fees and commissions as per the financial statements modified by adjustments determined by management of the Issuer. Fees and commission income include cash operations fees and fund transfer fees, commissions related to lending, guarantee fees, commissions on insurance services and commissions on investment services and other fees which are recognised as the services are provided. Fees and commission expense consists of cash operations expenses, settlement fees and fees paid to external managers. Adjusted net income from fees and commissions provides additional information on net income from fees and commissions for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---|----------------|----------------|----------------|
| Net income from fees and commissions | 64,635 | 104,429 | 39,247 |
| (-) Transaction fee reclassification from general administration expenses | -30,698 | -48,712 | -16,172 |
| (+) Reclassification of commission expense on investment services to net interest income | 1,824 | | -633 |
| (+) Results of client FX conversion reclassification | 4,566 | 8,839 | 4,143 |
| (+) Reclassification of financial transactions to net interest income and commission income | | 2,290 | |
| (+) Reclassification of operating expenses to net profit from fees and commissions | | | 1,143 |
| (+) Reclassification from impairment to commissions | | 2,183 | |
| (+) Structural adjustments | 2,708 | 138 | 1 |
| Adjusted net income from fees and commissions | 43,035 | 69,167 | 27,729 |

iv. Adjusted results from financial instruments, net

Definition: Results from financial instruments (on a net basis) as per the financial statements modified by adjustments determined by management of the Issuer. Results from financial instruments comprises gains less losses related to trading and investment assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences. This provides additional information on results from financial instruments for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---|---------------|---------------|---------------|
| Results from financial instruments, net | -1,846 | 32,146 | 29,511 |
| (-) Results of client FX conversion reclassification | -4,566 | -8,839 | -4,143 |
| (+) Expenditure on loan write-offs | 616 | -7,293 | -9,356 |
| (-) Income from the write-off of loans and advances | | -1,470 | 373 |
| (-) Reclassification of financial transactions to net interest income and commission income | | -10,698 | -9,505 |
| (-) Structural adjustments | -1 | -25 | 0 |
| Adjusted results from financial instruments, net | -5,797 | 3,821 | 6,880 |

v. Adjusted other operating income / (expense), net

Definition: Results from other operating income and expense (as the sum of dividend income, other income, other expense, share of associated companies' and joint ventures' profit, and results from assets held for sale as per the financial statements) modified by adjustments determined by the management of the Issuer. This provides additional information on results from other operating income and expense for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|--------------|----------------|---------------|
| Other operating income / (expense), net | 9,152 | 4,320 | 4,265 |
| (+) Support for spectacular team sports | 7,212 | | |
| (-) Fees paid to Fund I Fee*, Fund II Fee** and Fund III Fee*** | -7,978 | -15,035 | -1,608 |
| (+/-) Refunded Fund I Fee correction | -5,226 | 5,226 | -1 854 |
| (+/-) Write-off of other assets and associated shares | -5 | 3,241 | 77 |
| (-) Impairment for a subsidiary write-offs | | -25 | |
| (-) Other income reclassification from operating expenses | | -3,657 | 1,980 |
| (-) Expenditure on discontinued operations | | | -153 |
| (+) Income from the write-off of loans and advances | | 1,470 | -373 |
| (-) Reclassification of HIPA (as defined below), innovation contribution | | -16,981 | -4,316 |
| (-) Reclassification of other income to financial instruments | | -25 | |
| (+) Reclassification of other income to operating expenses and impairments | | -9,946 | -677 |
| (+/-) Structural adjustments | -616 | 74 | -25 |
| Adjusted other operating income / (expense), net | 2,539 | -31,338 | -2,684 |

*Fund I Fee means the annual membership fees paid to Fund I (the "Fund I Fee").

**Fund II Fee means the annual membership fees paid to the Hungarian Investor Protection Fund (in Hungarian: "Befektetésvédelmi Alap, (the "Fund II Fee").

***Fund III Fee means the annual membership fees paid to the Resolution Fund (in Hungarian: “Szánálási Alap” the “Fund III Fee”).

vi. Adjusted total gross operating income

Definition: Sum of adjusted net interest income, adjusted net income from fees and commissions, adjusted results from financial instruments, net and adjusted other operating income/(expense), net. The adjusted total gross operating income provides additional information on total income on an adjusted basis, in order to enable better comparability of total income of prior periods.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Adjusted net interest income | 288,137 | 372,238 | 121,665 |
| Adjusted net income from fees and commissions | 43,035 | 69,167 | 27,729 |
| Adjusted results from financial instruments, net | -5,797 | 3,821 | 6,880 |
| Adjusted other operating income / (expense), net | 2,539 | -31,338 | -2,684 |
| Adjusted total income* | 327,914 | 413,889 | 153,589 |

* Due to rounding, the sum of the line items may not equal the total.

vii. Adjusted impairments or reversal on financial and non-financial instruments

Definition: Includes loss allowance on loans and placements, provisions and modification gain and loss for the relevant period in order to enable better comparability of impairments or reversal on financial and non-financial instruments.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Impairments or reversal on financial and non-financial instruments | -30,080 | -93,176 | -17,787 |
| (+/-) Expenditure on loan write-offs | -616 | 7,293 | 9,356 |
| (+/-) Modification loss reclassification from net interest income | -6,624 | 4,134 | 2,087 |
| (-) Provisions for losses reclassification from operating expenses | -296 | | |
| (+) Write-off of other assets | 5 | | |
| (+) Impairment for a subsidiary write-offs | | 25 | |
| (-) Write-off of associated shares | | -3,241 | -77 |
| (+) Other long-term employee benefits rewriting | | 79 | -374 |
| (+) Reorganization provision | | 4,511 | 4,511 |
| (+) Reclassification of other income to operating expenses and impairments | | 6,146 | 2,132 |
| (-) Reclassification from impairment to commissions | | -2,236 | |
| (+/-) Structural adjustments | -13 | 135 | -1 |
| Adjusted impairments or reversal of financial and non-financial instruments | -37,624 | -76,330 | -153 |

viii. Adjusted operating expenses

Definition: Operating expenses are the costs that the Group incurs while performing its normal operational activities. Operating expenses includes personnel expenses, operational expenses, depreciation

and amortisation, other non-profit taxes (e.g. banking tax, extra profit tax, transaction levies) and authority, supervisory and membership fees. This provides additional information on operating expenses for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|-----------------|-----------------|-----------------|
| Operating expense | -222,839 | -310,056 | -128,387 |
| (+) Fees paid to Fund I Fee, Fund II Fee and Fund III Fee | 7,978 | 15,035 | 3,463 |
| (+) Transaction fee reclassification from general administration expenses | 30,698 | 48,712 | 16,172 |
| (-) Support for spectacular team sports | -7,212 | | |
| (+) Provisions for losses reclassification from operating expenses | 296 | | |
| (-) Other long-term employee benefits rewriting | | -79 | 374 |
| (-) Reorganization provision | | -4,511 | -4,511 |
| (+) Other income reclassification from operating expenses | | 3,657 | -1,980 |
| (+) Expenditure on discontinued operations | | | 153 |
| (-) Reclassification of other income to operating expenses and impairments | | 4,670 | 1,895 |
| (+) Reclassification of operating expenses to net profit from fees and commissions | | | -1,143 |
| (+/-) Structural adjustments | -2,081 | -3,352 | -3,350 |
| (+) Banking tax | 16,178 | 7,122 | 8,145 |
| (+) Extraprofit tax | 50,576 | 31,360 | 31,910 |
| (+) Integration costs | 1,578 | 2,441 | 1,515 |
| Adjusted operating expenses | -124,828 | -205,001 | -75,744 |

ix. Depreciation expense*

Definition: Depreciation is the monetary value of the use and technical-economic obsolescence of the invested assets (intangible assets and tangible assets).

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--------------|----------------|----------------|----------------|
| Depreciation | -13,784 | -24,469 | -9,086 |

**This shows the management accounting breakdown of the adjusted operating expenses.*

x. Personnel expenses*

Definition: All costs and expenses related to internal workforce (salary, bonus, employer contribution, etc.).

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--------------------|----------------|----------------|----------------|
| Personnel expenses | -62,151 | -101,961 | -37,795 |

**This shows the management accounting breakdown of the adjusted operating expenses.*

xi. Other expenses*

Definition: Other operating expense all other costs and expenses that a business incurs as a result of performing its normal business operations (i.e. rent, marketing, IT opex, etc.).

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|----------------|----------------|----------------|----------------|
| Other expenses | -48,892 | -78,571 | -28,862 |

**This shows the management accounting breakdown of the adjusted operating expenses.*

xii. Adjusted profit before tax (“Adjusted PBT”)

Definition: Calculated as the sum of adjusted total income, adjusted impairments or reversal on financial and non-financial instruments and adjusted operating expenses for such period. This provides additional information on the profit before tax for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Adjusted total income | 327,914 | 413,889 | 153,589 |
| Adjusted impairments and provisions for losses | -37,624 | -76,330 | -153 |
| Adjusted operating expenses | -124,828 | -205,001 | -75,744 |
| Adjusted PBT* | 165,463 | 132,558 | 77,693 |

** Due to rounding, the sum of the line items may not equal the total.*

xiii. Adjusted income tax income / (expense)

Definition: Adjusted income tax income / (expense) does not include the local business tax (in Hungarian: “helyi iparűzési adó” “HIPA”) and innovation contribution in order to provide additional information on the income tax income / (expense) for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---|----------------|----------------|----------------|
| Income tax income / (expense) | -17,651 | -12,222 | -6,919 |
| (+) Reclassification of HIPA, innovation contribution | | 16,981 | 4,316 |
| (-) Structural adjustments | -5,679 | -4,153 | -3,741 |
| Adjusted income tax income / (expense) | -23,330 | 606 | -6,344 |

xiv. Adjusted profit after tax (“Adjusted PAT”)

Definition: Calculated as the sum of adjusted total income, adjusted impairments or reversal on financial and non-financial instruments and adjusted operating expenses for the relevant period less adjusted income tax income/ (expense) for such period. This provides additional information on the profit after tax for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Adjusted profit before tax | 165,463 | 132,558 | 77,693 |
| Adjusted income tax income / (expense) | -23,330 | 606 | -6,344 |
| Adjusted profit after tax | 142,133 | 133,163 | 71,349 |

xv. Adjusted total comprehensive income

Definition: Adjusted total comprehensive income is calculated by adding adjusted profit after tax and other comprehensive income (loss). Adjusted total comprehensive income reflects the change in net assets of the business (which would exclude owners equity).

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Adjusted profit after tax | 142,133 | 133,163 | 71,349 |
| OCI | 25,683 | 4,762 | -4,738 |
| Adjusted Total Comprehensive Income | 167,816 | 137,925 | 66,611 |

xvi. Return On Equity ("ROE")

Definition: Net profit for the relevant period (annualised for periods of less than one year) divided by average total equity. This provides additional information on the financial performance and profitability of the bank for the relevant period, compared to its average total equity.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---|----------------|----------------|----------------|
| Profit for the period (annualised for periods less than one year) | 84,708 | 91,168 | 33,520 |
| Average total equity | 841,283 | 635,217 | 488,768 |
| ROE | 20.1%* | 14.4% | 13.7%* |

**When calculating ROE for periods of less than one year, net profit was annualised (i.e. net profit for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the ROE calculation).*

xvii. Adjusted ROE

Definition: Adjusted net profit for the relevant period (annualised for periods of less than one year) divided by average total equity. This provides additional information for the relevant period on the adjusted financial performance and profitability of the bank, compared to its average total equity.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|----------------------|----------------|----------------|----------------|
| Adjusted net profit | 142,133 | 133,163 | 71,349 |
| Average total equity | 841,283 | 635,217 | 488,768 |
| Adjusted ROE | 33.8%* | 21.0% | 21.0%* |

**When calculating Adjusted ROE for periods of less than one year, Adjusted net profit was annualised (i.e. Adjusted net profit for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the Adjusted ROE calculation).*

xviii. Adjusted Return On Assets ("ROA")

Definition: Adjusted net profit for the relevant period (annualised for periods of less than one year) divided by average total assets. This provides additional information on the adjusted financial performance and profitability of the MBH Group, compared to its average total assets.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|----------------------|----------------|----------------|----------------|
| Adjusted net profit | 142,133 | 133,163 | 71,349 |
| Average total assets | 10,498,812 | 8,812,207 | 6,751,952 |
| Adjusted ROA | 2.7%* | 1.5% | 2.1%* |

**When calculating Adjusted ROA for periods of less than one year, Adjusted net profit was annualised (i.e. Adjusted net profit for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the Adjusted ROA calculation).*

xix. Adjusted Cost-to-asset ratio (“C/A”)

Definition: Adjusted operating expenses for the relevant period (annualised for periods of less than one year) divided by average total assets. This provides additional information on the operating efficiency of the MBH Group for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|-----------------------------|----------------|----------------|----------------|
| Adjusted operating expenses | 124,828 | 205,001 | 75,744 |
| Average total assets | 10,498,812 | 8,812,207 | 6,751,952 |
| Adjusted C/A | 2.4%* | 2.3% | 2.2%* |

**When calculating Adjusted C/A ratio for periods of less than one year, Adjusted operating expenses were annualised (i.e. Adjusted operating expenses for the 6 months ended 30 June 2023 and 30 June 2022 were multiplied by two in the Adjusted C/A ratio calculation).*

xx. Adjusted Cost-to-income ratio (“C/I”)

Definition: Adjusted operating expenses divided by adjusted gross operating income. This provides additional information on the operating efficiency of the MBH Group for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---------------------------------|----------------|----------------|----------------|
| Adjusted operating expenses | 124,828 | 205,001 | 75,744 |
| Adjusted gross operating income | 327,914 | 413,889 | 153,589 |
| Adjusted C/I | 38.1% | 49.5% | 49.3% |

xxi. Adjusted net interest margin (“NIM”)

Definition: Adjusted net interest income for the relevant period (annualised for periods of less than one year) divided by average total assets. This provides additional information on net interest generation of assets and liabilities of the MBH Group for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|------------------------------|----------------|----------------|----------------|
| Adjusted net interest income | 288,137 | 372,238 | 121,665 |
| Average total assets | 10,498,812 | 8,812,207 | 6,751,952 |
| Adjusted NIM | 5.5%* | 4.2% | 3.6%* |

**When calculating Adjusted NIM ratio for periods of less than one year, Adjusted net interest income was annualised (i.e. Adjusted net interest income for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the Adjusted NIM ratio calculation).*

xxii. Adjusted net fee and commission margin (“NFM”)

Definition: Adjusted net income from fees and commission for the relevant period (annualised for periods of less than one year) divided by average total assets. This provides additional information on net fee and commission generation of assets and liabilities of the MBH Group for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---|----------------|----------------|----------------|
| Adjusted net income from fees and commissions | 43,035 | 69,167 | 27,729 |
| Average total assets | 10,498,812 | 8,812,207 | 6,751,952 |
| Adjusted NFM | 0.8%* | 0.8% | 0.8%* |

**When calculating Adjusted NFM ratio for periods of less than one year, Adjusted net interest from fees and commissions was annualised (i.e. Adjusted net income from fees and commissions for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the Adjusted NFM ratio calculation).*

xxiii. Adjusted total revenue margin (“TRM”)

Definition: Adjusted gross operating income for the relevant period (annualised for periods of less than one year) divided by average total assets. This provides additional information on net revenue generation of assets and liabilities of the MBH Group for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|---------------------------------|----------------|----------------|----------------|
| Adjusted gross operating income | 327,914 | 413,889 | 153,589 |
| Average total assets | 10,498,812 | 8,812,207 | 6,751,952 |
| Adjusted TRM | 6.2%* | 4.7% | 4.5%* |

**When calculating Adjusted TRM ratio for periods of less than one year, Adjusted gross operating income was annualised (i.e. Adjusted gross operating income for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the Adjusted TRM ratio calculation).*

xxiv. Adjusted risk cost rate

Definition: Absolute value of provisions for impairment on loans and placement losses for the relevant period (annualised for periods of less than one year) divided by average gross loans. This provides additional information on the level of loss allowances compared to the size of the portfolio for the relevant period.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|--|----------------|----------------|----------------|
| Adjusted impairments and provisions for losses | 19,251 | 50,715 | -430 |
| Average gross loans | 4,974,193 | 3,992,612 | 2,952,078 |
| Adjusted risk cost rate | 0.8%* | 1.3% | -0.03%* |

**When calculating Adjusted risk cost rate for periods of less than one year, Adjusted impairments and provisions for losses were annualised (i.e. Adjusted impairments and provisions for losses for the 6 months ended 30 June 2023 and 30 June 2022 was multiplied by two in the Adjusted risk cost rate calculation).*

xxv. Gross loan-to-deposit ratio

Definition: Gross customer loans divided by total customer deposits.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|------------------------------|----------------|----------------|----------------|
| Gross customer loans* | 4,956,845 | 5,028,251 | 4,640,508 |
| Deposits | 6,270,902 | 6,574,357 | 6,267,540 |
| Loan to deposit ratio | 79.0% | 76.5% | 74.0% |

**Gross customer loans include the balance of loans and advances to customers measured at fair value through profit and loss in the amount of HUF 470,190 million (as at 31 December 2022), HUF 468,684 million (as at 30 June 2023), and HUF 381,359 million (as at 30 June 2022) without fair value adjustment.*

xxvi. NPL ratio

Definition: Non-performing loans (“NPL”) divided by gross customer loans.

Reconciliation table:

| | H1 2023 | FY 2022 | H1 2022 |
|------------------------|----------------|----------------|----------------|
| NPL loans* | 228,663 | 224,169 | 174,120 |
| Gross customer loans** | 4,956,845 | 5,028,251 | 4,640,508 |
| NPL | 4.6% | 4.5% | 3.8% |

**Non-performing loans balances for the given periods were calculated based on the methodology used by the Company for regulatory reporting purposes (FINREP) and were not derived from the Consolidated Financial Statements*

***Gross customer loans include the balance of loans and advances to customers measured at fair value through profit and loss in the amount of HUF 470,190 million (as at 31 December 2022), HUF 468,684 million (as at 30 June 2023), and HUF 381,359 million (as at 30 June 2022) without fair value adjustment.*

Non-financial operating data

The non-financial operating data included in this Base Prospectus has been extracted without material adjustment from the management records of the Issuer and is unaudited.

Rounding

Percentages and certain amounts in this Base Prospectus, including financial, statistical and operational information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

No incorporation of website information

Other than in relation to the Documents Incorporated by Reference (see “*Information Incorporated by Reference*”), the contents of the website of the Issuer or any other member of the MBH Group, any other website mentioned in

this Base Prospectus or any website directly or indirectly linked to any such website have not been verified and do not form part of this Base Prospectus. No such website or its contents have been scrutinised or approved by the CSSF or the MNB and investors should not rely on any information contained in any such website.

IV. INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the information set out in the table below as contained in:

1. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2022 are available at: https://www.mbhbank.com/sw/static/file/1_MKB_Bank_Plc_Annual_Report_2022.pdf (the “**2022 Annual Consolidated Financial Statements**”) including the information set out at the following pages in particular:

| | |
|---|---------------|
| Consolidated Statement of Financial Position | Pages 3-4. |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | Pages 5-6. |
| Consolidated Statement of Changes in Equity | Page 7. |
| Consolidated Cash Flows Statement | Pages 8-9. |
| Notes to the 2022 Annual Consolidated Financial Statements | Pages 10-148. |

The above-mentioned document is an unofficial English translation of the 2022 Annual Consolidated Financial Statements that were originally prepared in the Hungarian language.

2. the independent auditor’s report in respect of the 2022 Annual Consolidated Financial Statements is available at: https://www.mbhbank.com/sw/static/file/3_MKB_Bank_Plc_Auditor_Report_2022_consolidated.pdf (the “**2022 Auditor’s Report**”).

The 2022 Auditor’s Report is unqualified.

The above-mentioned document is an unofficial English translation of the 2022 Auditor’s Report that was originally prepared in the Hungarian language.

3. the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2021 are available at: https://www.mbhbank.com/sw/static/file/mkb.hu-sw-static-file-MKB_Bank_Plc_Annual_report_20211231_I_220426.pdf (the “**2021 Annual Consolidated Financial Statements**”) including the information set out at the following pages in particular:

| | |
|---|--------------|
| Consolidated Statement of Financial Position | Page 4. |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | Page 5. |
| Consolidated Statement of Changes in Equity | Page 6. |
| Consolidated Statement of Cash-Flows Statement | Page 7. |
| Notes to the 2021 Annual Consolidated Financial Statements | Pages 8-122. |

4. the independent auditor’s report in respect of the 2021 Annual Consolidated Financial Statements is available at: [https://www.mbhbank.com/sw/static/file/Independent auditor s report on the audit of consolidated annual financial statements for 2021.pdf](https://www.mbhbank.com/sw/static/file/Independent%20auditor%20s%20report%20on%20the%20audit%20of%20consolidated%20annual%20financial%20statements%20for%202021.pdf) (the “**2021 Auditor’s Report**”).

The 2021 Auditor’s Report is unqualified.

5. the unaudited condensed consolidated interim financial statements of the Issuer, reviewed by the independent auditor as of and for the six months ended 30 June 2023 are available at [https://www.mbhbank.com/sw/static/file/2_szamu_melleklet MBH Bank IFRS Konzolidalt penzugyi kimutatasok 2023.06.30 ENG 0910.pdf](https://www.mbhbank.com/sw/static/file/2_szamu_melleklet_MBH_Bank_IFRS_Konzolidalt_penzugyi_kimutatasok_2023.06.30_ENG_0910.pdf) (the “**2023 Interim Consolidated Financial Statements**”) including the information set out at the following pages in particular:

Condensed Consolidated Interim Statement of Financial Position Pages 3-4.

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income Pages 5-6.

Condensed Consolidated Interim Statement of Changes in Equity Page 7.

Condensed Consolidated Interim Cash Flows Statement Pages 8-9.

Notes to the 2023 Interim Consolidated Financial Statements Pages 10-61.

6. the independent auditor’s report on the review of the 2023 Interim Consolidated Financial Statements is available at: [https://www.mbhbank.com/sw/static/file/MBH Bank Plc Audit report Condensed Consolidated IFS.pdf](https://www.mbhbank.com/sw/static/file/MBH_Bank_Plc_Audit_report_Condensed_Consolidated_IFS.pdf) (the “**2023 Interim Auditor’s Review Report**”).

References to the “**Documents Incorporated by Reference**” means the 2022 Annual Consolidated Financial Statements, the 2022 Auditor’s Report, the 2021 Annual Consolidated Financial Statements, the 2021 Auditor’s Report, the 2023 Interim Consolidated Financial Statements and the 2023 Interim Auditor’s Review Report.

The Documents Incorporated by Reference have been previously published by the Issuer and have been filed with the CSSF. Such information in those documents shall be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Those parts of the Documents Incorporated by Reference which are not specifically incorporated by reference in this Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Prospectus. The independent registered auditor's reports on the 2022 Annual Consolidated Financial Statements and the 2021 Annual Consolidated Financial Statements mentioned above contain references to "Other Information". Such "Other Information" does not form a part of this Base Prospectus. Any information not listed above but included in the Documents

Incorporated by Reference is given for information purposes only. Any documents referred to in the Documents Incorporated by Reference do not form part of this Base Prospectus. The Issuer accepts responsibility as to the accuracy and completeness of any translations into English set out in any Documents Incorporated by Reference in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

V. FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression “**necessary information**” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes, the reasons for the issuance and the impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in this Base Prospectus as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.

VI. TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with Part A of the relevant Final Terms, shall be applicable to Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in the terms and conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on Notes in definitive form or Certificates (as the case may be). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Forms of the Notes - Summary of Provisions relating to the Notes while in Global Form”.

This Note is one of a series (each a “**Series**”) issued pursuant to the €1,500,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by MBH Bank Nyrt. (formerly known as MKB Bank Nyrt.) (the “**Issuer**”) on 2 October 2023. A Fiscal Agency Agreement dated 2 October 2023 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Citibank, N.A., London Branch as fiscal agent, Citibank Europe plc as registrar and the other agents named in it. The Notes have the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 2 October 2023 executed by the Issuer relating to the Notes. The fiscal agent, the registrar, any transfer agent and the calculation agent for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Registrar**” and the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent**”. “**Agents**” means the Fiscal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreement includes the form of the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the Specified Offices of the Fiscal Agent, the Registrar and any Transfer Agents. The Noteholders (as defined below) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

The term “**Notes**” means debt instruments, by whatever name called, issued under the Programme. The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Final Terms. Notes issued under the Programme are issued in Series and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of the relevant final terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and are subject to its detailed provisions.

1 Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Amounts**” has the meaning given in Condition 13(a) (*Gross-up*);

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Adjustment Spread**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Alternative Rate**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Bail-In Tool**” means the mechanism for effecting the exercise by the Relevant Regulator of the write-down and conversion powers in relation to liabilities of an institution:

- (i) prior to resolution in accordance with Sections 74 to 79 or independent of a resolution in accordance with paragraph 2 of Section 74 (implementing Article 59.1 of the BRRD in Hungary);
- (ii) under resolution in accordance with paragraphs d) to h) of subsection (1) of Section 84; or
- (iii) under resolution in accordance with Sections 57 to 61 and/or Sections 69 to 73,

of the Resolution Act (as amended or replaced from time to time);

“**Benchmark Amendments**” has the meaning given in Condition 9(a)(4) (*Benchmark Amendments*);

“**Benchmark Event**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Broken Amount**” means, in respect of any Notes, the amount (if any) that is specified in the relevant Final Terms;

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; and
- (iii) in relation to any Notes for which the Reference Rate is specified as SOFR in the relevant Final Terms, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day

that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

a “**Capital Disqualification Event**” is deemed to have occurred if there is a change (which has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Tier 2 Capital Notes which becomes effective after the Issue Date of the last Tranche of the relevant Series of Tier 2 Capital Notes and that results, or would be likely to result, in some of or the entire principal amount of the Notes being excluded from the Tier 2 Capital of the Issuer or the MBH Group and, for the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the CRR as in force as at the Issue Date of the last Tranche of the relevant Series of Tier 2 Capital Notes shall not comprise a Capital Disqualification Event;

“**CMS Rate**” means the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at (a) the Determination Time specified in the relevant Final Terms or (b) if no Determination Time is specified in the relevant Final Terms, 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question, all as determined by the Calculation Agent;

“**CMS Rate Fixing Centre**” has the meaning given in the relevant Final Terms;

“**CMS Rate Fixing Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in each CMS Rate Fixing Centre specified in the relevant Final Terms;

“**CMT Designated Maturity**” has the meaning given to it in the relevant Final Terms;

“**CMT Rate**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

- (i) the yield for United States Treasury Securities at “constant maturity” for the CMT Designated Maturity, as published in the H.15(519) under the caption “treasury constant maturities (nominal)”, as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or
- (ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Rate Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at “constant maturity” for the CMT Designated Maturity as published in the H.15(519) under the caption “treasury constant maturities (nominal)” on such Reset Determination Date; or
- (iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reference Bank CMT Rate on such Reset Determination Date;

“**CMT Rate Screen Page**” has the meaning given to it in the relevant Final Terms or any successor service or such other page as may replace that page on that service for the purpose of displaying “treasury constant maturities” as reported in H.15(519);

“**Code**” has the meaning given in Condition 13(b) (*FATCA*);

“**Coupon Sheet**” means, in respect of a Bearer Note, a coupon sheet relating to such Note;

“**Couponholders**” means the holders of the Coupons (whether or not attached to the relevant Notes);

“**Credit Institutions Act**” means Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises;

“**CRR**” means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation), as amended or replaced from time to time (including pursuant to Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019), and any references in these Conditions to relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the

product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

- (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year;
- (ii) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30;

- (vii) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis is as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (1) that day is the last day of February or (2) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (1) that day is the last day of February but not the Maturity Date or (2) such number would be 31, in which case **D₂** will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from (and including) the first day of the Calculation Period to (but excluding) the last day of the Calculation Period;

“**Designated Maturity**” shall have the meaning specified in the relevant Final Terms;

“**Directors**” means the directors of the Issuer;

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**EEA Regulated Market**” means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended or any equivalent or successor provision;

“**EURIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

“**euro**” and “**€**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

“**Extraordinary Resolution**” has the meaning given in the Fiscal Agency Agreement;

“**FATCA Withholding**” has the meaning given in Condition 13(b) (*FATCA*);

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**First Interest Payment Date**” means the date specified in the relevant Final Terms;

“**First Margin**” means the margin specified as such in the relevant Final Terms;

“**First Reset Date**” means the date specified in the relevant Final Terms;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date;

“**First Reset Rate of Interest**” means, in respect of the First Reset Period and subject to Conditions 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – CMT Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin (with such sum converted (if necessary) from a basis equivalent to the Fixed Leg Swap Payment Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent));

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Fixed Leg Swap Payment Frequency**” has the meaning given in the relevant Final Terms;

“**Fixed Rate Note**” means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

“**Floating Rate Note**” means a Note on which interest is calculated at a floating rate payable at intervals of one, two, three, six or 12 months or at such other intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

“**Holder**”, in the case of Bearer Notes, has the meaning given in Condition 2(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(d) (*Title to Registered Notes*);

“**IA Determination Cut-Off Date**” means the day falling no later than five Business Days prior to the Interest Determination Date or the Reset Determination Date (as applicable);

“**Independent Adviser**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Initial Mid-Swap Rate**” has the meaning specified in the relevant Final Terms;

“**Initial Mid-Swap Rate Final Fallback**” has the meaning given in the relevant Final Terms;

“**Initial Rate of Interest**” has the meaning specified in the relevant Final Terms;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” shall mean:

- (i) if the Reference Rate is not CMS Rate, the date specified as such in the relevant Final Terms, or if the Reference Rate is EURIBOR, unless specified otherwise in the relevant Final Terms, the second TARGET Settlement Day prior to the start of each Interest Period; or
- (ii) if the Reference Rate is CMS Rate, the date specified as such in the relevant Final Terms, provided that if any day specified as an Interest Determination Date in the relevant Final Terms is not a CMS Rate Fixing Day, the relevant Interest Determination Date shall be the immediately preceding CMS Rate Fixing Day;

“**Interest Payment Date**” means the First Interest Payment Date and any date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention;
or

- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the first Interest Payment Date or next Interest Payment Date (as the case may be);

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Last Observable Mid-Swap Rate Final Fallback**” has the meaning given in the relevant Final Terms;

“**Loss Absorption Compliant Notes**” means securities issued directly by the Issuer that:

- (i) (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) have terms not materially less favourable to an investor than the terms of the relevant Series of Notes which have been or are to be substituted or varied (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer) prior to the issue or, as appropriate, variation of the relevant securities and, for the avoidance of doubt, any change to the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*) shall not be materially less favourable to an investor for these purposes), and, subject thereto, which: (1) contain terms which comply with the then applicable Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer’s minimum requirements (on an individual or consolidated basis) for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Notes; (3) rank at least *pari passu* with the ranking of the relevant Series of Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Series of Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) (other than as envisaged by Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) do not contain terms which provide for interest cancellation or deferral; and (7) (other than as envisaged by Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares;
- (ii) are listed on (aa) the same stock exchange or market as the relevant Series of Notes which have been or are to be substituted or varied, (bb) the Official List and admitted to trading on the Market or (cc) such other internationally recognised stock exchange, which is

commonly used for the listing and trading of debt securities in the international bond markets, as selected by the Issuer;

- (iii) where the Series of Notes which have been or are to be substituted or varied had a public rating which had been solicited by or published with the permission of the Issuer from a credit rating agency immediately prior to their substitution or variation, (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) each such credit rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Loss Absorption Compliant Notes;

a “**Loss Absorption Disqualification Event**” shall be deemed to have occurred if, as a result of any amendment to, or change in, any Loss Absorption Regulations, or any change in the application or official interpretation of any Loss Absorption Regulations, in any such case becoming effective on or after the Issue Date, the entire principal amount of a Series of Notes or any part thereof, is, or (in the opinion of the Issuer or the Relevant Regulator) is likely to be, excluded from the Issuer’s and/or the MBH Group’s minimum requirements for own funds and eligible liabilities as such minimum requirements are applicable to the Issuer (whether on an individual or consolidated basis) and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that a Loss Absorption Disqualification Event shall not occur where the relevant exclusion is due to (a) the remaining maturity of the Notes being less than any period prescribed by the Loss Absorption Regulations effective with respect to the Issuer and/or the MBH Group on the Issue Date, (b) any limit on the aggregate principal amount of instruments generally or of a particular type which the Issuer and/or the MBH Group is permitted to count towards the minimum requirement for own funds and eligible liabilities pursuant to the Loss Absorption Regulations and/or (c) the Issuer not having a requirement pursuant to the Loss Absorption Regulations to have in issue own funds and eligible liabilities in excess of the Issuer’s and/or the MBH Group’s own funds requirements;

“**Loss Absorption Regulations**” means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of Hungary, the Relevant Regulator and/or of the European Parliament or of the Council of the European Union then in effect in Hungary and applicable to the Issuer and/or the MBH Group (whether on an individual or consolidated basis), including, without limitation to the generality of the foregoing, any applicable delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Relevant Regulator from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer and/or the MBH Group);

“**Margin**” has the meaning given in the relevant Final Terms;

“**Market**” means the EEA Regulated Market of the Luxembourg Stock Exchange;

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**MBH Group**” means the Issuer and each entity (if any) that is part of the prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time, if any;

“**Mid-Market Swap Rate**” means, for any Reset Period, the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Payment Frequency during the relevant Reset Period (calculated on the day count basis then customary for fixed rate payments in the Specified Currency) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis then customary for floating rate payments in the Specified Currency);

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Floating Leg Benchmark Rate**” means EURIBOR if the Specified Currency is euro or the Reference Rate as specified in the relevant Final Terms;

“**Mid-Swap Maturity**” has the meaning given in the relevant Final Terms;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*), either:

(i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Noteholder**”, in the case of Bearer Notes, has the meaning given in Condition 2(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(d) (*Title to Registered Notes*);

“**Official List**” means the official list of the Luxembourg Stock Exchange;

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Amount (Capital Disqualification Event)**” means, in respect of any Tier 2 Capital Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Amount (Loss Absorption Disqualification Event)**” means, in respect of any Senior Non-Preferred Note or, where applicable, Senior Preferred Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Final Terms;

“**Original Reference Rate**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Payment Business Day**” means:

- (i) if the currency of payment is euro, any day (other than a Saturday, Sunday or public holiday) which is:
 - (A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Fiscal Agent has its Specified Office; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day (other than a Saturday, Sunday or public holiday) which is:
 - (A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Fiscal Agent has its Specified Office; and

- (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“**person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer;
- (ii) in relation to Australian dollars, it means Sydney; and
- (iii) in relation to New Zealand Dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer;

“**Put Option Notice**” means a notice which must be delivered to an Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Put Option Receipt**” means a receipt issued by an Agent to a depositing Noteholder upon deposit of a Note with such Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Qualifying Tier 2 Securities**” means securities issued directly by the Issuer that:

- (i) (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) have terms not materially less favourable to an investor than the terms of the relevant Series of Tier 2 Capital Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer) prior to the issue or, as appropriate, variation of the relevant securities and, for the avoidance of doubt, any change to the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*) shall not be materially less favourable to an investor for these purposes), and, subject thereto, which: (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Tier 2 Capital Notes; (3) rank at least *pari passu* with the ranking of the relevant Series of Tier 2 Capital Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Series of Tier 2 Capital Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) (other than as envisaged by Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) do not contain terms which provide for interest cancellation or deferral; and (7) (other than as envisaged by Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

- (ii) are listed on (aa) the same stock exchange or market as the relevant Series of Tier 2 Capital Notes, (bb) the Official List and admitted to trading on the Market or (cc) such other internationally recognised stock exchange, which is commonly used for the listing and trading of debt securities in the international bond markets, as selected by the Issuer; and
- (iii) where the Series of Tier 2 Capital Notes which have been or are to be substituted or varied had a public rating which had been solicited by or published with the permission of the Issuer from a credit rating agency immediately prior to their substitution or variation, (other than in respect of, or in order to ensure, the effectiveness and enforceability of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) each such credit rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Securities;

“Ranking Legislation” means Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings of Hungary, subject to the Credit Institutions Act;

“Rate of Interest” means: (i) in the case of Notes other than Reset Notes, the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms; and (ii) in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Loss Absorption Disqualification Event), the Optional Redemption Amount (Put), the Optional Redemption Amount (Capital Disqualification Event) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

“Reference Banks” (i) in the case of Notes other than Reset Notes and Floating Rate Notes where the Reference Rate is CMS Rate, has the meaning given in the relevant Final Terms or, if none, five major banks selected by the Issuer in the market that is most closely connected with the Reference Rate, (ii) in the case of Floating Rate Notes where the Reference Rate is CMS Rate, (A) where the Reference Currency is euro, the principal office of five leading swap dealers in the Eurozone inter-bank market, (B) where the Reference Currency is pounds sterling, the principal London office of five leading swap dealers in the London inter-bank market, (C) where the Reference Currency is U.S. dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (D) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Issuer, and (iii) in the case of Reset Notes, has the meaning given in the relevant Final Terms or, if none (1) in the case of the calculation of a Mid-Market Swap Rate, five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer or (2) in the case of the calculation of a CMT Rate, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York as selected by the Issuer;

“Reference Bank CMT Rate” means, if “CMT Rate” is specified in the Final Terms, the Reset United States Treasury Securities Quotations provided by the Reference Banks to the Issuer at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reference Bank CMT Rate will be the rounded arithmetic mean of the

quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reference Bank CMT Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reference Bank CMT Rate will be the rounded quotation provided;

“**Reference Currency**” has the meaning given in the relevant Final Terms;

“**Reference Price**” has the meaning given in the relevant Final Terms;

“**Reference Rate**” shall mean (i) EURIBOR, (ii) SOFR, (iii) €STR, (iv) the CMS Rate or (v) as otherwise specified in the relevant Final Terms, in each case for the relevant currency and for the relevant period as specified in the relevant Final Terms;

“**Regular Period**” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Regulatory Capital Requirements**” means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Regulator, Hungary, the European Banking Authority or the European Parliament and/or Council then in effect in Hungary relating to capital adequacy and applicable to the Issuer and/or the MBH Group;

“**Relevant Date**” means: (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate or Bearer Note representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the Winding-Up;

“**Relevant Financial Centre**” has the meaning given in the relevant Final Terms;

“**Relevant Jurisdiction**” means Hungary or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority

thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium (if any) and/or interest on the Notes;

“**Relevant Nominating Body**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Relevant Regulator**” means the National Bank of Hungary (*Magyar Nemzeti Bank or MNB*) acting in the context of prudential matters or recovery and resolution matters or such other authority having primary supervisory authority with respect to prudential and/or recovery and resolution matters, concerning the Issuer and/or the MBH Group, as may be relevant in the context and circumstances;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service, including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Swap Rate**” means

- (i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity of six months;
- (ii) where the Reference Currency is pounds sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating pounds sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to SONIA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to SONIA with a designated maturity of three months;
- (iii) where the Reference Currency is U.S. dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to SOFR (as defined in the ISDA Definitions) with a designated maturity of three months; and

(iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

“**Relevant Time**” has the meaning given in the relevant Final Terms;

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“**Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Determination Date**” means, in respect of a Reset Period, (a) each date specified as such in the Final Terms or, if none is so specified, (b) (i) if the Specified Currency is euro, the day falling two TARGET Settlement Days prior to the first day of such Reset Period, (ii) if the Specified Currency is U.S. dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period or (iii) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period;

“**Reset Maturity Initial Mid-Swap Rate Final Fallback**” has the meaning given in the relevant Final Terms;

“**Reset Note**” means a Note which bears interest at a rate of interest which is recalculated at specified intervals;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period, as the case may be;

“**Reset Period Maturity Initial Mid-Swap Rate**” has the meaning given in the relevant Final Terms;

“**Reset Rate**” means (i) if “Mid-Swap Rate” is specified in the relevant Final Terms, the relevant Mid-Swap Rate or (ii) if “CMT Rate” is specified in the Final Terms, the relevant CMT Rate;

“**Reset United States Treasury Securities**” means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two or more United States Treasury Securities have remaining terms to maturity of no more than one year shorter than the CMT Designated Maturity, the United States Treasury Security with the longer remaining term to maturity will be used and if two or more United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used;

“**Reset United States Treasury Securities Quotation**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reference Bank as being a yield-to-maturity based on the secondary market bid price of such Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date;

“**Resolution Act**” means Act XXXVII of 2014 on the improvement of the institutional system strengthening the security of certain participants of the financial intermediary system and any other

law or regulation implementing, amending or superseding the provisions of such act or Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms;

“**Senior Claims**” means the aggregate amount of all claims admitted in a Winding-Up of the Issuer in respect of creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer including the claims against the Issuer specified in Section 57(1)(a)-(h) of the Ranking Legislation, thus, for the avoidance of doubt, holders of Senior Preferred Notes and holders of Senior Non-Preferred Notes; and (b) whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Tier 2 Capital Notes or related Coupons, including debt arising from Tier 2 items and instruments within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation);

“**Senior Non-Preferred Claims**” means the aggregate amount of all claims admitted in a Winding-Up of the Issuer which are claims of creditors in respect of obligations which are secondary non-preferential debt under the Ranking Legislation in accordance with Section 57(1b)(b) of the Credit Institutions Act (including, without limitation, Senior Non-Preferred Notes and claims in respect of the Senior Non-Preferred Notes);

“**Senior Notes**” means the Senior Non-Preferred Notes and the Senior Preferred Notes;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Fiscal Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Subsequent Margin**” means the margin(s) specified as such in the relevant Final Terms;

“**Subsequent Reset Date**” means the date or dates specified in the relevant Final Terms;

“**Subsequent Reset Period**” means the period from (and including) the first Subsequent Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period and subject to Conditions 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – CMT Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Fixed Leg Swap Payment Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent));

“**Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback**” has the meaning given in the relevant Final Terms;

“**Subsequent Reset Rate Mid-Swap Rate Final Fallback**” has the meaning given in the relevant Final Terms;

“**Successor Rate**” has the meaning given in Condition 9(a)(7) (*Definitions*);

“**Supervisory Permission**” means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under prevailing Regulatory Capital Requirements (if any) and/or (in the case of Senior Non-Preferred Notes or Senior Preferred Notes) the Loss Absorption Regulations (if any);

“**Talon**” means a talon for further Coupons;

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system;

“**TARGET Settlement Day**” means any day on which T2 is open for the settlement of payments in euro;

“**Tax Event**” is deemed to have occurred if, as a result of a Tax Law Change, the Issuer determines that (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts and the Issuer could not avoid the foregoing by taking measures reasonably available to it or (b) (if Tax Event (Deductibility) is expressly specified to be “Applicable” in the Final Terms) to the extent (prior to such Tax Law Change) the Issuer was entitled to claim a deduction in respect of the Notes in computing its taxation liabilities, it would not be entitled to claim a deduction in respect of its taxation liabilities in the Relevant Tax Jurisdiction in respect of any payment of interest to be made on the next Interest Payment Date or the value of such deduction would be materially reduced;

“**Tax Law Change**” means a change in or amendment to the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date of the last Tranche of Notes of the relevant Series or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Issue Date of the last Tranche of Notes of the relevant Series;

“**Tier 1 Capital**” has the meaning given to it from time to time by the Relevant Regulator or the applicable prudential rules;

“**Tier 2 Capital**” has the meaning given to it from time to time by the Relevant Regulator or the applicable prudential rules;

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

“**United States Treasury Securities**” means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis;

“**Winding-Up**” means the ordering by any competent court for the liquidation (*felszámolás*) of the Issuer in accordance with Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings of Hungary; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) ***Interpretation: In these Conditions:***

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount (in the case of Senior Preferred Notes unless the relevant Final Terms expressly specifies “Senior Preferred Notes: Gross-up of principal” as “Not Applicable” only) any Additional Amounts in respect of principal which may be payable under Condition 13 (*Taxation*) or any undertakings given in addition thereto or in substitution therefor or any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any undertakings given in addition thereto or in substitution therefor or any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Fiscal Agency Agreement; and
- (vii) if an expression is stated in Condition 1(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “Not Applicable”, then such expression is not applicable to the Notes.

2 **Form, Denomination, Title and Transfer**

(a) ***Bearer Notes***

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) ***Title to Bearer Notes***

Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.

(c) ***Registered Notes***

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(d) ***Title to Registered Notes***

The Registrar will maintain the register in accordance with the provisions of the Fiscal Agency Agreement. A certificate (each, a “**Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

(e) ***Ownership***

The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

(f) ***Transfers of Registered Notes***

Subject to Conditions 2(j) (*Closed periods*) and 2(k) (*Regulations concerning transfers and registration*), a Registered Note may be transferred in whole or in part upon the surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Registered Notes will be issued to the transferor and in any case a further new Certificate will be issued to the transferee in respect of the part transferred.

(g) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the

same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(h) ***Registration and delivery of Certificates***

Within three business days of the surrender of a Certificate in accordance with Condition 2(f) (*Transfers of Registered Notes*), the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2(h) (*Registration and delivery of Certificates*), “**business day**” means a day on which commercial banks and foreign exchange markets settle payments generally in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(i) ***No charge***

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(j) ***Closed periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*), (iii) after the Notes have been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

(k) ***Regulations concerning transfers and registration***

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

(l) ***No exchange***

Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

3 Status

The Notes are either senior preferred Notes (“**Senior Preferred Notes**”), senior non-preferred Notes (“**Senior Non-Preferred Notes**”) or tier 2 capital Notes (“**Tier 2 Capital Notes**”), as specified in the relevant Final Terms.

(a) *Senior Preferred Notes*

The Senior Preferred Notes (and the Coupons relating thereto, if any) constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and constitute ordinary non-preferential debt (Hungarian terminology: *rendes fedezetlen követelések*) pursuant to Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Preferred Notes and any Coupons relating thereto rank *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

The Issuer and, by virtue of its holding of any Senior Preferred Note or any beneficial interest therein, each Holder of a Senior Preferred Note and each Holder of a Coupon relating to a Senior Preferred Note acknowledge and agree that the Senior Preferred Notes and any such Coupons rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation and *pari passu* with all other outstanding unsecured and unsubordinated deposits with, and loans to, the Issuer, present or future (other than Senior Non-Preferred Notes and other obligations which rank or are expressed to rank junior to the Senior Preferred Notes, including debt of the Issuer specified in Sections 57(1b)(b) and Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation, and claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation) and other than such deposits, loans or other obligations which are given priority pursuant to applicable statutory provisions), save only where the Ranking Legislation provides otherwise for ordinary non-preferential debt generally, in which case the Senior Preferred Notes and such Coupons will rank as provided in the Ranking Legislation for ordinary non-preferential debt generally.

(b) *Senior Non-Preferred Notes*

The Senior Non-Preferred Notes (and the Coupons relating thereto, if any) constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer and constitute secondary non-preferential debt (Hungarian terminology: *előresorolt, de nem elsőbbségi fedezetlen követelések*) pursuant to Section 57(1b)(b) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and any Coupons relating thereto rank junior to the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation, junior to the Senior Preferred Notes and any Coupons relating thereto and any other senior preferred debt of the Issuer specified in Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation. The Senior Non-Preferred Notes rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Senior Non-Preferred Note or any beneficial interest therein, each Holder of a Senior Non-Preferred Note and each Holder of a Coupon relating to a Senior Non-Preferred Note acknowledge and agree that if a Winding-Up of the Issuer occurs, the rights and claims of the Holders and the Couponholders against the Issuer in respect of, or arising under, each Senior Non-Preferred Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Senior Non-Preferred Note or any related Coupon, together with, to the extent not otherwise

included within the foregoing, any other amounts attributable to such Senior Non-Preferred Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Senior Non-Preferred Note or any related Coupon, provided however that such rights and claims shall rank:

- (i) junior in right of payment to all claims in respect of the claims against the Issuer specified in Section 57(1)(a)-(e) of the Ranking Legislation, the Senior Preferred Notes and any Coupons relating thereto and ordinary non-preferential debt specified in Section 57(1b)(a) of the Credit Institutions Act for the purposes of the Ranking Legislation) of the Issuer and any other creditors of the Issuer which are given priority pursuant to applicable statutory provisions;
- (ii) *pari passu* with all other Senior Non-Preferred Claims; and
- (iii) in priority to: (A) all claims in respect of other non-preferential debts of the Issuer specified in Section 57(1b)(c) of the Credit Institutions Act for the purposes of the Ranking Legislation; (B) all claims against the Issuer specified in Section 57(1)(g)-(h) of the Ranking Legislation (including claims for default interest and certain claims of affiliated persons and entities against the Issuer as specified in the Ranking Legislation); and (C) all claims in respect of Tier 2 items and instruments within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation (including, without limitation, any Tier 2 Capital Notes),

save only where the Ranking Legislation provides otherwise for claims in respect of secondary non-preferential debt generally, in which case such claims will rank as the Ranking Legislation provides for claims in respect of secondary non-preferential debt generally (whether or not the Senior Non-Preferred Notes and any Coupons relating to them then constitute secondary non-preferential debt of the Issuer for the purposes of the Ranking Legislation).

(c) ***Tier 2 Capital Notes***

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and constitute subordinated non-preferential debt arising from Tier 2 instruments (Hungarian terminology: *járuĺekos t keelem*) within the meaning of Section 57(2) of the Credit Institutions Act for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Tier 2 Capital Notes and any Coupons relating thereto rank junior to the claims against the Issuer specified in section 57(1)(a)-(h) of the Ranking Legislation, including the Senior Preferred Notes and the Senior Non-Preferred Notes and in each case any Coupons relating thereto. The Tier 2 Capital Notes rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Tier 2 Capital Note or any beneficial interest therein, each Holder of a Tier 2 Capital Note and each Holder of a Coupon relating to a Tier 2 Capital Note acknowledge and agree that if a Winding-Up of the Issuer occurs, the rights and claims of the Holders and the Couponholders against the Issuer in respect of, or arising under, each Tier 2 Capital Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Tier 2 Capital Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Tier 2 Capital Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Tier 2 Capital Note or any related Coupon, provided however that such rights and claims shall be

subordinated as provided in this Condition 3(c) (*Tier 2 Capital Notes*) to all Senior Claims but shall rank:

- (i) subject as provided in paragraph (ii) below, at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith; and
- (ii) in priority to (A) obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital, (B) all obligations which rank, or are expressed to rank, *pari passu* with such obligations described in (A), (C) the claims of holders of all classes of share capital of the Issuer and (D) any obligations that otherwise rank, or are expressed to rank, junior to the Tier 2 Capital Notes.

(d) ***No set-off***

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, retention, counter-claim, abatement or other similar right or remedy which it might otherwise have under the laws of any jurisdiction in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Holder shall, by virtue of its holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation, retention, counter-claim, abatement or other similar right or remedy which it might otherwise have under the laws of any jurisdiction. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off or such other similar right or remedy, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of a Winding-Up, the relevant insolvency official appointed in respect of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the relevant insolvency official appointed in respect of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(e) ***No Security/Guarantee: No Enhancement of Seniority***

The Notes are neither secured nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

4 Fixed Rate Note Provisions

(a) ***Application***

This Condition 4 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case

it will continue to bear interest in accordance with this Condition 4 (*Fixed Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5 Reset Note Provisions

(a) ***Application***

This Condition 5 (*Reset Note Provisions*) is applicable to the Notes only if the Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest:

- (i) from (and including) the Interest Commencement Date specified in the relevant Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (ii) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Reset Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Rate of Interest***

The Rate of Interest applicable for each Reset Period shall, subject to Condition 9(a) (*Benchmark Discontinuation*), be determined by the Calculation Agent at or as soon as practicable after each time at which the Rate of Interest is to be determined on each Reset Determination Date. The Interest Amount payable on the Notes shall be calculated in accordance with the provisions for calculating amounts of interest in Condition 4 (*Fixed Rate Note Provisions*) and, for such purposes, Condition 4 (*Fixed Rate Note Provisions*) shall be construed accordingly.

(d) ***Fallback – Mid-Swap Rate***

Where the Reset Rate is specified as “Mid-Swap Rate” in the relevant Final Terms and if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer shall request each of the Reference Banks to provide the Issuer with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Issuer with Mid-Market Swap Rate Quotations on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If only one of the Reference Banks provides the Issuer with a Mid-Market Swap Rate Quotation on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If on any Reset Determination Date none of the Reference Banks provides the Issuer with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(d) (*Fallback – Mid-Swap Rate*):

- (i) in the case of the first Reset Determination Date only, the First Reset Rate of Interest shall be equal to the sum of:
 - (A) if Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent));
 - (B) if Reset Maturity Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Reset Period Maturity Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or

- (C) if Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),

provided that if the application of paragraph (i)(B) or (i)(C) above could, in the determination of the Issuer, reasonably be expected to prejudice the qualification of the relevant Series of Notes as Tier 2 Capital (in the case of Tier 2 Capital Notes) or as eligible liabilities or loss absorbing capacity instruments (in the case of Senior Non-Preferred Notes or Senior Preferred Notes) for the purposes of the Loss Absorption Regulations, then paragraph (i)(A) above will apply; or

- (ii) in the case of any Reset Determination Date, other than the first Reset Determination Date, the Subsequent Reset Rate of Interest shall be equal to the sum of:

- (A) if Subsequent Reset Rate Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or

- (B) if Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),

provided that if the application of this paragraph (ii)(B) above, in the determination of the Issuer, could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Tier 2 Capital (in the case of Tier 2 Capital Notes) or as eligible liabilities or loss absorbing capacity instruments (in the case of Senior Non-Preferred Notes or Senior Preferred Notes) for the purposes of the Loss Absorption Regulations, then paragraph (ii)(A) above will apply.

- (e) ***Fallback – CMT Rate***

Where the Reset Rate is specified as “CMT Rate” in the relevant Final Terms and where no quotations with respect to the Reference Bank CMT Rate are provided, the Reference Bank CMT Rate shall be determined to be the relevant CMT Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

- (f) ***Publication***

The Calculation Agent will cause each Rate of Interest determined by it and any other amount(s) required to be determined by it, together with the relevant payment date(s), to be notified to the

Issuer and the Agents as soon as possible after such determination but in any event not later than the fourth Business Day thereafter and the Issuer shall thereafter notify, as soon as possible, each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and, in accordance with Condition 20 (*Notices*), the Holders.

(g) ***Notifications, etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Reset Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Agents and all Holders and no liability to the Holders, Couponholders or (subject to the provisions of the Agency Agreement) the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Floating Rate Note Provisions

(a) ***Application***

This Condition 6 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Floating Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Screen Rate Determination – Other than Floating Rate Notes which reference CMS Rate, SOFR or €STR***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the relevant Final Terms do not specify that the Reference Rate is the CMS Rate, SOFR or €STR, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent, subject to Condition 9(a) (*Benchmark Discontinuation*), on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (A) one rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the period of time designated in the Reference Rate, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate (including, where the Issuer deems appropriate, in consultation with an Independent Advisor);

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of paragraph (i) above, such rate does not appear on that page or, in the case of paragraph (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:
 - (A) request each of the Reference Banks to provide to the Issuer a quotation of the Reference Rate as at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period or, in the absence of a preceding Interest Period, the Rate of Interest applicable to the Notes during such Interest Period shall be the Initial Rate of Interest.

(d) ***Screen Rate Determination – Floating Rate Notes which are CMS-Linked Notes***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the relevant Final Terms specify that the Reference Rate is the CMS Rate, the Rate of Interest applicable to the Notes for each Interest Period will be

the CMS Rate plus or minus (as indicated in the relevant Final Terms) the Margin, as determined, subject to Condition 9(a) (*Benchmark Discontinuation*) by the Calculation Agent.

If the Relevant Screen Page is not available, the Issuer shall request each of the Reference Banks to provide it with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) as at approximately (i) the Determination Time specified in the relevant Final Terms or (ii) if no Determination Time is specified in the relevant Final Terms, 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question.

If two or more of the Reference Banks provide the Issuer with such quotations as aforesaid, the CMS Rate for such Interest Period shall be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date at the Determination Time or 11.00 a.m. (Relevant Financial Centre time) (as applicable) one only or none of the Reference Banks provides the Issuer with such quotations as aforesaid, the CMS Rate shall be determined by the Issuer, after consultation with an Independent Adviser, on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

(e) ***Screen Rate Determination - Floating Rate Notes which reference SOFR or €STR***

(i) If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, Index Determination is specified in the relevant Final Terms as not applicable and the Reference Rate specified in the relevant Final Terms is SOFR or €STR:

(A) where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Final Terms as being “**Compounded Daily**”, the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 9(a) (*Benchmark Discontinuation*) or Condition 9(b) (*Benchmark Transition Event*), as the case may be, and Condition 6(h) (*Floating Rate Note Provisions– Maximum or Minimum Rate of Interest*) and subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and

(B) where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Final Terms as being “**Weighted Average**”, the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 9(a) (*Benchmark Discontinuation*) or Condition 9(b) (*Benchmark Transition Event*), as the case may be, and Condition 6(h) (*Floating Rate Note Provisions– Maximum or Minimum Rate of Interest*) and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

- (ii) Where “**SOFR**” is specified as the Reference Rate in the relevant Final Terms, subject to Condition 9(b) (*Benchmark Transition Event*), if, in respect of any Local Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Local Business Day on which the SOFR was published on the Relevant Screen Page (“**r**” shall be interpreted accordingly).
- (iii) Where “**€STR**” is specified as the Reference Rate in the relevant Final Terms, subject to Condition 9(a) (*Benchmark Discontinuation*), if, in respect of any Local Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Local Business Day on which the €STR was published on the Relevant Screen Page (“**r**” shall be interpreted accordingly).
- (iv) In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Calculation Agent, subject to Condition 9(a) (*Benchmark Discontinuation*) or Condition 9(b) (*Benchmark Transition Event*), as the case may be, the Rate of Interest for such Interest Period shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period), (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period) or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period.
- (v) If the relevant Series of Notes becomes due and payable in accordance with Condition 14 (*Enforcement*), the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.
- (vi) For the purposes of this Condition 6(e) (*Floating Rate Note Provisions – Screen Rate Determination - Floating Rate Notes which reference SOFR or €STR*):

If “**Payment Delay**” is specified in the relevant Final Terms as being applicable, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as reference to interest on the Notes being payable on an Effective Interest Payment Date instead;

“**Applicable Period**” means,

- (A) where “**Lag**”, “**Lock-out**” or “**Payment Delay**” is specified as the Observation Method in the relevant Final Terms, Interest Period; and

(B) where “**Observation Shift**” is specified as the Observation Method in the relevant Final Terms, Observation Period;

“**Calculation Method**” has the meaning given in the relevant Final Terms;

“**Compounded Daily Reference Rate**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the relevant Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{r_i - pLBD \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

“**D**” is the number specified in the relevant Final Terms;

“**d**” means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

“**d_o**” means, for the relevant Applicable Period, the number of Local Business Days in such Applicable Period;

“**Effective Interest Payment Date**” means any date or dates specified as such in the relevant Final Terms;

“**€STR**” means, in respect of any Local Business Day, a reference rate equal to the daily euro short-term rate for such euro Local Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank as at the date of the Base Prospectus at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the “**ECB’s Website**”) in each case, on or before 9:00 a.m., (Central European Time) on the Local Business Day immediately following such Local Business Day;

“**i**” means, for the relevant Applicable Period, a series of whole numbers from one to d_o, each representing the relevant Local Business Day in chronological order from, and including, the first Local Business Day in such Applicable Period;

“**Local Business Day**” or “**LBD**”, means, (i) where “**SOFR**” is specified as the Reference Rate, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed; and (ii) where “**€STR**” is specified as the Reference Rate, a TARGET Settlement Day;

“**Lock-out Period**” means the period from, and including, the day following the relevant Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

“**n_i**”, for any Local Business Day “**i**” in the Applicable Period, means the number of calendar days from, and including, such Local Business Day “**i**” up to but excluding the following Local Business Day;

“**New York Federal Reserve’s Website**” means the website of the Federal Reserve Bank of New York as at the date of the Base Prospectus at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

“**Observation Method**” shall be as set out in the relevant Final Terms;

“**Observation Period**” means, in respect of the relevant Interest Period, the period from, and including, the date falling “**p**” Local Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is “**p**” Local Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “**p**” Local Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, for any Interest Period:

- (A) where “**Lag**” is specified as the Observation Method in the relevant Final Terms, the number of Local Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified five Local Business Days);
- (B) where “**Lock-out**” is specified as the Observation Method in the relevant Final Terms, zero;
- (C) where “**Observation Shift**” is specified as the Observation Method in the relevant Final Terms, the number of Local Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified, five Local Business Days);

“**r**” means:

- (A) where in the relevant Final Terms “**SOFR**” is specified as the Reference Rate and either “**Lag**” or “**Observation Shift**” is specified as the Observation Method, in respect of any Local Business Day, the SOFR in respect of such Local Business Day;
- (B) where in the relevant Final Terms “**€STR**” is specified as the Reference Rate and either “**Lag**” or “**Observation Shift**” is specified as the Observation Method, in respect of any Local Business Day, the €STR in respect of such Local Business Day;
- (C) where in the relevant Final Terms “**SOFR**” is specified as the Reference Rate and “**Lock-out**” is specified as the Observation Method:
 - (i) in respect of any Local Business Day “**i**” that is a Reference Day, the SOFR in respect of the Local Business Day immediately preceding such Reference Day, and

- (ii) in respect of any Local Business Day “**i**” that is not a Reference Day (being a Local Business Day in the Lock-out Period), the SOFR in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (D) where in the relevant Final Terms “**€STR**” is specified as the Reference Rate and “**Lock-out**” is specified as the Observation Method:
- (i) in respect of any Local Business Day “**i**” that is a Reference Day, the €STR in respect of the Local Business Day immediately preceding such Reference Day, and
 - (ii) in respect of any Local Business Day “**i**” that is not a Reference Day (being a Local Business Day in the Lock-out Period), the €STR in respect of the Local Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (E) where in the relevant Final Terms “**SOFR**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Local Business Day, the SOFR in respect of such Local Business Day, **provided however that**, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “**r**” shall be the SOFR in respect of the Rate Cut-off Date; and
- (F) where in the relevant Final Terms “**€STR**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Local Business Day, the €STR in respect of such Local Business Day, **provided however that**, in the case of the last Interest Period, in respect of each Local Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “**r**” shall be the €STR in respect of the Rate Cut-off Date;

“**Rate Cut-off Date**” has the meaning given in the relevant Final Terms;

“**Reference Day**” means each Local Business Day in the relevant Interest Period, other than any Local Business Day in the Lock-out Period;

“**r_{i-pLBD}**” means the applicable Reference Rate as set out in the definition of “**r**” above for,

- (i) where, in the relevant Final Terms, “**Lag**” is specified as the Observation Method, the Local Business Day (being a Local Business Day falling in the relevant Observation Period) falling “**p**” Local Business Days prior to the relevant Local Business Day “**i**” or,
- (ii) otherwise, the relevant Local Business Day “**i**”;

“**SOFR**” means, in respect of any Local Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve’s Website, in each case on or about 5.00 p.m. (New York City Time) (the “**SOFR Determination Time**”) on the Local Business Day immediately following such Local Business Day;

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

“**Weighted Average Reference Rate**” means:

- (A) where “**Lag**” is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Local Business Day shall be deemed to be the Reference Rate in effect for the Local Business Day immediately preceding such calendar day; and
- (B) where “**Lock-out**” is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, **provided however that** for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Local Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Local Business Day immediately preceding such calendar day.

(f) ***Index Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and Index Determination is specified in the relevant Final Terms as being applicable, the Rate of Interest applicable to the Notes for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula and rounded to the Relevant Decimal Place, all as determined and calculated by the Calculation Agent on the relevant Interest Determination Date plus or minus (as indicated in the relevant Final Terms) the Margin:

$$\left(\frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

where:

“**Compounded Index**” means SOFR Compounded Index;

“**Compounded Index End**” means the Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from such Interest Period);

“**Compounded Index Start**” means the Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

“**d**” is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

“**Index Days**” means U.S. Government Securities Business Days;

“**Numerator**” shall, unless otherwise specified in the relevant Final Terms, be 360;

“**Relevant Decimal Place**” shall, unless otherwise specified in the relevant Final Terms, be the seventh decimal place, rounded up or down, if necessary (with 0.00000005 being rounded upwards);

“**Relevant Number**” shall, unless otherwise specified in the relevant Final Terms, be two; and

“**SOFR Compounded Index**” means the compounded daily SOFR rate, as published at 15:00 (New York time) by the Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source.

Provided that a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred in respect of SOFR, if, with respect to any Interest Period, the relevant Compounded Index Start and/or Compounded Index End is not published by the administrator, the Calculation Agent shall calculate the Rate of Interest for that Interest Period in accordance with Condition 6(e) (*Floating Rate Note Provisions – Screen Rate Determination - Floating Rate Notes which reference SOFR or €STR*) as if Index Determination was not specified in the relevant Final Terms as being applicable. For these purposes, (i) the Reference Rate shall be deemed to be SOFR, (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) the Observation Look-back Period shall be deemed to be the Relevant Number, and (v) D shall be deemed to be the Numerator. If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provision of Condition 9(b) (*Benchmark Transition Event*) shall apply *mutatis mutandis* in respect of this Condition 6(f), as applicable.

(g) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option is as specified in the relevant Final Terms;
- (ii) the Designated Maturity is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date is as specified in the relevant Final Terms; and

(iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

The expressions “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” in this Condition 6(g) (*ISDA Determination*) have the respective meanings given to them in the ISDA Definitions.

(h) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise specified in the relevant Final Terms, the Minimum Rate of Interest shall be zero.

(i) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(j) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s), to be notified to the Issuer and the Agents and the Issuer shall notify each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading as soon as possible after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also be given to the Noteholders by the Issuer in accordance with Condition 20 (*Notices*) as soon as

possible after the determination or calculation thereof. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any such recalculation will promptly be notified to each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading and to the Noteholders in accordance with Condition 20 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(k) ***Notifications, etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Floating Rate Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Agents and all Holders and no liability to the Holders, Couponholders or (subject to the provisions of the Agency Agreement) the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

7 Zero Coupon Note Provisions

(a) ***Application***

This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date of the first Tranche of the relevant Series of Notes to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Fiscal Agent (acting on the instructions of the Issuer) has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8 Fixed/Floating Rate Notes

(a) ***Application***

This Condition 8 (*Fixed/Floating Rate Notes*) is applicable to the Notes only if the Fixed Rate Note Provisions and the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Fixed/Floating Rate***

The Issuer may issue Notes (i) that the Issuer may elect to convert on the date set out in the relevant Final Terms from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note or (ii) that will automatically change from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note on the date set out in the relevant Final Terms, in either case, as set out in the relevant Final Terms.

9 Benchmark Discontinuation and Benchmark Transition Event

(a) ***Benchmark Discontinuation***

This Condition 9(a) (*Benchmark Discontinuation*) applies to Floating Rate Notes and to Reset Notes which do not reference SOFR.

(1) ***Independent Adviser***

Notwithstanding the fallback provisions provided for in Conditions 5(d) (*Fallback – Mid-Swap Rate*), 5(e) (*Fallback – CMT Rate*), Condition 6(c) (*Screen Rate Determination – Other than Floating Rate Notes which reference CMS Rate, SOFR or €STR*) or Condition 6(d) (*Screen Rate Determination – Floating Rate Notes which are CMS-Linked Notes*), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9(a)(2) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 9(a)(3) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 9(a)(4) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 9(a) (*Benchmark Discontinuation*) shall act in good faith and in a commercially reasonable manner. In the absence of fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 9(a) (*Benchmark Discontinuation*).

If the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-Off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine: (x) a Successor Rate or, failing which, an Alternative Rate; and (y) in either case, an Adjustment Spread if any in accordance with this Condition 9(a) (*Benchmark Discontinuation*).

If the Independent Adviser appointed by the Issuer or the Issuer (as applicable) fails to determine a Successor Rate or, failing which, an Alternative Rate and, in either case, an Adjustment Spread in accordance with this Condition 9(a) (*Benchmark Discontinuation*) prior to the relevant Interest Determination Date or the Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or (in the case of Notes for which the Reset Note Provisions are applicable) Reset Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant

Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period or (in the case of Notes for which the Reset Note Provisions are applicable) Reset Period only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 9(a) (*Benchmark Discontinuation*).

(2) ***Successor Rate or Alternative Rate***

If in accordance with this Condition 9(a) (*Benchmark Discontinuation*) it is determined that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 9(a) (*Benchmark Discontinuation*)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 9(a) (*Benchmark Discontinuation*)).

(3) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), including for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable) subject to the subsequent operation of this Condition 9(a) (*Benchmark Discontinuation*).

If the Independent Adviser or the Issuer (as applicable) is unable to determine the Adjustment Spread (or the formula or methodology for determining such Adjustment Spread), then the fallback provisions described in the final sub-paragraph of Condition 9(a)(1) (*Independent Adviser*) shall apply. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first sub-paragraph of Condition 9(a)(1) (*Independent Adviser*).

(4) ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 9(a) (*Benchmark Discontinuation*) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable

Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 9(a)(5) (*Notices, etc.*), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Fiscal Agent of a certificate signed by two Directors of the Issuer pursuant to Condition 9(a)(5) (*Notices, etc.*), the Fiscal Agent and any other agents party to the Fiscal Agency Agreement shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer and use reasonable endeavours to effect any Benchmark Amendments and the Fiscal Agent shall not be liable to any party for any consequences thereof, provided that the Fiscal Agent shall not be obliged so to concur or use such endeavours if in the opinion of the Fiscal Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party in any way. For the avoidance of doubt, no Noteholder consent shall be required in connection with effecting any Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or the Fiscal Agent (if required or deemed useful by the Issuer or the Fiscal Agent).

In connection with any such variation in accordance with this Condition 9(a)(4) (*Benchmark Amendments*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 9(a) (*Benchmark Discontinuation*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected either (i) to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer and/or as eligible liabilities for the purposes of the Loss Absorption Regulations or (ii) to result in the Relevant Regulator treating the Interest Payment Date or Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant Maturity Date.

(5) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 9(a) (*Benchmark Discontinuation*) will be notified promptly by the Issuer to the Calculation Agent, the Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent (to make available at its registered office to the Holders) a certificate signed by two Directors of the Issuer:

- (i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) the applicable Adjustment Spread and/or (D) the specific terms of the Benchmark Amendments (if any), in each

case as determined in accordance with the provisions of this Condition 9(a) (*Benchmark Discontinuation*); and

- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Calculation Agent and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. For the avoidance of doubt, the Fiscal Agent shall not be liable to the Holders or any other such person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Calculation Agent's and the Agents' respective abilities to rely on such certificate as aforesaid) be binding on the Issuer, the Calculation Agent, the Agents and the Noteholders.

(6) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Condition 9(a)(1) (*Independent Adviser*), Condition 9(a)(2) (*Successor Rate or Alternative Rate*), Condition 9(a)(3) (*Adjustment Spread*) and Condition 9(a)(4) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – CMT Rate*), Condition 6(c) (*Screen Rate Determination – Other than Floating Rate Notes which reference CMS Rate, SOFR or €STR*) or Condition 6(d) (*Screen Rate Determination – Floating Rate Notes which are CMS-Linked Notes*), as the case may be, will continue to apply unless and until a Benchmark Event has occurred and the Fiscal Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 9(a)(5) (*Notices, etc.*).

(7) ***Definitions***

As used in this Condition 9(a) (*Benchmark Discontinuation*):

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case, to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an

industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)

- (iii) the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be) or (if the Independent Adviser or, where applicable, the Issuer determines that no such industry standard is recognised or acknowledged, to be appropriate)
- (iv) the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines, having regard to the objective, so far as is reasonably practicable in the circumstances, has the effect of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser, the Issuer determines in accordance with Condition 9(a)(2) (*Successor Rate or Alternative Rate*) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and of a duration corresponding to the relevant Interest Period or Reset Period (as applicable);

“**Benchmark Amendments**” has the meaning given to it in Condition 9(a)(4) (*Benchmark Amendments*);

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or

will be deemed by such supervisor to be) no longer representative of an underlying market; or

- (vi) it has become unlawful for any Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the making of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate experience in the international debt capital markets appointed by the Issuer at its own expense under Condition 9(a)(1) (*Independent Adviser*);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 9(a) (*Benchmark Discontinuation*);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (aa) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (bb) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (cc) a group of the aforementioned central banks or other supervisory authorities or (dd) the Financial Stability Board or any part thereof; and

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(b) ***Benchmark Transition Event***

Where the relevant Reference Rate or Mid-Swap Floating Leg Benchmark Rate, as the case may be, applicable to the Notes is SOFR, in addition and notwithstanding the provisions above in Condition 5 (*Reset Note Provisions*) or Condition 6 (*Floating Rate Note Provisions*), as applicable, this Condition 9(b) (*Benchmark Transition Event*) shall apply.

- (i) **Benchmark Replacement:** If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.
- (ii) **Benchmark Replacement Conforming Changes:** In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (iii) **Decisions and Determinations:** Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 9(b) (*Benchmark Transition Event*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the sole discretion of the Issuer or its designee, as applicable, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the Holders or any other party. Neither the Fiscal Agent nor the Calculation Agent will have any liability for any determination made by or on behalf of Issuer or its designee in connection with a Benchmark Transition Event or a Benchmark Replacement.

In no event shall the Fiscal Agent or Calculation Agent be responsible for determining if a Benchmark Transition Event has occurred or any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Fiscal Agent and the Calculation Agent will be entitled to conclusively rely on any determinations made by Issuer or its designee and will have no liability for such actions taken at the direction of the Issuer or its designee.

Notwithstanding the foregoing provisions in this Condition 9(b) (*Benchmark Transition Event*), no Benchmark Replacement will be adopted if and to the extent that the Issuer determines, in its sole discretion, that such Benchmark Replacement prejudices, or could reasonably be expected to prejudice, after the application of the applicable Benchmark Replacement Adjustment, the Benchmark Replacement Conforming Changes and the further decisions and determinations as described below, the qualification of (i) the Senior Non-Preferred Notes or Senior Preferred Notes as eligible liabilities or loss absorbing capacity instruments or (ii) the Tier 2 Capital Notes as Tier 2 Capital, in each case for the purposes of and in accordance with the Loss Absorption Regulations.

In the event that the Rate of Interest for the relevant Interest Period or Reset Period, as applicable, cannot be determined in accordance with the foregoing provisions by the Issuer or its designee, the Rate of Interest for such Interest Period or Reset Period, as applicable, shall be (i) that determined as at the immediately preceding Interest Determination Date or Reset Determination Date, as applicable, (though substituting, where a different Margin or Maximum Rate of Interest or

Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Period from that which applied to the immediately preceding Interest Period or Reset Period, as applicable, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that immediately preceding Interest Period or Reset Period, as applicable), or (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period), or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period, or (iv) if there is no such preceding Reset Determination Date, the Initial Rate of Interest.

For the purposes of this Condition 9(b) (*Benchmark Transition Event*):

“**Benchmark**” means, initially, SOFR; **provided that** if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement;

“**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (B) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;
or
- (C) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. Dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

“**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for

the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. Dollar-denominated floating rate notes at such time;

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decide that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determine is reasonably necessary);

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) in the case of sub-paragraph (A) or (B) of the definition of “**Benchmark Transition Event**,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (B) in the case of sub-paragraph (C) of the definition of “**Benchmark Transition Event**,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**designee**” means a designee as selected and separately appointed by the Issuer as designee for the Notes in writing;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Reference Time**” with respect to any determination of the Benchmark means (1) if the Benchmark is SOFR, the SOFR Determination Time, and (2) if the Benchmark is not SOFR, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

10 Redemption and Purchase

(a) *Scheduled redemption*

Unless previously redeemed, or purchased and cancelled or (pursuant to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) or Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*)) substituted, the Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest, on the Maturity Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable).

(b) *Redemption at the option of the Issuer*

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes or Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes or Senior Preferred Notes, if the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer giving not less than 15 nor more than 60 days' notice to the Noteholders in accordance with Condition 20 (*Notices*), or such other period(s) as

may be specified in the relevant Final Terms, which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together with any accrued but unpaid interest to (but excluding) the relevant Optional Redemption Date (Call)) at the Optional Redemption Amount (Call).

(c) ***Redemption for Tax Event***

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes or Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes or Senior Preferred Notes, if a Tax Event has occurred, the Notes may be redeemed at the option of the Issuer in whole, but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at their Early Redemption Amount (Tax), together with any accrued but unpaid interest to the date fixed for redemption, provided that the Issuer provides not less than 15 days' nor more than 60 days' prior notice to the Fiscal Agent, the Registrar (if applicable), and the Noteholders in accordance with Condition 20 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(c) (*Redemption for Tax Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c) (*Redemption for Tax Event*).

(d) ***Redemption for Capital Disqualification Event***

In the case of any Series of Tier 2 Capital Notes only and subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), if a Capital Disqualification Event has occurred, the Issuer may, at its option, redeem the Tier 2 Capital Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Capital Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 15 days' nor more than 60 days' prior notice to the Fiscal Agent, the Registrar (if applicable), and the Holders of the Tier 2 Capital Notes in accordance with Condition 20 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(d) (*Redemption for Capital Disqualification Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(d) (*Redemption for Capital Disqualification Event*).

(e) ***Redemption for Loss Absorption Disqualification Event***

This Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*) applies in respect of all Series of Senior Non-Preferred Notes and Senior Preferred Notes except for any Series where "Senior Notes: Loss Absorption Disqualification Event Redemption" is expressly specified to be "Not Applicable" in the relevant Final Terms.

Subject to Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), if Loss Absorption Disqualification Call is specified in the relevant Final Terms as being applicable and a Loss Absorption Disqualification Event has occurred, the Issuer may, at its option, redeem the Senior Non-Preferred Notes, in whole

but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Loss Absorption Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 15 days' nor more than 60 days' prior notice to the Holders of the Notes in accordance with Condition 20 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*).

(f) ***Redemption at the option of Noteholders***

This Condition 10(f) (*Redemption at the option of Noteholders*) shall not apply to Tier 2 Capital Notes.

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice (which notice shall be irrevocable) at the relevant Optional Redemption Amount (Put), together with any accrued but unpaid interest to (but excluding) such date.

In order to exercise the option contained in this Condition 10(f) (*Redemption at the option of Noteholders*), the Holder of a Note must, not less than 15 days nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note, together with any unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The relevant Agent or the Registrar (as the case may be) with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(f) (*Redemption at the option of Noteholders*), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent or Registrar (as the case may be) shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent or the Registrar (as the case may be) in accordance with this Condition 10(f) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Agent or the Registrar (as the case may be) shall be deemed to be the Holder of such Note for all purposes.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*) or 10(g) (*Partial redemption*), and any exercise of the first-mentioned option in such circumstances shall have no effect.

(g) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as the Issuer considers

appropriate, subject to compliance with applicable law, the rules of each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and the notice to Noteholders referred to in Condition 10(b) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then any such redemption must relate to Notes of an aggregate principal amount at least equal to the Minimum Redemption Amount and no greater than the Maximum Redemption Amount (as applicable).

(h) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(g) (*Partial redemption*) and Condition 10(p) (*Clean-Up Call Option*).

(i) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(A) the Reference Price; and

(B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the relevant Series of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 10(i) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(j) ***Purchase***

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes or Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes or Senior Preferred Notes and notwithstanding Condition 3 (*Status*), the Issuer or any of its subsidiaries may purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise, provided that all unmatured Coupons are purchased therewith.

(k) ***Cancellation***

All Notes which are redeemed pursuant to this Condition 10 (*Redemption and Purchase*) will be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes purchased by or on behalf of the Issuer or any of

its subsidiaries may, subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such subsidiary, cancelled.

(l) ***Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes***

This Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) applies to Tier 2 Capital Notes only.

Notwithstanding any other provision in this Condition 10 (*Redemption and Purchase*), any redemption, purchase, substitution or variation of the Tier 2 Capital Notes (and giving of notice thereof to the Holders if required) pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(j) (*Purchase*), 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) or Condition 10(p) (*Clean-Up Call Option*) shall be subject to:

- (i) the Issuer obtaining prior Supervisory Permission therefor;
- (ii) in the case of any redemption or purchase prior to the Maturity Date, if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) save in the case of paragraph (iii)(C) below, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum requirements (including any applicable buffer requirements) by a margin that the Relevant Regulator considers necessary at such time; and
- (iii) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date of the last Tranche of the relevant Series of Notes, if and to the extent then required under prevailing Regulatory Capital Requirements:
 - (A) in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date of the last Tranche of the relevant Series of Notes; or
 - (B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change (or pending change which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date of the last tranche of Notes of the relevant Series; or
 - (C) in the case of a purchase pursuant to Condition 10(j) (*Purchase*), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the Issuer has (or will have), before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

- (D) in the case of a purchase pursuant to Condition 10(j) (*Purchase*), the Notes being purchased for market-making purposes in accordance with the Regulatory Capital Requirements.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements (including any such Regulatory Capital Requirements which are imposed in order for the Notes to be eligible to qualify as Tier 2 Capital) permit the repayment, purchase, substitution or variation only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Any refusal by the Relevant Regulator to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(j) (*Purchase*), 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) and/or Condition 10(p) (*Clean-Up Call Option*), the Issuer shall deliver to the Fiscal Agent to make available at its registered office to the Holders (i) a certificate signed by two Directors stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 10(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it).

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

- (m) ***Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes***

This Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) applies to Senior Non-Preferred Notes and Senior Preferred Notes only.

If and to the extent then required under the prevailing Loss Absorption Regulations, the Issuer may only exercise a right to redeem, purchase, substitute or vary Senior Non-Preferred Notes or Senior Preferred Notes pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*), 10(j) (*Purchase*), 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and/or Condition 10(p) (*Clean-Up Call Option*) if:

- (i) the Issuer has obtained prior Supervisory Permission therefor;

- (ii) in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date of the last Tranche of the relevant Series of Notes; and
- (iii) in the case of redemption upon the occurrence of a Loss Absorption Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change (or pending change which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date of the last tranche of Notes of the relevant Series.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements or Loss Absorption Regulations (including any requirements which are imposed in order for the Notes to be eligible to qualify as eligible liabilities instruments) permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Any refusal by the Relevant Regulator to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*), 10(j) (*Purchase*), 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and Condition 10(p) (*Clean-Up Call Option*), the Issuer shall deliver to the Fiscal Agent to make available at its registered office to the Holders (i) a certificate signed by two Directors stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 10(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it).

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

(n) ***Substitution and Variation of Tier 2 Capital Notes***

This Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) applies to each Series of Tier 2 Capital Notes unless “Tier 2 Capital Notes: Substitution and Variation” is expressly specified to be “Not Applicable” in the relevant Final Terms.

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 20 (*Notices*), the Registrar and the Fiscal Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Fiscal Agent shall (subject to the following provisions of this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) and subject to the receipt by it of the certificates of the Directors referred to in Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)) on its own behalf and as agent of the Issuer agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), as the case may be. The Fiscal Agent shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Fiscal Agent shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Fiscal Agent's opinion, more onerous obligations upon it or reduce its rights or protections. If, notwithstanding the above, the Fiscal Agent does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in Condition 10(c) (*Redemption for Tax Event*) or 10(d) (*Redemption for Capital Disqualification Event*).

In connection with any substitution or variation in accordance with this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

(o) ***Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes***

This Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) applies to each Series of Senior Non-Preferred Notes and Senior Preferred Notes unless "Senior Notes: Substitution and Variation" is expressly specified to be "Not Applicable" in the relevant Final Terms.

If a Loss Absorption Disqualification Event or a Tax Event has occurred, then the Issuer may, subject to Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 20 (*Notices*), the Registrar and the Fiscal Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including, without limitation, the governing law of Condition 23(d) (*Acknowledgement of Statutory Loss Absorption Powers*)) so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, and the Fiscal Agent shall (subject to the following

provisions of this Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and subject to the receipt by it of the certificates of the Directors referred to in Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) on its own behalf and as agent of the Issuer agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), as the case may be. The Fiscal Agent shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Loss Absorption Compliant Notes, provided that the Fiscal Agent shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Loss Absorption Compliant Notes or the participation in or assistance with such substitution or variation would impose, in the Fiscal Agent's opinion, more onerous obligations upon it or reduce its rights or protections. If, notwithstanding the above, the Fiscal Agent does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in Condition 10(c) (*Redemption for Tax Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*).

In connection with any substitution or variation in accordance with this Condition 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

(p) ***Clean-Up Call Option***

If Clean-Up Call Option is specified as being applicable in the relevant Final Terms and the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued have been redeemed or purchased and subsequently cancelled in accordance with this Condition 10 (*Redemption and Purchase*), the Issuer may, at its option, but subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes and Condition 10(m) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) in the case of Senior Non-Preferred Notes and Senior Preferred Notes, give notice to (i) the Fiscal Agent, (ii) the Registrar (if applicable) and (iii) the Holders in accordance with Condition 20 (*Notices*) (which notice shall be irrevocable) that all (but not some only) of the outstanding Notes comprising the relevant Series shall be redeemed:

- (i) in the case of all Notes other than Floating Rate Notes, at any time within the period of not less than 15 nor more than 60 days from the date of such notice; or
- (ii) in the case of Floating Rate Notes, (1) on any Interest Payment Date falling within the period of not less than 15 nor more than 60 days from the date of such notice or (2) if there is no Interest Payment Date falling within (1) above, on the first Interest Payment Date to occur after the expiry of 60 days from the date of such notice,

in each case, at their principal amount or at such other amount as may be specified in the relevant Final Terms as the Clean-Up Call Option Amount together (in each case) with accrued interest (if any) thereon. Upon the expiry of such notice, the Issuer shall redeem the Notes.

For the purposes of this 10(p) (*Clean-Up Call Option*), any further notes, bonds or debentures issued pursuant to Condition 19 (*Further Issues*) which are consolidated and form a single series with the Notes of any Series outstanding at that time will be deemed to be originally issued.

For the purposes of these Conditions, “**Clean-Up Call Minimum Percentage**” means 75 per cent., unless otherwise specified in the relevant Final Terms.

11 Payments – Bearer Notes

This Condition 11 (*Payments – Bearer Notes*) is only applicable to Bearer Notes.

(a) ***Principal***

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(b) ***Interest***

Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Agent outside the United States in the manner described in Condition 11(a) (*Principal*).

(c) ***Payments in New York City***

Payments of principal or interest may be made at the Specified Office of an Agent in New York City if: (i) the Issuer has appointed Agents outside the United States with the reasonable expectation that such Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest at the offices of all such Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***

Save as provided in Condition 13 (*Taxation*), payments in respect of the Bearer Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its Agents are or agree to be subject and the Issuer or any of its Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, and no commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***

If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; provided, however, that where this Condition 11(e)(ii)(A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specify that the Reset Note Provisions are applicable or that the Floating Rate Note Provisions are applicable, on the due date for redemption of any Note or early redemption in whole of such Note pursuant to Conditions 10(b) (*Redemption at the option of the Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*), 10(f) (*Redemption at the option of Noteholders*) or 14 (*Enforcement*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments in New York City*)).

(i) ***Partial payments***

If an Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12 Payments – Registered Notes

This Condition 12 (*Payments – Registered Notes*) is only applicable to Registered Notes.

(a) ***Principal***

Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Agent.

(b) ***Interest***

Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Agent.

(c) ***Payments subject to fiscal laws***

Save as provided in Condition 13 (*Taxation*), payments in respect of the Registered Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its Agents are or agree to be subject, and the Issuer or any of its agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, and no commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated: (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

(e) ***Partial payments***

If an Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) ***Record date***

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the 15th business day before the due date for such payment (the "**Record Date**").

13 **Taxation**

(a) ***Gross-up***

All payments of principal, interest and any other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall (a) in the case of each Series of Senior Preferred Notes, unless the relevant Final Terms expressly specifies "Senior Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal or (b) in the case of all Tier 2 Capital Notes and all Senior Non-Preferred, in respect of payments of interest (if any) only and not principal, pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

- (i) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than a mere holding of such Note or Coupon; or
- (ii) in respect of which the Note or Certificate is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor.

(b) **FATCA**

Notwithstanding any other provisions of these Conditions or the Fiscal Agency Agreement, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

14 Enforcement

(a) **Senior Preferred Notes (Unrestricted Default)**

The provisions of this Condition 14(a) (*Senior Preferred Notes (Unrestricted Default)*) shall have effect in relation to any Series of Senior Preferred Notes where the relevant Final Terms expressly specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) is “Not Applicable”.

If any of the following events occurs and is continuing, then the Issuer shall be deemed to be in default under the Notes and whereupon they shall become immediately due and payable at their principal amount, together with any accrued but unpaid interest without further action or formality:

- (i) *Non-payment*: any principal or interest on the Notes has not been paid within seven days (in the case of principal) and within 14 days (in the case of interest) from the due date for payment; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under these Conditions and that breach has not been remedied within 30 days of receipt of a written notice from a Holder to the Issuer and the Fiscal Agent requiring the same to be remedied; or
- (iii) *Winding-up*: a Winding-Up of the Issuer.

A Holder may, at any time at its discretion and without notice, institute such proceedings or take such steps or actions as it may think fit against the Issuer to enforce the terms of these Conditions.

(b) **Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)**

The provisions of this Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) shall have effect in relation to (i) any Series of Senior Preferred Notes where the relevant Final Terms expressly specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) is “Applicable”, and (ii) each Series of Tier 2 Capital Notes and Senior Non-Preferred Notes.

- (i) If the Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment) for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default under the Notes and a Holder, in its discretion, may institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up of the Issuer (whether or not instituted by one or more Holders pursuant to the foregoing), a Holder may prove and/or claim in such Winding-Up of the Issuer, such claim being as contemplated in Condition 3 (*Status*).

- (ii) Without prejudice to Condition 14(b)(i), a Holder may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions. Nothing in this Condition 14(b)(ii) shall, however, prevent a Holder from instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 3 (*Status*) and 14(b)(i).

(c) ***No further remedies***

No remedy against the Issuer, other than as referred to in this Condition 14 (*Enforcement*), shall be available to the Holders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes.

15 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within 10 years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless the relevant Certificates are surrendered for payment within 10 years of the appropriate Relevant Date.

16 Replacement of Notes and Coupons

If any Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes or Coupons, or the Registrar, in the case of Registered Notes (and if the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of an Agent in any particular place, the Agent having its Specified Office in the place required by the competent authority and/or stock exchange), subject to all applicable laws and competent authority and/or stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates or Coupons or Talons must be surrendered before replacements will be issued.

17 Agents

The initial Fiscal Agent, the Registrar, the Calculation Agent and the Transfer Agents and their initial Specified Offices are listed below. They act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar, the Calculation Agent and the Transfer Agents and to appoint replacement agents or other Transfer Agents, provided that it will:

- (a) at all times maintain a Fiscal Agent, a Registrar and a Transfer Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of an Agent in any particular place, the Issuer shall maintain an Agent having its Specified Office in the place required by such competent authority and/or stock exchange.

Notice of any such termination or appointment and of any change in the Specified Offices of the Fiscal Agent, the Registrar, the Calculation Agent and the Transfer Agents will be given to the Holders in accordance with Condition 20 (*Notices*). If any of the Calculation Agent, Registrar or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Fiscal Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place. All calculations and determinations made by the Calculation Agent, the Registrar or the Fiscal Agent in relation to the Notes and the Coupons shall (save in the case of manifest error) be final and binding on the Issuer, the Calculation Agent, the Registrar, the Fiscal Agent and the Holders. All calculations and determinations made by the Calculation Agent pursuant to these Conditions will be made in consultation with the Issuer.

18 Meetings of Noteholders; Modification and Waiver; Substitution

(a) *Meetings of Noteholders*

The Fiscal Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions, subject, where applicable, to Condition 18(c) (*Supervisory Permission*). Such a meeting (which need not be a physical meeting and instead may be by way of conference call, including by use of a videoconference platform) may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding status and subordination referred to in Condition 3 (*Status*), the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Rate of Interest) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the

Holders shall not be required in the case of (i) the implementation of any Benchmark Amendments described in Condition 9(a)(4) (*Benchmark Amendments*) and (ii) any variation of these Conditions and/or the Fiscal Agency Agreement required to be made in the circumstances described in Conditions 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) and 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) in connection with the variation of the terms of the Notes so that they become alternative Qualifying Tier 2 Securities or Loss Absorption Compliant Notes, as the case may be, and to which the Fiscal Agent has agreed pursuant to the relevant provisions of Conditions 10(o) (*Substitution and Variation of Senior Non-Preferred Notes or Senior Preferred Notes*) or 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), as the case may be.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting.

The Fiscal Agency Agreement provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) if applicable, consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case be effective as an Extraordinary Resolution of the Holders. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The consent or approval of the Holders shall not be required in the case of amendments to the Conditions or the Fiscal Agency Agreement pursuant to and in accordance with Condition 9(a)(4) (*Benchmark Amendments*).

(b) ***Modification and waiver***

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement (excluding, for the avoidance of doubt, the Conditions) if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

No modification to these Conditions or any other provisions of the Fiscal Agency Agreement shall become effective unless (if and to the extent required at the relevant time by the Relevant Regulator) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

Any such modification, authorisation, waiver or determination shall be binding on the Holders and such modification shall be notified to the Holders as soon as practicable.

(c) ***Supervisory Permission***

No modification to these Conditions shall become effective unless (if and to the extent required at the relevant time by the Relevant Regulator) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require

or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(d) ***Notices***

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 20 (*Notices*) as soon as practicable thereafter.

19 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 19 (*Further Issues*) and forming a single Series with the Notes.

20 Notices

(a) ***Bearer Notes***

Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes***

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing.

(c) ***Notices given by Holders***

Notices to be given by any Holder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

(d) ***All Notices***

The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

21 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one-thousandth of a percentage point (with 0.0005 per cent. being rounded up to 0.001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of any Note by virtue of the Contracts (Rights of Third Parties) Act 1999.

23 Governing Law and Jurisdiction, etc.

(a) *Governing law*

The Fiscal Agency Agreement, the Notes and the Coupons, and all non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law, save that the provisions of Condition 3 (*Status*) relating to the status, ranking and (if applicable) subordination of the Notes and waiver of set-off are governed by, and shall be construed in accordance with, the laws of Hungary.

(b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection the Fiscal Agency Agreement, the Notes or the Coupons and, accordingly, any legal action or proceedings arising out of or in connection with them (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England in respect of any such Proceedings. Nothing in this Condition 23 (*Governing Law and Jurisdiction, etc.*) shall prevent the Holders from bringing Proceedings in any competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

(c) *Service of Process*

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG as its agent in England to receive service of process in any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) *Acknowledgement of Statutory Loss Absorption Powers*

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and the Holders, each Holder acknowledges

and accepts that a liability arising under the Notes may be subject to the exercise of the Bail-In Tool by the Relevant Regulator, and acknowledges, accepts, consents and agrees to be bound by:

- (i) the effect of the exercise of the Bail-In Tool (or any analogous powers) by the Relevant Regulator in relation to any liability of the Issuer to the Noteholders under the Notes, that (without limitation) may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the liabilities arising under the Notes or outstanding amounts due thereon;
 - (B) the conversion of all, or a portion, of the liabilities arising under the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholders of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;
 - (C) the cancellation of the liabilities arising under the Notes; and
 - (D) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and
- (ii) the variation of the Conditions, as deemed necessary by the Relevant Regulator (including, without limitation, the governing law and jurisdiction), to give effect to the exercise of the Bail-In Tool by the Relevant Regulator.

No repayment nor a payment of amounts otherwise due on the Notes will become due and payable or be paid after the exercise of the Bail-in Tool by the Relevant Regulator if and to the extent such amounts have been reduced, converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the amounts otherwise due on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Tool by the Relevant Regulator with respect to the Issuer, the suspension of payments under the Notes for a temporary period by the Relevant Regulator nor the exercise of the Bail-in Tool by the Relevant Regulator with respect to the Notes will be a default or an event of default for any purpose.

Upon the exercise of the Bail-in Tool by the Relevant Regulator with respect to any Notes, the Issuer shall promptly give notice to the Holders in accordance with Condition 20 (*Notices*), the Registrar and the Fiscal Agent. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 23 (*Governing Law and Jurisdiction, etc.*) shall not affect the validity and enforceability of the use of the Bail-in Tool.

VII. FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (“**UK MiFIR**”). Consequently, no key information document required by [the PRIIPs Regulation][Regulation (EU) No 1286/2014] as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer[’s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended “**MiFID II**”)/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

[UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer[’s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] (“**UK MiFIR**”)][UK MiFIR]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)/distributor] should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by

either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the “SFA”) – [To insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]²

Final Terms dated [•] 20[•]

MBH BANK NYRT.

Legal Entity Identifier (LEI): 3H0Q3U74FVVFED2SHZT16

Issue of [Currency][Aggregate Principal Amount of Tranche] [Title of Notes]

under the €1,500,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the base prospectus dated 2 October 2023 [and the supplement to the base prospectus dated [date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus and these Final Terms have been published on the website of the Luxembourg Stock Exchange (www.luxse.com).]

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus, save in respect of the Conditions which are extracted from the base prospectus dated 2 October 2023. [The Base Prospectus and these Final Terms have been published on the website of the Luxembourg Stock Exchange (www.luxse.com).]

1. Issuer: MBH Bank Nyrt.

DESCRIPTION OF THE NOTES

2. (i) Series Number: [•]

(ii) Tranche Number: [•]

(iii) [Date on which the Notes become fungible: [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [•]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred

² Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offers, pursuant to s.309B of the SFA.

to in paragraph [26] below [which is expected to occur on or about [•]].]

3. Specified Currency or Currencies: [•]
4. Aggregate Principal Amount
- (i) [Series]: [•]
- (ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Principal Amount [plus accrued interest from [•]]
6. (i) Specified Denominations: [•] [and integral multiples of [•] in excess thereof up to (and including) [•]. [No Notes in definitive form will be issued with a denomination above [•]].]
- (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [•]/[Issue Date]/[Not Applicable]
8. Maturity Date: [•]
9. Interest Basis: [[•] per cent. Fixed Rate]
- [Reset Notes]
- [Floating Rate [[•] Month]
- [[•]/[EURIBOR/SOFR/€STR] +/- [•] per cent.]
- [Floating Rate: SOFR Compounded Index]
- [Floating Rate: CMS Linked Interest][Zero Coupon]
- (see paragraph[s] [15]/[16]/[17]/[18] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[•]/[100]] per cent. of their principal amount.
11. Change of Interest or Redemption/Payment Basis: [•]/[Not Applicable]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- (see paragraph [19]/[22] below)

- [Not Applicable]
13. Clean-Up Call Option: [Applicable – Condition 10(p) (*Clean-Up Call Option*) will apply/Not Applicable]
- [The Clean-Up Call Minimum Percentage will be [75/specify other] per cent. of the principal amount outstanding of the Notes originally issued.
- The Clean-Up Call Option Amount will be in the amount of [] per Calculation Amount]
14. [(i)] Status of the Notes: [Senior Preferred Notes]/[Senior Non-Preferred Notes]/[Tier 2 Capital Notes]
- [(ii)] Senior Preferred Notes Restricted Default: Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*): [Applicable]/[Not Applicable]
- [(iii)] Senior Preferred Notes: Gross-up of principal: [Applicable]/[Not Applicable]
- [(iv)] [Date Board approval for issuance of Notes obtained: [•]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable]/[Not Applicable]/[Applicable from [•] to [•] [if so elected by the Issuer on or before [•]]]
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[•] in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [•]/[and [•]] in each year[, up to and including [•]/[the Maturity Date], commencing on [•]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling on [•]/[Not Applicable]
- (v) Day Count Fraction: [30/360]
- [Actual/Actual (ICMA)]
- [Actual/Actual (ISDA)]
- [Actual/365 (Fixed)]

| | | |
|--------|--|--|
| | | [Actual/360] |
| | | [30E/360] |
| | | [Eurobond Basis] |
| | | [30E/360(ISDA)] |
| 16. | Reset Note Provisions | [Applicable]/[Not Applicable] |
| (i) | Initial Rate of Interest: | [•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[•] in arrear on each Interest Payment Date] |
| (ii) | Reset Rate: | [Mid-Swap Rate]/ [CMT Rate] |
| (iii) | First Margin: | [+/-][•] per cent. per annum |
| (iv) | Subsequent Margin: | [[+/-][•] per cent. per annum]/[Not Applicable] ³ |
| (v) | Interest Payment Date(s): | [•] [and [•]] in each year up to (and including) the Maturity Date, commencing on [•] |
| (vi) | Fixed Coupon Amount in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date: | [[•] per Calculation Amount]/[Not Applicable] |
| (vii) | Broken Amount(s): | [[•] per Calculation Amount payable on the Interest Payment Date falling [in]/[on] [•]]/[Not Applicable] |
| (viii) | First Reset Date: | [•] |
| (ix) | Subsequent Reset Date(s): | [•] [and [•]]/[Not Applicable] |
| (x) | Fixed Leg Swap Payment Frequency: | [•] |
| (xi) | CMT Designated Maturity: | [[•]]/[Not Applicable] |
| (xii) | Relevant Screen Page: | [•] |
| (xiii) | CMT Rate Screen Page: | [•] |
| (xiv) | Mid-Swap Rate: | [Single Mid-Swap Rate]/[Mean Mid-Swap Rate] |
| (xv) | Mid-Swap Maturity: | [•] |
| (xvi) | Initial Mid-Swap Rate Final Fallback: | [Applicable]/[Not Applicable] |

³ For Notes which are intended to count as MREL, the Subsequent Margin shall be equal to the First Margin.

- Initial Mid-Swap Rate: [•] per cent.
- (xvii) Reset Maturity Initial Mid-Swap Rate [Applicable]/[Not Applicable]
Final Fallback:
- Reset Period Maturity Initial [•] per cent.
Mid-Swap Rate:
- (xviii) Last Observable Mid-Swap Rate Final [Applicable]/[Not Applicable]
Fallback:
- (xix) Subsequent Reset Rate Mid-Swap Rate [Applicable]/[Not Applicable]
Final Fallback:
- (xx) Subsequent Reset Rate Last Observable [Applicable]/[Not Applicable]
Mid-Swap Rate Final Fallback:
- (xxi) Reference Rate: [EURIBOR]/[SOFR]/[€STR]/[CMS Rate]/[•]
- (xxii) Reference Banks: [•]
- (xxiii) Day Count Fraction: [30/360]
[Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30E/360]
[Eurobond Basis]
[30E/360(ISDA)]
- (xxiv) Reset Determination Date(s): [•]/[The provisions of the Conditions apply]
- (xxv) Party responsible for calculating the [[•] shall be the Calculation Agent]
Rate(s) of Interest and/or Interest
Amount(s) (if not the Fiscal Agent):
- 17. **Floating Rate Note Provisions** [Applicable]/[Not Applicable]/[Applicable from
[•] to [•] [if so elected by the Issuer on or before
[•]]]
- (i) Specified Period(s): [•]
- (ii) Interest Payment Dates: [•] [and [•]] in each year[, subject to adjustment in
accordance with the Business Day Convention set
out in (iv) below/, not subject to adjustment, as the

Business Day Convention in (iv) below is specified to be Not Applicable]

- (iii) First Interest Payment Date: [•]
- (iv) Effective Interest Payment Date: [The date falling [•] Local Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption (*include for Payment Delay only*)]/[Not Applicable]
- (v) Business Day Convention: [Following Business Day Convention]
[Modified Following Business Day Convention]
[Modified Business Day Convention]
[Preceding Business Day Convention]
[FRN Convention]
[Floating Rate Convention]
[Eurodollar Convention]
[No Adjustment]
[Not Applicable]
- (vi) Additional Business Centre(s): [Not Applicable]/[•]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination]/[ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[•] shall be the Calculation Agent]
- (ix) Screen Rate Determination: [Applicable]/[Not Applicable]
 - Index Determination: [Applicable]/[Not Applicable]
Insert only if Index Determination is not applicable
 - Reference Rate: [currency] [[•] month]
[EURIBOR]/[SOFR/€STR/Index Determination (SOFR)/CMS Rate]/[•]
 - Reference Bank(s): [•]

- Interest Determination Date(s): []/[The date falling [] [Local] Business Days prior to the first day of each Interest Period]/ [First day of each Interest Period]/[The [*first, second, third etc.*] [Local] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][*provide details*]/[The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - *Include this wording for Payment Delay only*]]⁴
- Relevant Screen Page: []/[New York Federal Reserve’s Website]/[ECB’s Website]/[Not Applicable]
- Relevant Time: [[] in the Relevant Financial Centre]/[as per the Conditions]/[Not Applicable]⁵
- Relevant Financial Centre: [London]/[Brussels]/[New York City]/[]
- Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]
- Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
- Observation Look-back Period: [[]/five Local Business Days]/[Not Applicable]⁶
- D: [365/360/[]/Not Applicable]]
- Rate Cut-off Date: [The date falling [] Local Business Days prior to the Maturity Date or the date fixed for redemption, as applicable - *used for Payment Delay only*]⁷/[Not Applicable]
- Reference Currency: []/[Not Applicable]⁸
- Designated Maturity: []/[Not Applicable]⁹

⁴ To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SOFR or €STR, without the prior agreement of the Fiscal Agent.

⁵ Select “Not Applicable” for SOFR or €STR.

⁶ The Observation Look-back Period should be at least as many Local Business Days before the Interest Payment Date as the Interest Determination Date. “Observation Look-back Period” is only applicable where “Lag” or “Observation Shift” is selected as the Observation Method; otherwise, select “Not Applicable”.

⁷ The Rate Cut-off Date should be at least 5 Business Days before the Maturity Date or the date fixed for redemption, unless otherwise agreed with the Fiscal Agent.

⁸ Select “Not Applicable” for SOFR or €STR.

⁹ Select “Not Applicable” for SOFR or €STR.

- Determination Time: [[•] [a.m.]/[p.m.] ([•] time)]/[Not Applicable]¹⁰
 - CMS Rate Fixing Centre(s): [•]/[Not Applicable]¹¹
- Insert only if Index Determination is applicable*
- SOFR Compounded Index: [Applicable/Not Applicable]
 - Relevant Decimal Place: [•]/[As per the Conditions]
 - Relevant Number: [•]/[As per the Conditions]¹²
 - Numerator: [•]/[As per the Conditions]
- (x) ISDA Determination: [Applicable]/[Not Applicable]
- Floating Rate Option: [•]
 - Reset Date: [•]
 - ISDA Definitions: 2006
- (xi) • Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation]
- (xii) • Margin(s): [+/-][•] per cent. per annum
- (xiii) • Minimum Rate of Interest: [•] per cent. per annum
- (xiv) • Maximum Rate of Interest: [•] per cent. per annum
- (xv) • Day Count Fraction: [30/360]
- [Actual/Actual (ICMA)]
- [Actual/Actual (ISDA)]
- [Actual/365 (Fixed)]
- [Actual/360]
- [30E/360]
- [Eurobond Basis]
- [30E/360(ISDA)]
18. **Zero Coupon Note Provisions** [Applicable]/[Not Applicable]

¹⁰ Select "Not Applicable" for SOFR or €STR.

¹¹ Select "Not Applicable" for SOFR or €STR.

¹² This number should be 5 (or greater), unless otherwise agreed with the Fiscal Agent.

- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Day Count Fraction in relation to early Redemption Amounts: [30/360]
- [Actual/Actual (ICMA)]
- [Actual/Actual (ISDA)]
- [Actual/365 (Fixed)]
- [Actual/360]
- [30E/360]
- [Eurobond Basis]
- [30E/360(ISDA)]

PROVISIONS RELATING TO REDEMPTION, SUBSTITUTION AND VARIATION

19. **Call Option** [Applicable]/[Not Applicable]
- (i) Optional Redemption Date(s) (Call): [•]/[Any date from (and including) [•] to (but excluding) [•]]
- (ii) Optional Redemption Amount (Call): [[•] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [•]]/[in the period from (and including) [•] to (but excluding) [•]] [and [[•] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [•]]/[in the period from (and including) [•] to (but excluding) the Maturity Date]]
- (iii) Series redeemable in part: [Yes: [•] per cent. of the Aggregate Principal Amount of the Notes may be redeemed on [each]/[the] Optional Redemption Date (Call)]/[No]
- (iv) If redeemable in part:
- Minimum Redemption Amount: [•]/[Not Applicable]
 - Maximum Redemption Amount: [•]/[Not Applicable]
- (v) Notice period: Minimum period: [[•] days]/[as per the Conditions]
- Maximum period: [[•] days]/[as per the Conditions]

20. **Senior Non-Preferred Notes and Senior Preferred Notes** [Applicable]/[Not Applicable]
- (i) Senior Notes: Loss Absorption Disqualification Event Redemption: [•]
- (ii) Optional Redemption Amount (Loss Absorption Disqualification Event): [•] per Calculation Amount
- (iii) Senior Notes: Substitution and Variation: [Applicable]/[Not Applicable]
- (iv) Senior Notes: Tax Event (Deductibility): [Applicable]/[Not Applicable]
21. **Tier 2 Capital Notes**
- (i) Optional Redemption Amount (Capital Disqualification Event): [•] per Calculation Amount
- (ii) Tier 2 Capital Notes: Substitution and Variation: [Applicable]/[Not Applicable]
- (iii) Tier 2 Capital Notes: Tax Event (Deductibility): [Applicable]/[Not Applicable]
22. **Put Option** [Applicable]/[Not Applicable]
- (i) Optional Redemption Date(s) (Put): [•]
- (ii) Optional Redemption Amount (Put): [•] per Calculation Amount
- (iii) Notice period: Minimum period: [[•] days]/[as per the Conditions]
Maximum period: [[•] days]/[as per the Conditions]
23. Early Redemption Amount (Tax): [•] per Calculation Amount
24. Final Redemption Amount: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•] per Calculation Amount
25. Redemption Amount for Zero Coupon Notes: [•]/[As per Condition 10(i) (*Early redemption of Zero Coupon Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: **Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note]

Registered Notes:

[Global Certificate exchangeable for Individual Certificates in the limited circumstances described in the Global Certificate]

[Global Certificate [(U.S.\$[•]/€[•] principal amount)] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]/[Individual Certificates]

- 27. New Global Note: [Yes]/[No]/[Not Applicable]
- 28. New Safekeeping Structure: [Yes]/[No]/[Not Applicable]
- 29. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable]/[•]
- 30. Talons for future Coupons to be attached to Definitive Notes: [Yes]/[No]

THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of **MBH BANK NYRT.:**

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. Listing

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange with effect from [●].] [and] [on the regulated market of the Budapest Stock Exchange with effect from [●]]]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●] [and] [on the regulated market of the Budapest Stock Exchange with effect from [●]]]
- (ii) Estimate of total expenses related to admission to trading: [●]

2. Ratings

- Ratings: The Notes to be issued [have not been rated]/ [have been rated:]
- [Moody's Investors Service Cyprus Ltd (“Moody's”): [●]]
- The long-term counterparty risk rating assigned to the Issuer by Moody's is [●].
- [To include brief description of the meaning given to the relevant rating by the assigning rating agency]
- [Moody's is established in the European Economic Area (the “EEA”) and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). As such Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Save for any fees payable to the [Managers]/[Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking

transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [The net proceeds of the issue of the Notes are intended to be used by the Issuer to finance and/or refinance, in part or in full, new and/or existing [*description of relevant projects/activity to be inserted*].] [see “Use of Proceeds” in the Base Prospectus – if reasons for the offer are different from general corporate purposes and there is a particular identified use of proceeds, this will need to be stated here]
- (ii) Estimated net proceeds: [●]

5. [Fixed Rate Notes only – YIELD

Indication of yield: [●]

[The indicative yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]/[The indicative yield is calculated at the Issue Date on the basis of an assumed Issue Price of [100] per cent. It is not an indication of an individual investor’s actual or future yield.]

6. OPERATIONAL INFORMATION

- (i) ISIN: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear or Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable]/[●]
- (iv) Delivery: Delivery [against]/[free of] payment
- (v) Names and addresses of additional Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] [*include this text for Registered Notes which are to be held under the NSS*][and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being

satisfied that Eurosystem eligibility criteria have been met.]

[No. While the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

- (i) U.S. Selling Restrictions: [Reg. S Compliance Category [1]/[2];[TEFRA C]/[TEFRA D]/[TEFRA not applicable]
- (ii) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]
- [If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no “key information document” will be prepared, “Applicable” should be specified]*
- (iii) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]
- [If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no “key information document” will be prepared, “Applicable” should be specified]*
- (iv) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (v) Method of distribution: [Syndicated]/[Non-syndicated]
- (vi) If syndicated: [Not Applicable]/[•]
- Names of Managers: [Not Applicable]/[•]
 - Stabilisation Manager(s) (if any): [Not Applicable]/[•]
- (vii) If non-syndicated, name and address of Dealer: [Not Applicable]/[•]

8. **BENCHMARK REGULATION**

[[specify benchmark] is provided by [administrator legal name]. As at the date hereof, [administrator legal name] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended.

[As far as the Issuer is aware, as at the date hereof, [●] does not fall within the scope of Regulation (EU) 2016/1011, as amended.]/[Not Applicable]

[If the References Rate is EURIBOR, select the below option]

[EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended.]

[If the References Rate is CMS Rate, select the below option]

[CMS Rate is provided by ICE Benchmark Administration Limited (“**IBA**”). As at the date hereof, IBA is not included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended. As far as the Issuer is aware, the transitional provisions in Article 51 of the Regulation (EU) 2016/1011, as amended, apply, such that the IBA is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]

[If the Reset Rate is CMT Rate, select the below option]

[CMT Rate is provided by the Board of Governors of the Federal Reserve System. As at the date hereof, the Board of Governors of the Federal Reserve System is not included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended. As far as the Issuer is

aware, the transitional provisions in Article 2 of the Regulation (EU) 2016/1011, as amended, apply, such that the Board of Governors of the Federal Reserve System is not currently required to obtain authorisation/registration.]

VIII. FORMS OF THE NOTES

1. Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the ECB announced that Notes in NGN form are in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the central banking system for the euro (the “**Eurosystem**”), provided that certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg from 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or a successor provision) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or a successor provision) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

1.1 Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the Issue Date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery (free of charge to the bearer) of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

1.2 **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:

- (a) Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) any of the circumstances described in the applicable provisions of Condition 14 (*Enforcement*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to (or to the order of) the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Permanent Global Note shall only be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.

1.3 **Terms and Conditions applicable to the Bearer Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “—*Summary of Provisions relating to the Notes while in Global Form*” below.

1.4 **Legend concerning United States persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

2. **Registered Notes**

Each Tranche of Registered Notes will be represented by either:

- (a) Individual Certificates; or

- (b) one or more Global Certificates,

in each case as specified in the relevant Final Terms. A Certificate will be issued to each holder of Registered Notes in respect of its registered holding.

In a press release dated 22 October 2008, “*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*”, the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which Euroclear and/or Clearstream, Luxembourg had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg from 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the NSS is used.

Each Note represented by a Global Certificate will either be: (a) in the case of a Certificate which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depository; or (b) in the case of a Certificate to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

If the relevant Final Terms specifies the form of Notes as being “Individual Certificates”, then the Notes will at all times be represented by Individual Certificates issued to each Noteholder in respect of their respective holdings.

2.2 **Global Certificate exchangeable for Individual Certificates**

If the relevant Final Terms specifies the form of Notes as being “Global Certificate exchangeable for Individual Certificates”, then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Certificates if the relevant Final Terms specifies “in the limited circumstances described in the Global Certificate”, then:

- (a) in the case of any Global Certificate, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) in any case, if any of the circumstances described in the applicable provisions of Condition 14 (*Enforcement*) occurs.

Whenever a Global Certificate is to be exchanged for Individual Certificates, each person having an interest in a Global Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the Issuer and the relevant Registrar may require to complete and deliver Individual Certificates (including the name and address of each person in which the Notes represented by the Individual Certificates are to be registered and the principal amount of each such person’s holding).

Whenever a Global Certificate is to be exchanged for Individual Certificates, the Issuer shall procure that Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the

Global Certificate to the relevant Registrar of such information as is required to complete and deliver such Individual Certificates against the surrender of the Global Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Fiscal Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

2.3 **Terms and Conditions applicable to the Registered Notes**

The terms and conditions applicable to any Individual Certificate will be endorsed on that Individual Certificate and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “—*Summary of Provisions relating to the Notes while in Global Form*” below.

3. **Summary of Provisions relating to the Notes while in Global Form**

3.1 **Clearing System Accountholders**

In relation to any Tranche of Notes represented by a Global Note, references in the Conditions to “**Noteholder**” or “**Holder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary, common depositary, sub-custodian or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Conditions to “**Noteholder**” or “**Holder**” are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or sub-custodian or common depositary or common safekeeper or a nominee for that depositary or common depositary or sub-custodian or common safekeeper, as the case may be.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each an “**Accountholder**”) must look solely to Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Note or Global Certificate and in relation to all other rights arising under such Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Certificate.

3.2 Transfers of Interests in Global Notes and Global Certificates

Transfers of interests in Global Notes and Global Certificates within Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrar, the Arranger, the Dealers, the Calculation Agent or the Agents will have any responsibility or liability for any aspect of the records of any of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Certificate representing such interest.

3.3 Conditions applicable to Global Notes

Each Global Note and Global Certificate will contain provisions which modify the Conditions as they apply to the Global Note or Global Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Certificate which, according to the Conditions, require presentation and/or surrender of a Note, Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

All payments of interest in respect of a Series of Notes represented by a Global Note or Global Certificate shall be calculated in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Certificate.

Payment Business Day: In the case of a Global Note or a Global Certificate, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre specified in the Final Terms; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Certificate will be made to the person, being the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Exercise of put option: In order to exercise the option contained in Condition 10(f) (*Redemption at the option of Noteholders*), the bearer of a Permanent Global Note or the holder of a Global Certificate must,

within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(g) (*Partial redemption*) in relation to some only of the Notes, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Global Note or a Global Certificate and the Global Note, or the Global Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

3.4 **Eurosystem Eligibility**

If the Global Notes or Global Certificates are stated in the relevant Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), on or prior to the original issue date of the Tranche, the Global Notes or Global Certificates will be delivered to a common safekeeper and the relevant Final Terms will set out whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (“**Eurosystem eligible collateral**”).

Depositing the Global Notes or the Global Certificates intended to be held as Eurosystem eligible collateral with a common safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form or to be held under the NSS (as the case may be) which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper.

IX. USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used by the Issuer for its general corporate purposes, including as specified in Part B of the relevant Final Terms.

X. DESCRIPTION OF THE ISSUER AND THE MBH GROUP'S BUSINESS

1. Introduction

The Issuer is both an operating company and the parent company of the MBH group. The MBH Group provides a full range of financial services in Hungary. Traditional banking operations are performed by the Issuer while specialised services, including mortgage lending and investment funds, are offered by the Issuer's subsidiaries.

As at 30 June 2023, the MBH Group serves 1.9 million customers, operates more than 500 branches and 800 ATMs across Hungary, and its total assets amounted to HUF 10,487.2 billion, with gross loans and advances to customers of HUF 4,956.8 billion (includes a balance of loans and advances to customers measured at fair value through profit and loss in the amount of HUF 468,684 million without fair value adjustment) and deposits of HUF 6,270.9 billion (amounts due to customers). It serves 200,000 micro-enterprises, 30,000 small and medium-sized enterprises (“SMEs”), 6,000 private banking partners and is a market leader in the leasing, agricultural finance and corporate banking segments.

The registered name of the Issuer is MBH Bank Nyilvánosan Működő Részvénytársaság, abbreviated as MBH Bank Nyrt. The Issuer's corporate name in English is MBH Bank Plc. The Issuer has its registered seat at Váci utca 38., 1056 Budapest Hungary and its telephone number is +36 1 327 8600. The website of the Issuer is www.mbhbank.hu. The Issuer was founded on 12 March 1950 as a company limited by shares (in Hungarian: *részvénytársaság*) under the registration number of Cg.01-10-040952. The Issuer's Legal Entity Identifier (LEI) is 3H0Q3U74FVFED2SHZT16.

The Issuer operates under Hungarian law, in particular, under Credit Institutions Act, Act CXX of 2001 on the capital markets (the “**Capital Markets Act**”), Act CXXXVIII of 2007 on investment firms and commodity service providers and on the rules of their activities (the “**Investment Firms Act**”) and Act V of 2013 on the Civil Code (the “**Civil Code**”).

2. History

On 15 May 2020, MTB Bank and MKB Bank signed a letter of intent to establish a joint holding company, which later Corvinus International Investment Ltd. and Budapest Bank also became party to. Based on this agreement, a joint holding company was established, the Hungarian Bankholding Zrt. (in Hungarian: *Magyar Bankholding Zrt.*, “**Hungarian Bankholding**”) which was authorised by the MNB in its decision No. H-EN-I-358/2020. The Hungarian Bankholding commenced its effective operation on 15 December 2020.

In March 2021, the Board of Directors and the Supervisory Board of Hungarian Bankholding approved the strategy for the merger of Budapest Bank and Takaré Holding, and subsequently Takarékbank into MKB Bank. Takaré Holding owned the Takaré Group which comprised of MTB Bank, Takaré Mortgage Bank and Takarékbank. The Merger was carried out in two steps, as detailed below.

2.1 MKB Bank

MKB Bank was founded by the Hungarian state on 12 March 1950 under the name Magyar Külkereskedelmi Bank Rt. The main purpose of its creation was to participate in international payment transactions, primarily to perform different tasks related to foreign trade transactions of Hungary. During the banking reform of 1987, when the two-tier banking system was established, MKB Bank was granted a full commercial banking licence. In the beginning of the 1990s, MKB Bank significantly developed retail banking services, as well as money and foreign exchange markets, and capital markets activities. The privatisation of MKB Bank took place in several steps in the 1990s, after which MKB Bank became a

dominant player in the Hungarian banking sector. In 1994, the MKB Bank was partially privatised, with the German Bayerische Landesbank acquiring a 25 per cent. stake, which later increased to 89.61 per cent. by 2005.

Since the beginning of the financial crisis in 2008, MKB Bank's financial situation gradually worsened mainly because it held a large portfolio of commercial real estate loans denominated in foreign currencies, a large part of which became non-performing as a result of the crisis. The Hungarian State took full ownership of MKB Bank after purchasing the whole stake of Bayerische Landesbank on 29 September 2014, and the residual minority stake on 14 November 2014.

The Issuer was fully state-owned between 2014 and 2016 with a market share of approximately 6 per cent. in Hungary. Since the beginning of the financial crisis in 2008, MKB Bank's financial situation gradually worsened mainly because it held a large portfolio of commercial real estate loans denominated in foreign currencies, a large part of which became non-performing as a result of the crisis. On 18 December 2014, the MNB, in its capacity as the Hungarian resolution authority, decided to place the Issuer in resolution. In November 2015, the MNB notified the European Commission an aid measure to deal with the remaining bad loans (a so-called **impaired asset measure**) and a restructuring plan for MKB Bank (the "**Restructuring Plan**"). The bad loans of MKB Bank, which were not sold were transferred to an asset management vehicle at a price above market value. This was financed by the Hungarian national resolution fund. On this basis, the European Commission was able to conclude that the impaired asset measure and the Restructuring Plan were suitable for restoring the bank's long-term viability without continued state support, ensured that the MKB Bank's owners contribute to the cost of restructuring and limited the distortions of competition brought about by the aid, in line with EU state aid rules. As compensation for the state aid granted in connection with the asset separation carried out within the framework of the remediation process completed in June 2016, the Hungarian authorities undertook to fulfil a comprehensive commitment framework. The Issuer's obligations during the reorganisation period lasting until 31 December 2019 extended to the implementation of the Restructuring Plan approved by the European Commission and a comprehensive commitment framework as an annex thereto. The main objectives of these commitments were to maintain the long-term viability of the Issuer and the MBH Group, and to limit the distortive effects on competition. The Issuer regularly reported to the European Commission on the fulfilment of the commitments. The European Commission may monitor the fulfilment of the commitments for 10 years from the granting of the state aid. The European Commission's power to order the repayment of the aid may be exercised within a 10-year limitation period until December 2025.

On 30 May 2019, MKB Bank has listed 100,000,000 ordinary shares with a nominal value of HUF 1,000 per share and a total nominal value of HUF 100,000,000,000 in the "Standard" category of the Budapest Stock Exchange. The current shareholder structure of the Issuer and including the number of shares listed on the Budapest Stock Exchange is further detailed under "*Description of the Issuer and the MBH Group's Business – Shareholder Structure*".

2.2 Takarék Group

The Takarék Group traces its origins to the cooperative savings and credit associations that emerged in the late 19th and early 20th centuries to support rural development, small businesses, and social welfare. The first such association was founded in 1873 in Kecskemét, and by 1914 there were over 2,000 across Hungary. The associations operated independently, but were supervised by a central institution, the National Savings and Credit Association which also provided liquidity, auditing, and training services.

The associations were reorganised several times, and some were nationalised, merged, or liquidated. During World War II, many associations suffered losses or destruction, and after the war, the communist regime abolished the autonomy of these cooperative associations, although in the second half of the 1950s, the re-establishment of the associations began. In 1987, as part of the economic reforms following the fall of the

communist regime, the MNB allowed these associations to regain some of their former cooperative identity and autonomy. In 1989, cooperative savings established the former MTB Bank that recently became MBH Investment Bank Ltd., a subsidiary of the Issuer.

In the 1990s and 2000s, the cooperative banking sector faced increasing competition from foreign and domestic banks, as well as regulatory and technological changes. The sector underwent several consolidation and modernisation processes, and also expanded its activities to include insurance, leasing, asset management, and other services. As part of the privatisation process, in 1997 the consortium of DG BANK Deutsche Genossenschaftsbank AG (“**DG BANK**”) and Hungária Biztosító Rt. won the privatisation tender of the former MTB Bank. Later, in 2012 the Hungarian State acquired the shares of DG BANK through the Hungarian Development Bank (“**MFB**”).

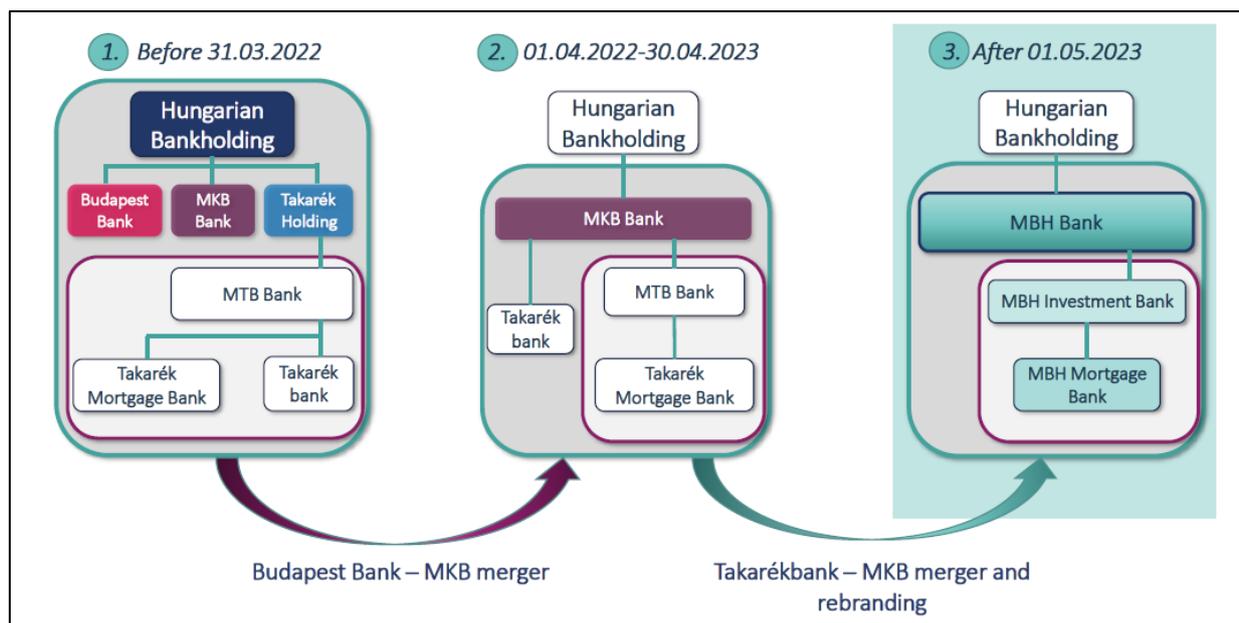
In 2013, the Hungarian Government initiated a major restructuring of the cooperative banking sector, aiming to create a unified and competitive system (see below “*Hungarian Banking Sector - Integration of cooperative credit institutions*”).

In 2020, the Takaréék Group had around 1,000 branches, 4 million customers, and an approximately 15 per cent. market share. The Takaréék Group offered a wide range of financial products and services, such as retail and corporate banking, mortgage lending, insurance, leasing, asset management, securities, and digital solutions. The Takaréék Group also maintained its cooperative values and principles, and its commitment to social responsibility and regional development.

2.3 **Budapest Bank**

Budapest Bank was founded on 1 January 1987, as a joint venture of the state, and certain state-owned companies, private individuals and cooperatives when the two-tier banking system was created. In December 1995, Budapest Bank was privatised with the participation of General Electric Capital Corporation (**GE Capital**), the European Bank of Reconstruction and Development and ÁPV Rt. Through a series of continuous share purchases, GE Capital first became the majority owner of Budapest Bank, then in 2012 it bought out the remaining minority stake and thus became the sole shareholder. In 2015, Corvinus International Investment Ltd. (on behalf of the Hungarian state.) acquired 100 per cent. of the shares of Budapest Bank. Prior to the Merger, Budapest Bank was one of the major Hungarian universal banks, offering a full range of financial services to both the public and mainly SMEs.

2.4 The steps of the Merger



(a) *First step – Budapest Bank, Takaréék Holding and MKB merger*

On 15 December 2021, the resolution of the general meeting of MKB Bank and resolutions of Hungarian Bankholding as the sole shareholder of Takaréék Holding and Budapest Bank decided on the merger of Takaréék Holding and Budapest Bank into MKB Bank, as the acquiring company. This first step of the Merger was completed on 31 March 2022, with the merged credit institution temporarily continued to operate under the name of MKB Bank.

Accordingly, the 2022 Annual Consolidated Financial Statements reflect the consolidated financial position and performance of the newly merged group for the 9 months from 1 April 2022.

(b) *Second step – Takaréékbank and MKB Bank merger, rebranding*

Following this initial step in the Merger, the Board of Directors of MKB Bank adopted the 2023-27 Strategic Plan on 14 September 2022 which confirmed the intention to merge Takaréékbank into MKB Bank. In February 2023, the MNB approved by its decision No.H-EN-I-57/2023, the merger of Takaréékbank into MKB Bank. Consequently, as the last step of the Merger, on 30 April 2023, Takaréékbank merged into MKB Bank, while MTB Bank and Takaréék Mortgage Bank remained subsidiaries of the Issuer.

From 1 May 2023, the merged credit institution commenced operations under the name MBH Bank Plc. with a unified brand name and image. Prior to this the merged entity was operating under the name MKB Bank. With this final step, the completion of the Merger was realised, as a result of which Hungary's second largest bank was created in terms of total assets.

3. Shareholder Structure

The majority shareholder of the Issuer is Hungarian Bankholding and the Merger did not imply any change in the indirect ownership structure of the MBH Group. Rights of shareholders, both with majority or minority shareholding, are included in the Articles of Association of the Issuer, compliant with the applicable legal regulations. The Articles of Association of the Issuer contain measures to ensure that such

control of the majority shareholder is not abused, in particular the Board of Directors of the Issuer shall make decisions on transactions and commitments of the Issuer (including, but not limited to, decisions on participation in legal entities and their termination) with a value exceeding EUR 250 million, provided that the entry into force of such transactions and commitments requires the subsequent approval of the General Meeting of Shareholders of Hungarian Bankholding, except (i) transactions and commitments between the Issuer and its direct or indirect subsidiaries; and (ii) commitments and transactions arising from the performance of the Issuer's authorised activities.

As of 31 December 2022, the shareholder structure of the Issuer was the following:

| Owner | Shares (pieces) | Total nominal value of shares | Ownership share(%) |
|-----------------------|--------------------|-------------------------------|--------------------|
| Hungarian Bankholding | 318,883,966 | 318,883,966,000 | 99.12% |
| Free Float | 2,814,992 | 2,814,992,000 | 0.88% |
| TOTAL | 321,698,958 | 321,698,958,000 | 100% |

As of 31 December 2022, the Issuer's authorised, issued, and fully paid share capital comprised 321,698,958 shares at the reporting date with ordinary shares of HUF 1,000 each. All issued shares rank pari passu in the event of a winding up. The share capital of the Issuer as of 31 December 2021, i.e. prior to the Merger, was HUF 100 billion. In connection with the first step of the Merger (see "*Description of the Issuer and the MBH Group's Business – History – The steps of the Merger*"), the share capital of the Issuer increased by HUF 49,616 million. At the same time the MKB Bank transferred HUF 86,101 million from capital reserve to share capital. The shareholders of the Issuer increased the share capital of the Issuer by HUF 75,603 million on 2 April 2022 and HUF 10,379 million on 12 December 2022.

As of 30 June 2023, the shareholding structure of the Issuer was the following:

| Owner | Shares (pieces) | Total nominal value of shares | Ownership share(%) |
|-----------------------|--------------------|-------------------------------|--------------------|
| Hungarian Bankholding | 318,883,966 | 318,883,966,000 | 98.87% |
| Free float | 3,645,659 | 3,645,659,000 | 1.13% |
| TOTAL | 322,529,625 | 322,529,625,000 | 100% |

As of 30 June 2023, the Issuer's authorised, issued, and fully paid share capital comprised 322,529,625 shares at the reporting date with ordinary shares of HUF 1,000 each. As a result of the second step of the Merger, the Issuer's 830,667 issued "A" series dematerialised ordinary shares – each with a nominal value of HUF 1,000 embodying the same rights as the previously issued ordinary shares – were listed in the "Standard" category of the Budapest Stock Exchange on 1 August 2023.

To the best of the Issuer's management's knowledge, there is no person who has a majority influence in the Hungarian Bankholding (and through indirect influence in the Issuer). As at the date of this Base Prospectus, the Issuer is not aware of any other arrangements that could lead to changes in control of the Issuer in the future.

As of the date of this Base Prospectus, the indirect ownership structure of the Issuer is set out in the table below:

| Indirect Owners of the Issuer | Ownership share (%) |
|-------------------------------|---------------------|
|-------------------------------|---------------------|

| Indirect Owners of the Issuer | Ownership share (%) |
|---|---------------------|
| Corvinus Nemzetközi Befektetési Zrt. | 30.01% |
| Magyar Takarékok Befektetési és Vagyonkezelési Zrt. | 24.85% |
| Magyar Takarékok Holding Zrt. | 12.42% |
| METIS Magántőkealap | 11.38% |
| Blue Robin Investments S.C.A. | 10.70% |
| RKOFIN Befektetési és Vagyonkezelő Kft. | 4.43% |
| GLOBAL ALFA Magántőkealap | 3.25% |
| Pantherinae Pénzügyi Zrt. | 1.00% |
| OPUS FINANCE Future Zrt. | 0.83% |
| Total | 98.87% |

4. Strategy

The strategic goal of the Issuer is to play a leading role in the Hungarian financial services market, in line with its announced strategy, through its professional experience, product range and quality of service. The Issuer's priority goals for the period of 2024-2028 include increasing market shares, strengthening digital channels and striving for cost efficiency in the retail segment.

The Issuer aims to offer value to all Hungarian citizens and businesses, with a special focus on supporting segments of national economic significance, such as young people, SMEs and the agricultural sector, and remaining committed to local communities. The Issuer has played a pivotal role in economic incentive programs, securing a significant market share in various Hungarian loan programmes. The Issuer aspires to continue fulfilling this role. The Issuer envisions retaining a highly accessible branch network in Hungary, providing comprehensive nationwide coverage while delivering value-based customer service through efficient and streamlined operations.

The Issuer's retail business is driven by quality customer service, enhanced customer experience, strengthened lending and the premium segment, as well as partnerships that help increase its market share in the intermediary market.

The Issuer's corporate business is based on local knowledge, professional service provision, advice-based sales and innovative solutions. In the corporate segment, the Issuer's focus lies in providing comprehensive business solutions, consulting-based sales, and specialised financial products. With a market share of 19.0 per cent.¹³, the Issuer is one of the largest corporate lenders in Hungary and plays a significant role in providing financial services suitable for the growing business activities of domestic companies and in overcoming the current economic crisis. The Issuer continues to provide the widest network of the so-called "MFB" points which is a type of branch office or service centre of the MFB, which is a state-owned financial institution that provides loans, guarantees, subsidies, and other forms of support for economic development, infrastructure, innovation, and environmental projects in Hungary. In addition to maintaining and further strengthening these activities of the Issuer, the priority goals for the period of 2024-2028 include the launch of the factoring and syndicated lending business, as well as the creation of a market-leading, separate investment bank.

The Issuer aims to strengthen its competitive advantage and market share in the Hungarian banking sector, as well as expand its presence and offerings in the regional and international markets, especially in Central and Eastern Europe. In particular, the Issuer plans to explore growth opportunities in the Central and Eastern

¹³ Source: the Issuer's monthly controlling report.

European region through strategic acquisitions. The Issuer's ambition is not limited to traditional banking targets but extends to fintech companies and other digital players.

The Issuer recognises the transformative power of digitalisation in shaping the future of banking, and is committed to adopting cutting-edge fintech solutions to revolutionise the customer experience, offering flexible, rapid, and interoperable products that cater to the evolving needs of its client base.

The Issuer also provides a wide range of investment banking type services. The Issuer is committed to building an innovative organisation and corporate culture, with a focus on people, continuous capability development and a cutting-edge corporate culture. In addition to its own banking products and services, the Issuer offers a uniquely broad range of services to its customers through its subsidiaries and partners.

Another strategic goal of the Issuer is to foster a sustainable and responsible banking culture, aligned with the ESG principles and to contribute to the green transition and the social welfare of the communities it serves.

5. Business Overview

The MBH Group is organised along the below listed business lines, each with its own distinct market and products in line with the MBH Group's overall strategic direction.

As of 30 June 2023, the MBH Group's business lines are:

5.1 Retail and Private Banking

The retail business of the MBH Group serves customers whose needs can be efficiently addressed by the Issuer through a pre-defined sales process and by means of variants of the standard product range. This includes retail and micro and small business customers, for which it is also responsible for product development and servicing, as well as business management of the digital transformation of the resulting large bank.

In the retail business, the MBH Group aims to strengthen its market position, reach new customers and provide market-leading services beyond the size of its branch network through its digital service and universal, all-inclusive product and service offerings, achieving high customer satisfaction and customer experience.

The MBH 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.

Recently, due to the narrowing of the mortgage market, a special focus has been placed on unsecured credit products, including personal loans, where the Issuer already has a 15.5 per cent. stock market share. In Q2 2023, the Issuer has concluded 18.1 per cent. of the contracts for the so-called "*baby loans*", a subsidised interest-free loan programme that was introduced by the Hungarian Government in 2019 as part of a package of measures to encourage higher fertility rates and support families.

The closing volume of loans to households amounted to HUF 1,534.2 billion, while deposits amounted to HUF 1,712.3 billion at the end of the first half of 2023 (based on segmentation according to the MNB's statistical criteria).

The Issuer's management believes that the Issuer's private banking division is one of the leading private banks in Hungary. The premium investment service provides personalised, model portfolio-based

investment advice, a wide range of products, customised products and a high level of personalised expert service. The MBH Group aims to further improve the quality of its service, based on assessed client needs, and to continue to pursue strong acquisitions.

The MBH Group is committed to introducing new digital solutions to provide a higher level of service to both private banking and premium clients. Following the Merger, the number of premium clients increased to 32,000 and as of 30 June 2023 the amount of assets under management is HUF 690 billion in net asset value investments. The investment penetration rate of the portfolio is 80 per cent. with a steadily growing trend. A positive trend is also visible in the product level diversification of investment portfolios, moving in the opposite direction to market trends, with the MBH Group's share of investment funds reaching 41 per cent. in a portfolio with strong focus on government bonds.

The European Single Resolution Board has launched winding up proceedings of the parent of Sberbank Hungary, the Austrian Sberbank Europe AG. Due to the serious liquidity and capital problems of Sberbank Hungary, the MNB has revoked the domestic credit institution's operating licence and has ordered its winding up. Following the relevant financial and risk impact assessments, the Issuer has purchased the loan portfolio of Sberbank Hungary from the liquidator.

5.2 Corporate Banking

Building on its traditional strengths, the MBH Group's ongoing objective is to maintain a strong corporate business. The focus of the business is on local knowledge, professional service, consultancy-based sales and the provision of innovative solutions.

In addition to providing different products to its clients, the MBH Group also provides complex business solutions, advice, complex loan structures and special banking needs. The Issuer is able to provide efficient solutions for most players in the corporate segment.

The MBH 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 MBH Group also serves financial institutions, financial service companies and other entities with comprehensive financial solutions; international and domestic payments, investments in securities, hedging transactions and correspondent banking services, participating in bank-to-bank finance.

The Issuer continues to be an active participant in the continuously renewing Széchenyi Programme. The Széchenyi Programme is a comprehensive economic development programme launched by the Hungarian Government with the aim to support the modernisation, competitiveness and innovation of the Hungarian economy, especially the SMEs sector, through various financial instruments, subsidies, grants and incentives. The Issuer has achieved a 37 per cent. market share in terms of the contracted amount of Széchenyi MAX products by the end of June 2023.¹⁴ In the MAX+ programme which has been launched in 2023, the Issuer has a 30 per cent. market share of the number of loan applications in the corporate business line, including micro and small companies.

MBH Bank has traditionally maintained close ties with Eximbank to enable customers to benefit from its financing sources. Eximbank is a state-owned financial institution in Hungary that provides export credit, guarantees, insurance, and other services to support the external economic activity and competitiveness of Hungarian enterprises. The Baross Gábor Reindustrialisation Loan Programme, an Eximbank loan scheme, offers a total of HUF 1,000 billion in fixed low-interest loans in both euros and forints. Most of the facility was used for working capital loans, which were in high demand among the Issuer's customers.

¹⁴ Source: KAVOSZ Zrt., the company which oversees and coordinates the Széchenyi Card Programme.

Among the corporate loans, the portfolio of non-financial enterprises (based on the segmentation as per the MNB's statistical requirements) amounted to HUF 2,278.9 billion as at 30 June 2023, while the portfolio of deposits stood at HUF 2,835.9 billion.

In the micro and small business segment, business support and product development functions have been established at group level, and a sales organisation has been set up to support the new structure.

5.3 **Markets, Fund Management and Treasury**

The MBH Group provides a wide range of investment services and products to its retail and corporate customers through its Markets unit and the different fund and asset management subsidiaries.

Government bond sales continued to be the main focus of investment services. The inflation and yield environment supported demand for inflation-tracking retail government securities, but the main focus of sales was on investment funds, including bond-type funds. Demand for fixed-rate bonds with a maturity of over one year and discount treasury bills remained strong. As a result of earlier expansion of the investment product range, the MBH Group's clients are able to choose from a greater number of third-party and proprietary funds, which are best suited to their interests and risk appetite, which has resulted in a greater inflow into these products.

In 2023, MBH Befektetési Alapkezelő Zrt. which is the asset management subsidiary of the MBH Group ("MBH Fund Management Ltd."), started the optimisation of its existing product range in order to offer a more streamlined and compact range of investment funds.

As at 30 June 2023, MBH Fund Management Ltd. managed a total of HUF 1,778 billion in net asset value investments, representing a market share of 10.64 per cent.¹⁵ MBH Fund Management Ltd. is ranked second in the market among investment fund managers (in terms of assets under management).

5.4 **Leasing**

The consolidated MBH Group includes the dominant operators of the domestic leasing market, Euroleasing Zrt., Budapest Lízing Zrt. and Euroleasing Ingatlan Zrt. (former name: Takaréék Leasing Zrt.). As an important step in the Merger process, from the first day of 2022, Euroleasing Zrt., Budapest Lízing Zrt., Euroleasing Ingatlan Zrt., and Budapest Bank's (from May 2023, MBH Bank) car financing segment continue to operate under the same management structure, in a coordinated and integrated manner.

The leasing subsidiaries of the MBH Group have a national network and a market share of more than 20 per cent. based on the newly placed, aggregated leasing stock. The MBH Group is a market leader in several segments on the leasing market, and its scope of activities has extended to include the financing of agricultural machinery, large commercial vehicles, buses and general machinery.

Following the Merger, new loan and leasing services are primarily provided by Euroleasing Zrt., while contracts concluded prior to the Merger continue to be managed by the original leasing companies or their legal successors.

The gross value of leasing portfolio of the MBH Group (loans and advances to customers) was HUF 532 billion as of 30 June 2023.

¹⁵

Source: Association of Hungarian Investment Fund and Asset Management Companies (BAMOSZ)

6. Ratings

As at the date of this Base Prospectus, the following ratings have been assigned to the Issuer by Moody's with the cooperation of the Issuer in the rating process:

| Rating agency | Rating classes | Rating | |
|---------------|---|-----------|------------|
| | | Long term | Short term |
| Moody's | Long- and short-term Deposit Ratings (Local and Foreign Currency) | Baa3 | P-3 |
| | Counterparty Risk Rating (Local and Foreign Currency) | Baa2 | P-2 |

7. Group structure of the MBH Group

The Issuer is the ultimate parent company of the MBH Group and the Issuer is, therefore, dependent on the performance of its subsidiaries. The Issuer does not have any subsidiaries outside of Hungary. The subsidiaries of the MBH Group are the following as of 30 June 2023:

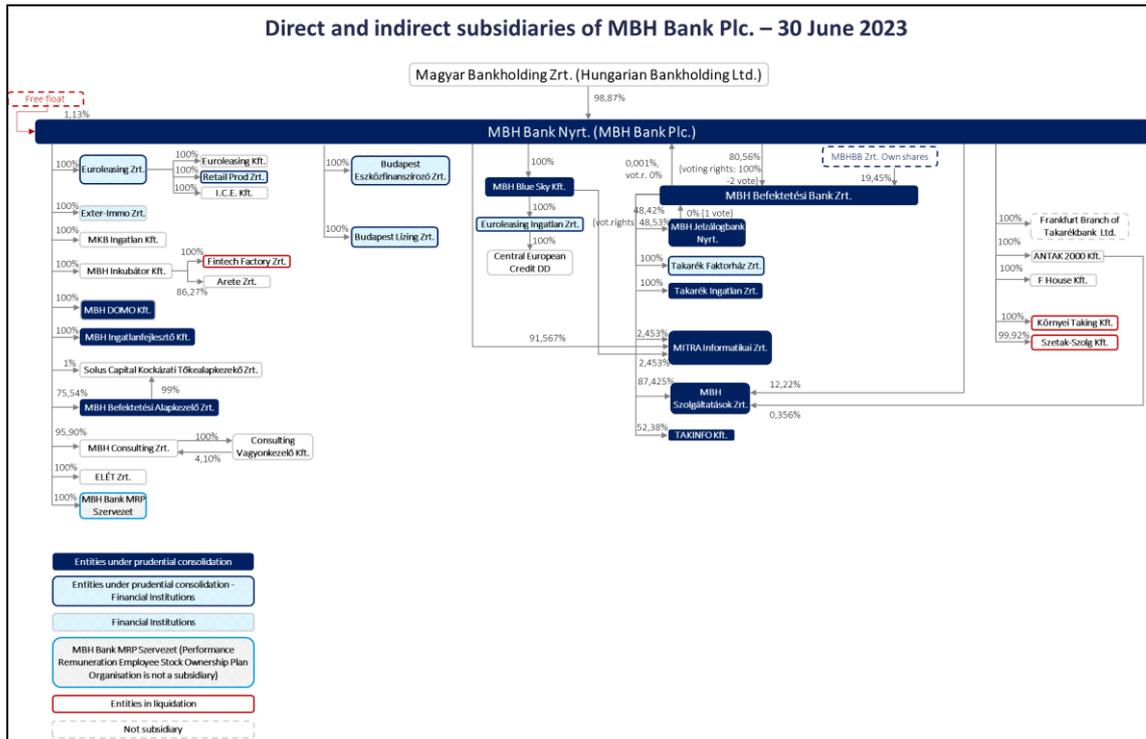
| Company name | Involvement |
|--|-------------|
| Leasing firms | |
| Euroleasing Ltd. (in Hungarian: <i>Euroleasing Zrt.</i>) | Subsidiary |
| Budapest Leasing Ltd. (in Hungarian: <i>Budapest Lízing Zrt.</i>) | Subsidiary |
| Euroleasing Real Estate Ltd. (in Hungarian: <i>Euroleasing Ingatlan Zrt.</i>) | Subsidiary |
| Retail Prod Ltd. (in Hungarian: <i>Retail Prod Zrt.</i>) | Subsidiary |
| Banks | |
| MBH Investment Bank Ltd. (in Hungarian: <i>MBH Befektetési Bank Zrt.</i>) | Subsidiary |
| MBH Mortgage Bank Plc. (in Hungarian: <i>MBH Jelzálogbank Nyrt.</i>) | Subsidiary |
| Fund Manager firm | |
| MBH Fund Management Ltd. (in Hungarian: <i>MBH Befektetési Alapkezelő Zrt.</i>) | Subsidiary |
| Property Management | |
| Takarék Real Estate Ltd. (in Hungarian: <i>Takarék Ingatlan Zrt.</i>) | Subsidiary |
| MBH Services Ltd. (in Hungarian: <i>MBH Szolgáltatások Zrt.</i>) | Subsidiary |
| MBH Real Estate Development Ltd. (in Hungarian: <i>MBH Ingatlanfejlesztő Kft.</i>) | Subsidiary |
| IT firms | |
| MITRA IT Service Provider Ltd. (in Hungarian: <i>MITRA Informatikai Zrt.</i>) | Subsidiary |
| Takinfo Ltd. (in Hungarian: <i>Takinfo Kft.</i>) | Subsidiary |
| Private Equity Funds | |
| Takarék Private Investment Fund* (in Hungarian: <i>Takarék Zártkörű Befektetési Alap</i>) | Fund |
| MKB Stable Short-Term Corporate Bond Fund (in Hungarian: <i>MKB Vállalati Stabíl Rövid Kötvény Alap</i>) | Fund |
| Takarék Agricultural and Development Private Equity Fund (in Hungarian: <i>Takarék Mezőgazdasági és Fejlesztési Magántőkealap</i>)* | Fund |
| Opus TM1 Real Estate Development Fund (in Hungarian: <i>Opus TM1 Ingatlan Befektetési Alap</i>)* | Fund |
| Factoring firm | |
| Takarék Faktórház Ltd. (in Hungarian: <i>Takarék Faktórház Zrt.</i>) | Subsidiary |
| Other firms | |

| | |
|--|------------|
| MBH Domo Ltd. (in Hungarian: <i>MBH DOMO Kft.</i>) | Subsidiary |
| MBH Employee Share Scheme (in Hungarian: <i>MBH Bank MRP Szervezet</i>)* | Subsidiary |
| Budapest Equipment Finance Ltd. (in Hungarian: <i>Budapest Eszközfinanszírozó Zrt.</i>) | Subsidiary |
| MBH Blue Sky Ltd. (in Hungarian: <i>MBH Blue Sky Kft.</i>) | Subsidiary |

*under consolidation following the Merger (no prudential supervision is required for the consolidation).

7.1 Group Structure Chart

The group structure chart of the MBH Group is the following as of 30 June 2023:



7.2 Most significant subsidiaries

The most significant subsidiaries of the MBH Group are the following:

7.2.1 MBH Investment Bank

MBH Investment Bank Ltd. (in Hungarian: *MBH Befektetési Bank Zrt.*, previously named MTB Magyar Takarékszövetkezeti Bank Zrt., hereinafter “**MBH Investment Bank**”) was founded in 1989. MBH Investment Bank was the central bank of the Hungarian Savings Cooperatives Group, which consisted of more than 100 savings cooperatives and their subsidiaries. In 2019 according to the Takarékbank Group's business strategy for the period 2019-2023, the former Mohácsi Takarékbank Zrt. was renamed Takarékbank, a universal, commercial bank in which the savings cooperatives merged and hereinafter the new bank served the customers of all savings cooperative as the country wide commercial bank of the Takarékbank Group. From 1 April 2019 the bank was renamed MTB Bank. and as a consequence of the rebranding, it was later renamed MBH Investment Bank Ltd.

The MBH Investment Bank offers a full scale of investment services to its clients supported by the highest standard of digital solutions. With expertise in diverse investment areas and products, the MBH Investment Bank provides clients with investment services tailored to their needs and goals.

MBH Investment Bank is designated as the managing member of the Integration Organisation (see below “*Hungarian Banking Sector - Integration of cooperative credit institutions*”).

7.2.2 MBH Mortgage Bank

MBH Mortgage Bank Plc. (in Hungarian: *MBH Jelzálogbank Nyrt.*, previously named FHB Földhitel- és Jelzálogbank Nyrt. and later Takarékszövetkezet Jelzálogbank Nyrt., “**MBH Mortgage Bank**”) started its operation in 1998. As the first specialised mortgage credit institution in Hungary, it founded the basis for a mortgage lending business operating as a mortgage bank in the Hungarian banking sector, actively participated in establishing the legal environment of mortgage banking operations, developed its strategy and built up its customer base, and made mortgage-based financing available through mortgage covered bonds available in the country.

The MBH Mortgage Bank operates as a refinancing mortgage bank, consequently its main activities are refinancing mortgage loans for members of the MBH Group and third-party partner banks outside the MBH Group, as well as issuing mortgage bonds. The MBH Mortgage Bank is an active green and non-green covered bonds issuer on the domestic market. MBH Mortgage Bank maintains a Green Covered Bond Framework for its issuance of green mortgage bonds, which are also recognised as ‘*European premium covered bonds*’, and its sustainability performance is published in its ESG Strategy and Sustainability Report. MBH Mortgage Bank also discloses its sustainability performance and objectives in its GRI-based Sustainability Reports and ESG Strategy. In addition, MBH Mortgage Bank also acts as an Energy Efficient Mortgage Labelled lending institute.

The MBH Mortgage Bank actively participates in the work of the statistical, legal and capital market groups of the Hungarian Banking Association and the European Mortgage Association and the European Mortgage Bond Council.

7.2.3 MBH Fund Management Ltd.

The MKB-Pannónia Alapkezelő Zártkörűen Működő Részvénytársaság merged into Budapest Alapkezelő Zrt. and changed its name with effect from 1 September 2022. Thereafter it operated under the name of MKB Alapkezelő Zrt. Since 1 May 2023 it has been operating under the name of MBH Fund Management Ltd.

The operation of the MBH Fund Management Ltd. includes the following:

- management of alternative investment funds, including securities investment funds, real estate investment funds, venture capital funds and private equity funds;
- management of undertakings for the collective investment in transferable securities (UCITS);
- portfolio management;
- investment consultancy; and
- securities lending for reference data providers.

The bulk of the investment units distributed by MBH Fund Management Ltd. are sold in Hungary through the branch network of the MBH Group, but a significant proportion of the aggregated annual sales volume of the MBH Fund Management Ltd. is made up of investment units sold abroad, in the Czech Republic.

7.2.4 Leasing Firms (Euroleasing Zrt., Budapest Lízing Zrt. and Euroleasing Ingatlan Zrt.)

The main operations of Euroleasing Zrt., Budapest Lízing Zrt. and Euroleasing Ingatlan Zrt. (formerly known as Takarék Lízing Zrt.) are vehicle financing, financial leasing, intermediation of financial services and insurance brokerage. Other members of the MBH Group also provide services related to the leasing activity of the MBH Group, such as Retail Prod Zrt., which is a financial enterprise, Euroleasing Szolgáltató Kft. which provides back-office services for members of the MBH Group and other clients, and I.C.E. Kft. which undertakes receivables collection. Euroleasing Zrt., Budapest Lízing Zrt., and Euroleasing Ingatlan Zrt. are fully owned subsidiaries of MBH Bank, while Retail Prod Zrt., Euroleasing Kft., and I.C.E. Kft. are solely owned by Euroleasing Zrt., and thus indirectly owned by MBH Bank.

The merger process resulted in a nationwide network of leasing firms enabling more effective and efficient service provision for retail and corporate customers, and the branches of the credit institutions involved in the merger now also offer automotive, asset and agricultural machinery financing services. Euroleasing Zrt. covers all segments of the market, including areas of smaller volume but requiring specific expertise, such as boat financing and special retail real estate financing.

New lending and leasing services are primarily provided by Euroleasing Zrt., while contracts concluded prior to 1 January 2022 continue to be managed by the original leasing companies. Following the merger process, the leasing firms of the MBH Group have approximately 110,000 customers and, according to data released by the Hungarian Leasing Association, a market share of more than 20 per cent. based on the newly placed aggregate leasing portfolio.

7.2.5 MBH Services Ltd.

As part of the merger process, the real estate management companies TIHASZ Takarékszövetkezet Zrt., TIFOR Takarékszövetkezet Zrt., Extercom Kft., and Exter-Reál Kft. merged on 1 January 2023, where TIHASZ Takarékszövetkezet Zrt. was the acquiring company. Since 1 May, the company has been operating under the name of MBH Szolgáltatások Zrt. (“**MBH Services Ltd.**”). The main activity of MBH Services Ltd. is the management of its real estate portfolio acquired as part of the integration process of the savings cooperatives.

7.2.6 MBH Real Estate Development Ltd.

MBH Ingatlanfejlesztő Kft. (“**MBH Real Estate Development Ltd.**”) operates the real estate and branch network of the Issuer and provides its divisions with the necessary services. The bulk of its revenues (approximately 87 per cent.) are derived from the Issuer. MBH Real Estate Development Ltd. also lets offices to and operates them for other members of the MBH Group and third-party companies.

MBH Real Estate Development Ltd. is a strategic subsidiary of MBH Bank, providing important services to ensure the necessary operational conditions and requirements (real estate operation and maintenance). MBH Real Estate Development Ltd. is also one of the owners of the MBH Group’s real estate portfolio. In addition, MBH Real Estate Development Ltd. is tasked with the maintenance, operation and enhancement, as necessary, of its own real estate and the real estate it rents, as well as the machinery, equipment and installations in place.

8. Governmental, legal and arbitration proceedings

As of the date of this Base Prospectus, neither the Issuer nor any other member of the MBH Group is involved in any governmental, legal or arbitration proceedings which may have a significant effect on the financial position, operations or profitability of the Issuer or the MBH Group. However, the Issuer or the MBH Group may be a party to legal proceedings in the future. There can be no assurance that the Issuer or

the MBH Group will not be subject to fines, damages or other penalties which could have a material adverse effect on the MBH Group's business and financial position.

9. Recent developments

9.1 Moratorium on loan payments in the agricultural sector

On 8 August 2022, the Hungarian Government adopted Decree no. 292/2022 which imposed a moratorium on agricultural sector loans until 31 December 2023 with the aim of managing the effects of the drought on the Hungarian farming sector. Under the provisions of this decree, a debtor qualifies for the moratorium (i) if more than 50 per cent. of their net income with respect to the financial year 2021 came from crop cultivation, animal breeding, game management, forestry, fishing/fish farming or (ii) if the purpose of their loan is an activity related to the abovementioned agricultural activities. The expiration of any credit agreement, loan agreement and financial lease agreement with an agricultural purpose has also been extended until 31 December 2023. In addition, this decree also introduced a ban on termination due to non-payment for the above-mentioned credit, loan and financial lease agreements in the agricultural sector.

9.2 Dividends in respect of the year ended 31 December 2022

The Board of Directors of the Issuer held its meeting on 4 April 2023 where the proposals for the General Meeting were discussed. The final decision on the dividend payment was adopted by the General Meeting on 27 April 2023 and the General Meeting decided with its Resolution No. 2/2023 (27 April) to pay dividend of HUF 25,092 million to the shareholders of the Issuer. A part of the dividend (HUF 13,075 million) was already paid on 12 August 2022 as an interim dividend and the remaining amount of the dividends (HUF 12,017 million) was paid on 22 May 2023.

9.3 Temporary cap on floating interest rates applicable to consumer mortgage loans

On 22 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 can not be higher than the reference interest rate specified in the contract on 27 October 2021. The modification loss related to the interest rate cap for variable rate mortgage loans announced on 22 December 2021 was recognised in the Issuer's 2022 financial accounts. The extension of the interest rate cap to housing purposes financial leasing contracts did not have a significant negative effect.

On 16 June 2022, the Prime Minister of Hungary announced that the Hungarian Government will maintain the temporary cap on floating interest rates applicable to consumer mortgage loans (on financial lease contracts on housing purpose also) until 31 December 2022. This amendment was introduced by Government Decree No. 215/2022 on 17 June 2022, and entered into force on 18 June 2022.

On 14 October 2022, the Hungarian Government decided to maintain the temporary cap on floating interest rates applicable to consumer mortgage loans (as well as on financial lease contracts for housing purposes) until 30 June 2023. This amendment was introduced by Government Decree No. 390/2022 on 14 October 2022 and entered into force on 15 October 2022. From 1 November 2022, the application of this temporary

cap was also extended to non-state subsidised mortgage loan contracts with an interest rate fixed for up to five years. The modification losses related to the interest rate cap amendment announced on 16 June 2022 and extension of interest rate cap announced on 14 October 2022 were recognised in the Issuer's 2022 financial accounts.

On 11 May 2023, the Hungarian Government announced that the temporary cap on floating interest rates applicable to consumer mortgage loans (as well as on financial lease contracts for housing purposes) is maintained until 31 December 2023. This amendment was introduced by Government Decree No.175/2023 on 12 May 2023 and entered into force on 13 May 2023. The modification loss related to the interest rate cap amendment announced on 11 May 2023 was recognised in the Issuer's 2023 H1 financial accounts.

9.4 **Temporary cap on floating interest rates applicable to credit, loan and financial lease agreements of MSEs**

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 medium- and small enterprises ("MSEs"). Following 15 November 2022, interest rates were frozen retroactively at their level on 28 June 2022. The cap is effective until 30 June 2023, similar to the existing cap on consumer mortgage rates. This Decree entered into force on 27 October 2022.

On 12 May 2023, the Hungarian Government issued Government Decrees No. 175/2023 (V. 12.), and No. 176/2023 (V. 12.), according to which the temporary cap on floating interest rates to HUF denominated, non-state subsidised credit-, loan- and financial lease agreements of MSEs and the cap on consumer mortgage rates were extended until 31 December 2023. These Decrees entered into force on 13 May 2023.

9.5 **State of emergency related to the COVID-19 pandemic and the Ukrainian-Russian war**

On 24 May 2022 the Hungarian Government terminated the state of emergency related to the COVID-19 pandemic, effective as 1 June 2022.

On the same day, the Hungarian Parliament amended the 51st Article of the Fundamental Law of Hungary about the state of emergency. The amendment now allows a state of emergency to be proclaimed not only in the event of a natural or an industrial disaster, but also in the event of an armed conflict, a state of war or a humanitarian disaster in a country neighbouring Hungary. In view of this amendment and the Ukrainian-Russian war, the Government has declared a state of emergency, effective as of 25 May 2022.

During the state of emergency, the Hungarian Government governs Hungary by decrees which as a general rule remain in effect for 15 days. After that period, each decree may be extended by the Parliament on an individual basis. These decrees of the government will expire at the latest at the end of the state of emergency. However, without prejudice to the above, even in the state of emergency the constitutional check over the Hungarian Government must be ensured by the Parliament and the Constitutional Court. The activity of the Constitutional Court cannot be suspended even in the state of emergency, and it must constantly monitor the constitutionality of the government's actions. Also, the Parliament is entitled to challenge the maintenance of the state of emergency. If the Hungarian Government proposes that the maintenance of the state of emergency is no longer necessary, it can decide for its termination.

On 8 June 2022, the Hungarian Parliament adopted Act VI of 2022 on resolving the consequences of the armed conflict and the humanitarian catastrophe in a neighbouring country of Hungary ("**Emergency Decree**"). According to the Emergency Decree – and to the 424/2022 (X.28.) and 479/2022 (XI.28.) Government decrees on the extension of the state of emergency –, all the Hungarian Government decrees promulgated since the declaration of the state of emergency on 25 May 2022 will remain in force until 29

May 2023. In case the Hungarian Government finds that the maintenance of the state of emergency is no longer necessary, it can decide for its termination before 29 May 2023, and in such case all the decrees adopted by the Hungarian Government during the state of emergency will immediately expire.

On 11 May 2023, the Hungarian Parliament adopted Act XI of 2023 on resolving the consequences of the armed conflict and the humanitarian catastrophe in a neighbouring country of Hungary, according to which all Hungarian Government decrees promulgated since the declaration of the state of emergency on 25 May 2022 will remain in force until 25 November 2023 instead of 29 May 2023 (as originally planned).

9.6 **Windfall tax on extra profits in the banking sector**

On 24 May 2022, the Hungarian Government announced a special tax on extraordinary profits in the banking and other sectors (the “**Windfall Tax**”). The Windfall Tax will be levied with respect to financial years 2022, 2023 and 2024 on a temporary basis.

On 4 June 2022, the Government Decree No. 197/2022 on extra profit taxes (the “**Windfall Tax Decree**”) was published. According to the Windfall Tax Decree, the base of the Windfall Tax for the banking sector is to be determined on the basis of the net sales revenue as reflected in the annual report of the relevant financial institution for the year preceding the relevant tax year. The rate of the Windfall Tax was 10 per cent. in 2022 and 8 per cent. in 2023.

On 24 April 2023, the Hungarian Government issued Government Decree No. 144/2023 (IV.24.) on the amendment of the Windfall Tax Decree that introduced fundamental changes to calculation of the Windfall Tax. According to the amendments for the first half of 2023, the tax calculation remained the same with a tax rate of 8 per cent. but the tax base became only 50 per cent. of the sales revenue of the preceding year. According to the amendments, for the second half of 2023, the tax base (taking into account various factors that can impact it) is 50 per cent. of the profit before tax of the preceding year, while the tax rate will be 13 per cent. for the part of the tax base not exceeding HUF 10 billion, and 30 per cent. above this threshold.

The Windfall Tax Decree was most recently amended by the Government Decree No. 206/2023 (V.31.) announced on 31 May 2023. The amended legislation extended the obligation to pay special tax on extraordinary profits for the year 2024. The basis of the tax is the earnings before tax in 2022 corrected with several items. The amended rate of the Windfall Tax is 13 per cent. for the part of the tax base not exceeding HUF 20 billion, and 30 per cent. above this threshold. According to the amended Windfall Tax Decree, if the amount of the Hungarian Government bonds owned by the credit institution increases in 2024, the credit institution may reduce its obligation to pay the Windfall Tax. In 2024, the amount of the reduction is maximum 10 per cent. of the increase in the amount of Hungarian Government bonds owned by the credit institution, and the reduction cannot be more than 50 per cent. of the 2024 Windfall Tax liability calculated without the reduction.

In line with the above, the MBH Group paid a total of HUF 31,910 million in 2022 and HUF 50,576 million in 2023 and is expected to pay HUF 27,316 million in 2024 not taking into account the applicability of the reduction related to the government bonds.

9.7 **New headquarters of the Issuer**

The Issuer is in the process of constructing a new headquarters in the 13th district of Budapest. The building complex, comprised of several towers, is scheduled for completion by early 2026, specifically tailored to meet the Issuer’s requirements. As a subsidiary of the Issuer, MBH Domo Kft. is responsible for developing the headquarters.

9.8 **Acquisition of Duna TakaréK Bank**

The Issuer has recently taken significant steps to expand its portfolio by acquiring 98.46 per cent. direct stake in Duna TakaréK Bank Zrt. (“**Duna TakaréK Bank**”) which is a Hungarian savings and commercial bank that operates mainly in the Transdanubian regions of the country. The acquisition was approved by MNB on 15 September 2023. The transaction has closed on 29 September 2023 and it is expected to further enhance the Issuer’s position in the Hungarian banking market with an increased presence and a more diverse range of clients.

9.9 **Unification of investment services**

As part of the Issuer’s strategy, the Issuer has agreed with its majority-owned subsidiary MBH Investment Bank, through a contract that has been amended several times, to transfer a specific portfolio of contracts related to its investment and ancillary investment services to MBH Investment Bank. In the context of the Merger, the MBH Group aims to achieve its strategic objectives for its investment services business more effectively, by creating a single entity that leverages synergies, enhances trading activity, increases client profitability through digital innovations and establishes a comprehensive knowledge centre (Markets ecosystem). The transfer was approved by the MNB on 21 September 2023 and the transaction is expected to close at the end of 2023.

**XI. SELECTED FINANCIAL INFORMATION OF THE GROUP AND OVERVIEW OF
THE MBH GROUP'S FINANCIAL CONDITION**

1. Consolidated Statement of Financial Position of the Issuer as at 30 June 2023, 31 December 2022 and 31 December 2021, respectively

| | As at 30 June 2023 | As at 31 December 2022 | As at 31 December 2021* (restated) |
|---|-----------------------|---------------------------|--|
| <i>Assets</i> | | | |
| Cash and cash equivalents | 1,115,715 | 1,361,315 | 854,970 |
| Financial assets measured at fair value through profit or loss | 744,815 | 819,718 | 169,155 |
| <i>Loans and advances to customers mandatorily at fair value through profit or loss</i> | 456,223 | 418,517 | 53,295 |
| <i>Securities held for trading</i> | 13,867 | 49,923 | 3,964 |
| <i>Securities mandatorily at fair value through profit or loss</i> | 41,661 | 24,869 | 7,537 |
| <i>Derivative financial assets</i> | 233,064 | 326,409 | 104,359 |
| Hedging derivative assets | 114,145 | 164,338 | - |
| Financial assets measured at fair value through other comprehensive income | 799,319 | 630,845 | 187,681 |
| <i>Securities</i> | 799,319 | 630,845 | 187,681 |
| Financial assets measured at amortised cost | 7,409,949 | 7,377,255 | 2,005,130 |
| <i>Loans and advances to banks</i> | 111,992 | 179,088 | 36,940 |
| <i>Loans and advances to customers</i> | 4,252,090 | 4,342,801 | 1,143,764 |
| <i>Repurchase assets</i> | 4,315 | 1,070 | 18,868 |
| <i>Securities</i> | 2,919,844 | 2,781,620 | 804,569 |
| <i>Other financial assets</i> | 121,708 | 72,676 | 989 |
| Fair value change of hedged items in portfolio hedge of interest rate risk | (19,986) | (51,678) | - |
| Associates and other investments | 49,930 | 49,599 | 8,586 |
| Property, plant and equipment | 98,413 | 98,345 | 28,004 |
| Intangible assets | 69,986 | 70,511 | 31,786 |
| Income tax assets | 22,513 | 24,981 | 8,115 |
| <i>Current income tax assets</i> | 4,087 | 453 | 2 |
| <i>Deferred income tax assets</i> | 18,426 | 24,528 | 8,113 |
| Other assets | 81,062 | 69,039 | 20,557 |
| Assets held for sale | 1,351 | 154 | 35 |
| Assets | 10,487,212 | 10,614,422 | 3,314,019 |

| | As at 30 June 2023 | As at 31 December 2022 | As at 31 December 2021* (restated) |
|--|-----------------------|---------------------------|--|
| <i>Liabilities</i> | | | |
| Financial liabilities measured at fair value through profit or loss | 204,519 | 278,203 | 43,751 |
| <i>Derivative financial liabilities</i> | 180,966 | 235,877 | 41,528 |
| <i>Financial liabilities from short positions</i> | 23,553 | 42,326 | 2,223 |
| Hedging derivative liabilities | 8,472 | 1,365 | - |
| Financial liabilities measured at amortised cost | 9,253,570 | 9,416,275 | 2,991,346 |
| <i>Amounts due to banks</i> | 2,203,364 | 2,378,471 | 699,563 |
| <i>Amounts due to customers</i> | 6,270,902 | 6,574,357 | 2,212,841 |
| <i>Repurchase liabilities</i> | 234,112 | - | 1,319 |
| <i>Issued debt securities</i> | 357,138 | 290,838 | - |
| <i>Subordinated debt</i> | 107,882 | 88,887 | 45,070 |

| | As at 30 June 2023 | As at 31 December 2022 | As at 31 December 2021* (restated) |
|---|-----------------------|---------------------------|--|
| <i>Other financial liabilities</i> | 80,172 | 83,722 | 32,553 |
| Provisions | 27,533 | 22,623 | 3,630 |
| Income tax liabilities | 2,788 | 15,483 | 1,991 |
| <i>Current income tax liabilities</i> | 636 | 12,378 | 1,867 |
| <i>Deferred income tax liabilities</i> | 2,152 | 3,105 | 124 |
| Other liabilities | 97,350 | 71,737 | 23,548 |
| Total liabilities | 9,594,232 | 9,805,686 | 3,064,266 |
| Equity | | | |
| Share capital | 322,530 | 321,699 | 100,000 |
| Share premium | 348,894 | 313,947 | 21,729 |
| Retained earnings | 57,019 | 32,592 | 74,570 |
| Other reserves | 39,234 | 32,552 | 17,040 |
| Profit for the year | 81,953 | 88,942 | 59,983 |
| Accumulated other comprehensive income | 4,270 | (21,357) | (23,569) |
| Non-controlling interest | 39,080 | 40,361 | - |
| Total equity | 892,980 | 808,736 | 249,753 |
| Total liabilities and equity | 10,487,212 | 10,614,422 | 3,314,019 |

* The Merger was effective from 1 April 2022 therefore data as at 31 December 2021 reflects the financial position of MKB Bank and its historical subsidiaries only and not the newly merged MBH Group which also includes Budapest Bank and Takarékk Holding.

The total consolidated assets of the Issuer as at 31 December 2022 increased by HUF 7,300.4 billion to HUF 10,614.4 billion as compared to HUF 3,314.0 billion as at 31 December 2021. This significant increase was largely due to the merger of Budapest Bank and Takarek Holding and the related integration process, after which (i.e. since 1 April 2022) the current MBH Group started to consolidate the accounts of Budapest Bank and Takarékk Group.

For the same reason, there was a similar increase in the total consolidated liabilities of the Issuer, which increased by HUF 6,741.4 billion to HUF 9,805.7 billion as at 31 December 2022, as compared to HUF 3,064.3 billion as at 31 December 2021.

MBH Group's total assets amounted to HUF 10,487.2 billion by the end of Q2 2023 and decreased by HUF 127.2 billion or 1.2 % as compared to HUF 10,614.4 billion as at 31 December 2022.

2. Consolidated statement of profit or loss and other comprehensive income of the Issuer for the six months ended 30 June 2023 and 2022, and for the years ended 31 December 2022 and 2021, respectively

| | Six months ended | | Year ended | |
|---|------------------|-------------------|-------------------------|--|
| | 30 June 2023 | 30 June 2022** | 31 December 2022* | 31 December 2021** (restated) |
| Interest income | 589,449 | 201,565 | 678,949 | 86,044 |
| <i>Interest income using effective interest rate method</i> | 386,621 | 140,568 | 471,917 | 70,558 |
| <i>Other interest income</i> | 202,828 | 60,997 | 207,032 | 15,486 |
| Interest expense | (306,112) | (87,975) | (313,222) | 32,103 |

| | Six months ended | | Year ended | |
|--|------------------|-------------------|-------------------------|--|
| | 30 June 2023 | 30 June 2022** | 31 December 2022* | 31 December 2021** (restated) |
| <i>Interest expense using effective interest rate method</i> | (190,661) | (35,563) | (159,870) | (12,111) |
| <i>Other interest expenses</i> | (115,451) | (52,412) | (153,352) | (19,992) |
| Net interest income | 283,337 | 113,590 | 365,727 | 53,941 |
| Income from fees and commissions | 90,136 | 52,537 | 142,020 | 32,609 |
| Expense from fees and commissions | (25,501) | (13,290) | (37,591) | (6,485) |
| Net income from fees and commissions | 64,635 | 39,247 | 104,429 | 26,124 |
| Results from financial instruments, net | (1,846) | 29,511 | 32,146 | 63,328 |
| <i>Results from financial instruments measured at fair value through profit or loss, net</i> | (75,896) | 110,571 | 118,163 | 85,510 |
| <i>Results from financial instruments measured at fair value through other comprehensive income, net</i> | (2,688) | (23,421) | (35,924) | (14,610) |
| <i>Results from financial instruments measured at amortized cost, net</i> | (676) | 1,759 | 1,655 | 2,719 |
| <i>Results from hedge accounting, net</i> | 23,940 | (4,750) | (5,288) | - |
| <i>Exchange differences result</i> | 53,474 | (54,648) | (46,460) | (10,291) |
| (Impairment) / Reversal on financial and non-financial instruments | (30,080) | (17,787) | (93,176) | (5,926) |
| <i>Expected credit loss on financial instruments held for credit risk management</i> | (18,616) | (4,359) | (65,005) | (3,305) |
| <i>Provision (loss) / gain</i> | (268) | (5,111) | (3,379) | (756) |
| <i>Modification (loss) / gain on financial instruments</i> | (9,852) | (8,355) | (23,222) | (1,403) |
| <i>(Impairment) / Reversal on associates and other investments</i> | (1,388) | 77 | (6) | (316) |
| <i>(Impairment) / Reversal on other financial and non-financial instruments</i> | 44 | (39) | (1,564) | (146) |
| Dividend income | 1,610 | 4,599 | 728 | 25 |
| Operating expense | (222,839) | (128,387) | (310,056) | (77,572) |
| Other income | 27,680 | 17,551 | 13,317 | 19,883 |
| Other expense | (20,778) | (18,518) | (10,536) | 18,532 |
| Share of associated companies' and joint ventures' profit | 640 | 1,107 | 2,704 | 4,112 |
| Result from assets held for sale | - | (474) | (1,893) | 399 |
| Profit before taxation | 102,359 | 40,439 | 103,390 | 65,782 |
| Income tax income / (expense) | (17,651) | (6,919) | (12,222) | (5,799) |
| Profit for the year | 84,708 | 33,520 | 91,168 | 59,983 |
| <i>Of which profit or (loss) of the owners of the parent company</i> | <i>81,953</i> | <i>34,596</i> | <i>88,942</i> | <i>59,983</i> |
| <i>Of which profit or (loss) of the non-controlling interest</i> | <i>2,752</i> | <i>(1,076)</i> | <i>2,226</i> | <i>-</i> |

| Other comprehensive income | Six months ended | | Year ended | |
|---|------------------|------------------|-------------------------|--|
| | 30 June 2023 | 30 June 2022* | 31 December 2022* | 31 December 2021** (restated) |
| Items that may be reclassified to profit or loss | 24,629 | (5,137) | 4,972 | (20,009) |
| <i>Hedging instruments (unmarked items)</i> | (39) | 177 | 457 | - |
| <i>Revaluation on financial assets measured at fair value through other comprehensive income</i> | 26,815 | (6,305) | 3,917 | (21,985) |
| <i>Income tax relating to items that will be reclassified</i> | (2,147) | 991 | 598 | 1,976 |
| Items that may not be reclassified to profit or loss | 1,054 | 399 | (210) | - |
| <i>Fair value changes of equity instruments measured at fair value through other comprehensive income</i> | 1,054 | 399 | (210) | - |
| <i>Income tax relating to items that will not be reclassified</i> | - | - | - | - |
| Other comprehensive income for the year net of tax | 25,683 | (4,738) | 4,762 | (20,009) |
| Total comprehensive income for the year | 110,391 | 28,782 | 95,930 | 39,974 |
| <i>Of which total comprehensive income of the owners of the parent company</i> | 107,312 | 29,702 | 93,606 | 39,974 |
| <i>Of which total comprehensive income of the non-controlling interest</i> | 3,076 | (920) | 2,324 | - |
| Profit / (Loss) attributable to: | | | | |
| Profit/(loss) for the period from continuing operation | 84,708 | 33,520 | 91,168 | 59,983 |
| Profit/(loss) for the period from discontinued operation | - | - | - | - |
| Total comprehensive income attributable to: | | | | |
| Total comprehensive income from continuing operation | 110,391 | 28,782 | 95,930 | 39,974 |
| Total comprehensive income from discontinued operation | - | - | - | - |
| Net income available to ordinary shareholders | 81,953 | 34,596 | 88,942 | 59,983 |
| Average number of ordinary shares outstanding (thousands) | 321,976 | 205,660 | 259,782 | 100,000 |
| Earnings per Ordinary Share (in HUF) | | | | |
| Basic, diluted | 255 | 168 | 342 | 600 |

* The Merger was effective from 1 April 2022 and so the three months period ended 31 March 2022 reflects the financial performance of MKB Bank and its historical subsidiaries only and not the newly merged group including Budapest Bank and TakaréK Holding.

** The Merger was effective from 1 April 2022 and so the year ended 31 December 2021 reflects the financial performance of MKB Bank and its historical subsidiaries only and not the newly merged group including Budapest Bank and Takaréék Holding.

Due to the Merger, the MBH Group modified the structure of its primary financial statements and as such the comparative figures as at and for the year ended 31 December 2021 were restated in the 2022 Annual Consolidated Financial Statements. The MBH Group adopted a new accounting policy for presenting (i) the loss/gain from modifying stage 1 financial instruments and (ii) the income tax. See more information on restatements and reclassifications introduced in note 2.43 to the 2022 Annual Consolidated Financial Statements.

Due to the restatements and reclassifications introduced, all financial information related to the year ended 31 December 2021 presented elsewhere in this Base Prospectus is derived from the comparative figures presented in the 2022 Annual Consolidated Financial Statements.

3. Capital management

The main objective of the MBH Group is to align the business, risk and capital strategy with the profitability (and dividend) expectations of the shareholders, while complying with all the regulatory or supervisory requirements. The strategic planning process considers all the relevant risks that affect the MBH group's risk appetite. The capital management allocates capital according to the framework of profitable operation with limited risk appetite, based on the approved strategic business and capital plan and the operative targets. In case of the MBH Group members - after having approved the updated business and capital strategy and plan including the profit targets - the comprehensive risk limit system is responsible to monitor the risk taken on monthly bases. The MBH Group applies standard methods for credit and market risk to calculate capital adequacy, using IFRS exposure. The consolidated capital requirement for operational risk, approved by the MNB as the supervisor, is the sum of the Standard Approach (for the Issuer) and the Basic Indicator Approach (for the former Takaréék Group).

4. Regulatory capital and capital adequacy

The MBH Group complies with the capital requirement and regulatory capital calculation standards set by the European Parliament and of the Council (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms) and by the MNB, as the supervisor of the MBH Group. In 2022, the MBH Group complied with prudential regulations at all times and no limits were breached. Based on MNB's decision no. H-EN-I-267/2022, regulatory capital includes reserves of the Central Organisation of Integrated Credit Institutions, therefore the table of regulatory capital shows the capital adequacy of the entire scope of prudential consolidation.

The regulatory capital and capital adequacy of the MBH Group in accordance with the IFRS prudential consolidation range is the following*:

| data in HUF million | 2020 | 2021 | 2022 | H1 2023 |
|-----------------------------|-------------|-------------|-------------|----------------|
| Capital adequacy ratio (%) | 17.87% | 18.41% | 19.74% | 19.68% |
| Tier 1 ratio (%) | 17.03% | 17.17% | 17.98% | 17.55% |
| CET1 ratio (%) | 17.03% | 17.17% | 17.98% | 17.55% |
| Own fund | 621 | 680 | 816 | 826 |
| Tier 1 capital | 592 | 634 | 743 | 737 |
| Common Equity Tier1 capital | 592 | 634 | 743 | 737 |
| Additional Tier1 capital | 0 | 0 | 0 | 0 |

| data in HUF million | 2020 | 2021 | 2022 | H1 2023 |
|--|-------|-------|-------|---------|
| Tier 2 | 29 | 46 | 73 | 89 |
| Consolidated Risk Weighted Assets | 3 473 | 3 693 | 4 133 | 4 198 |
| Consolidated Risk Weighted Assets/Total Assets | 40.8% | 37.6% | 38.2% | 39.2% |
| Leverage ratio (%) | 6.91% | 6.19% | 6.61% | 6.63% |

* 2022 data is based on MKB Group consolidated disclosures under the CRR and the Act on Credit Institutions and Financial Enterprises, while 2021 and 2020 data is based on Hungarian Bankholding consolidated disclosures under the CRR and Act on Credit Institutions and Financial Enterprises

5. Capital requirements

Based on the consolidated level Supervisory Review and Evaluation Process (“SREP”), the Total SREP Capital Requirement (“TSCR”) rate of 11 per cent. is effective for the MBH Group from 30 June 2023.

The minimum level set by SREP can be covered by Tier1 or Tier2 capital instruments which results in the following minimum levels without regulatory capital buffers:

| | TSCR requirement |
|------------|------------------|
| CET1 ratio | 6.19% |
| T1 ratio | 8.25% |
| CAR | 11.00% |

As the MBH Group has no AT1 capital instrument the T1 minimum level represents the highest ratio to be held with Tier 1 capital instruments.

The minimum requirement includes regulatory capital buffers, which should be met by CET1 instruments in accordance with the following table:

| | 31 December 2022 | 30 June 2023 | 1 January 2024 |
|--|---------------------|-----------------|-------------------|
| Basel minimum | 8.00% | 8.00% | 8.00% |
| TSCR add-on | 3.50% | 3.00% | 3.00% |
| Combined capital buffer | 3.00% | 3.00% | 3.50% |
| <i>thereof capital conservation buffer (CCB)</i> | 2.50% | 2.50% | 2.50% |
| <i>thereof countercyclical buffer (CCyB)</i> | 0.00% | 0.00% | 0.00% |
| <i>thereof buffer for other systemically important institutions (OSII)</i> | 0.50% | 0.50% | 1.00% |
| Overall capital requirement (OCR) | 14.50% | 14.00% | 14.50% |

The minimum level of the Leverage Ratio is set within the internal limit system (in line with CRR II) to 3 per cent.

6. Minimum MREL Requirement

The MNB, in its role as resolution authority, determined the MREL requirement for the MBH Group of 22.56 per cent. in TREA and 5.89 per cent. in TEM based on its audit performed in 2022. The final requirements have to be met by 1 January 2026, following a transitional period after the Issuer’s integration processes.

During the transitional period, interim, internal minimum levels of MREL-TREA and MREL-TEM should be met in accordance with the following table:

| MREL target level | 1 January 2023 | 1 January 2024 | 1 January 2025 | 1 January 2026 |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| MREL-TREA (%) | 14.59% | 15.48% | 17.96% | 22.56% |
| MREL -TEM (%) | 5.89% | 5.89% | 5.89% | 5.89% |

Beside the total minimum MREL requirement, subordination requirements as defined by BRRD II will also be introduced for the MBH Group from 15 December 2024.

The minimum level of subordination for the MBH Group will be 13.5 per cent. of TREA, 5 per cent. of TEM or 8 per cent. of TLOF (Total Liabilities and Own Funds). Subordination requirements shall be met by capital instruments classified as own fund or CRR defined MREL eligible subordinated liabilities.

According to the audit report the preferred resolution strategy for the MBH Group is a Single Point of Entry (SPE) and its primary resolution strategy is as a going concern operation with the bail-in approach.

XII. FINANCIAL RISK MANAGEMENT

The MBH Group's risk strategy was set up so as to be consistent with its business strategy and the regulations of MNB. Its risk strategy aims to ensure a balanced risk and return relationship, develop a disciplined and constructive control environment, define the MBH Group's willingness to assume risk and risk appetite, as well as to ensure the on-going ability of the MBH Group to manage its risks and the maintenance of its funds to cover risk exposures in the long-term. This is also to ensure capital preservation and guarantee the solvency of the MBH Group at any time.

Given the MBH Group operates with a certain level of risk exposure, the daily business activities include the processes of measuring, evaluating, accepting and managing these risks effectively.

Risk management is an integral part of the MBH Group's operations and a crucial component of its business and overall financial performance. The MBH 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 MBH Group members.

The effective communication on risk and risk appetite, the ongoing 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 MBH Group.

The risk strategy of the MBH Group defines the risk related vision, mission and values of the MBH Group and sets out the main principles of risk management for all major risk types (credit, market, liquidity, country, participation, operational, legal, conduct, reputational, model, ICT, real estate, strategic and business).

1. Organisational Framework

The Issuer's risk management division aligned its organisational design with the relevant regulatory and authority standards and the internal boundaries of its divisional competence.

The Chief Risk Officer (“CRO”) reports directly to the CEO. Risk management and control function is independent from other functions as well as from other defence lines. The CRO and the relevant risk leaders are taking part in the operation of the management bodies of the MBH Group with the aim to represent the risk aspect in the different decision-making processes. The separation of risk control and operative risk management functions in line with the regulatory requirements.

2. Credit risk

Credit risk is the risk of financial loss if a customer or a counterparty fails to meet an obligation under a contract. It arises principally from the MBH Group's lending, trade finance and leasing business, but also from certain off-balance products such as guarantees, and from assets held in the form of debt securities.

The members of the MBH Group have standards, policies and procedures dedicated to the effective monitoring and managing risk from lending (including debt securities) activities. The MBH Group sets a requirement for the MBH Group members to elaborate and publish their own regulations that comply with the group-level rules approved by it. The risk management of the members of the MBH Group control and manage credit risks at high standards, in a centralised manner, including:

- Formulating the MBH Group member's credit policy in consultation with business units by establishing credit approval policies, standards, limits and guidelines that define, quantify, and monitor credit risk;
- Establishing the authorisation structure for the approval and renewal of credit facilities. In order to establish an adequate credit decision-making system in which decisions are made on time, the limit amounts are established differently according to the customer segment, the customer quality and the business line, for the delegated credit decision authorities and the boards and individual decision-makers of the Business and Risk Units;
- Monitoring the performance and management of retail and wholesale portfolios across the MBH Group;
- Supervising the management of exposures to debt securities by establishing controls in respect of securities held for trading purposes;
- Establishing and maintaining the MBH Group members' concentration risk management policies ensuring that the concentration of exposure does not exceed the limits stated in the internal and regulatory limit systems and concentration risks are effectively managed without any need for additional capital requirements if possible;
- Developing and maintaining the MBH Group members' risk assessment systems in order to categorise the exposures according to the degree of the risk of financial loss faced and to manage the existing risks adequately. The purpose of the credit (deal) classification system is to define when impairment may be required against specific credit exposures. The risk categorisation system consists of several grades which reflect sufficiently the varying degrees of risk of default and the availability of collateral or other credit risk mitigation options with regard to a specific exposure; and
- Providing position statements, guidance and professional support to the business units of the MBH Group members in credit risk management.

The credit risk classification system of the MBH Group assigns financial assets to three stages based on the changes in their probability of default (“PD”) since initial recognition. Stage 1 includes assets with no significant increase in credit risk, for which expected credit losses are estimated over one year. Stage 2 includes assets with a significant increase in credit risk, for which lifetime expected credit losses are estimated using point-in-time (“PIT”) PDs, transition probabilities, and macroeconomic forecasts. Stage 3 includes assets that are credit-impaired or defaulted, for which PD is assumed to be one and credit losses are measured based on the present value of expected cash flows. The credit risk classification is reviewed regularly using reasonable and supportable information. For homogeneous groups of financial assets, such as retail clients and most wholesale clients, the Issuer applies the expected credit loss method based on statistical models of risk parameters. For individually significant financial assets in Stage 3, the Issuer applies the scenario-based discounted cash flow method that considers the expected receipts, recoveries and collateral values. For financial assets that are purchased or originated credit-impaired or recorded at fair value, the Issuer adjusts the impairment and provisioning according to the changes in lifetime credit risk or the credit risk component of the discount factor.

In line with the applicable legal regulations, the Issuer writes off a loan or security balance and any related allowances for impairment losses when there is documented evidence that no further recovery can be expected. This is based on a final statement in case of liquidation or after exhausting all sources of repayment from the debtor and / or collateral provider.

The following table discloses the main credit risk indicators of MBH Group*:

| | 2020 | 2021 | 2022 |
|--|-------|--------|--------|
| Risk cost rate (total provision / Gross customer loans) | 3.93% | 2.99% | 4.06% |
| 90+ DPD loan volume (in HUF billion) | 119 | 52 | 93 |
| 90+ DPD loans / Gross customer loans | 2.6% | 0.91% | 1.68% |
| Total provision / 90+ DPD loans | 153% | 329.2% | 241.7% |
| Consolidated stage 1 loans under IFRS 9 / gross customer loans (%) | 86.4% | 77.7% | 68.6% |
| Consolidated stage 2 loans under IFRS 9 / gross customer loans (%) | 9.0% | 13.7% | 20.1% |
| Own coverage of consolidated stage 1 + stage 2 loans under IFRS9 (%) | 1.8% | 1.7% | 2.5% |
| Consolidated stage 3 loans under IFRS 9 / gross customer loans (%) | 3.6% | 1.8% | 3.6% |
| Own coverage of consolidated stage 3 loans under IFRS9 (%) | 61.0% | 47.3% | 51.5% |

* 2022 data is based on MKB Group consolidated Disclosures under CRR and Act on Credit Institutions and Financial Enterprises, 2021, 2020 data is based on Hungarian Bankholding consolidated Disclosures under CRR and Act on Credit Institutions and Financial Enterprises

In addition to the above, both the real estate risk of own properties and the real estate risks arising from collateral provided for real estate loans are covered under the credit risk.

3. Market risk (including foreign exchange and interest rate risks)

Market price risk comprises potential losses from changes in market prices in both the trading and banking books. As part of the Risk strategy, the Board of Directors approves the maximum amount and scope of market risks incurable by the MBH Group, ensured by a comprehensive limit structure broken down by relevant portfolios. The main market risk limit is arising from the annual capital allocation process based on ICAAP requirements.

The Asset-Liability Committee (“ALCO”) is responsible for developing and monitoring the MBH Group’s market risk management policies. The ALCO has the overall responsibility for establishing and managing market risk policies for the MBH Group, within the framework of internal policies, covering risk management, assessment of risk and related limits, competence and decision-making mechanism, and regulation for breaches of limits, approved by the Board of Directors. The members of the ALCO are senior executives who have principal decision-making responsibilities for businesses throughout the whole MBH Group. At the operational level, market risk is managed by the Money and Capital Markets Managing Directorate on a bank-wide basis.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The MBH Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include those positions arising from market-making, customer business driven proprietary position-taking and other marked-to-market positions as designated. According to the risk strategy of the MBH Group there is no own account activity (proprietary trading) with the purpose of short term profit arising from market changes. Trading activities include transactions with debt and equity securities, foreign currencies, and derivative financial instruments. Non-trading portfolios include positions that arise from the MBH Group’s retail and commercial banking activity and the interest rate management of the MBH Group’s retail and commercial banking assets and liabilities. The MBH Group’s non-trading activities encompass all activities other than accounted for as trading transactions, including lending, accepting deposits, and issuing debt instruments. The principal risk to which

non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows of financial instrument because of a change in market interest rates. The management of interest rate risk is supplemented by monitoring the sensitivity of the financial assets and liabilities to various standard and non-standard interest rate scenarios.

4. Liquidity risk

The MBH Group defines liquidity as the ability to serve its payment obligations entirely as they fall due and to fund new business at all times without having to accept unplanned liquidation losses on the asset side or increased refinancing rates on the funding side.

The MBH Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the MBH Group's reputation. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to approval by the Board of Directors following the prior review and approval by the Asset-Liability Committee.

The following table discloses the key liquidity risk indicators:

| Reference date | Liquidity coverage ratio (%) - Pillar1 | Net stable funding ratio (%) | Loan/Deposit (Net) |
|----------------|--|------------------------------|--------------------|
| 31-Dec-2020 | 205.84% | 126.58% | 68.61% |
| 31-Mar-2021 | 203.52% | 120.46% | 70.61% |
| 30-Jun-2021 | 187.74% | 131.07% | 72.38% |
| 30-Sep-2021 | 174.66% | 129.83% | 70.69% |
| 31-Dec-2021 | 315.73% | 136.62% | 66.68% |
| 31-Mar-2022 | 287.58% | 132.09% | 67.74% |
| 30-Jun-2022 | 257.86% | 128.84% | 67.82% |
| 30-Sep-2022 | 205.77% | 126.52% | 69.79% |
| 31-Dec-2022 | 136.77% | 133.31% | 70.54% |
| 31-Mar-2023 | 134.60% | 129.57% | 71.30% |
| 30-Jun-2023 | 134.41% | 128.14% | 73.50% |

The liquidity coverage ratio ("LCR") declined by 69 per cent. in Q4 2022, due to the following reasons: (i) MKB Bank had taken over the loans of Sberbank Hungary, which was wound up in March after its Austria-based parent failed amid international sanctions against Russia and (ii) MNB has partially modified its monetary policy toolkit by increasing the required central bank reserve ratio (from 1 per cent. to at least 10 per cent.) and by the introduction of a 1-month deposit product (instead of the previous 1-week deposit product) and its inclusion in the hedging pool. The MNB's measures had a negative impact on the LCR of most Hungarian banks, as it increased the stock of liquid assets in the LCR at the expense of inflows, which as a result reduced the value of the LCR through the counter-narrative effect.

In Q2 2023, the liquidity buffer of the MBH Group amounts to HUF 648 billion, while HUF 522 billion is expected by Q4 2023. These reserves grant a significant buffer for mitigating the negative effects of potential liquidity shocks. In 2022 the MBH Group issued securities in amount of HUF 12,028.4 million (without mortgage bonds) and issued HUF 70,265.5 million mortgage bonds. In January 2023, the Issuer issued HUF 24,75 billion new Tier 2 securities to strengthen the capital position of the Issuer.

5. Country risk

The country risk generally refers to a potential loss triggered by economic, political or other event which takes place in the particular country and cannot be controlled by the MBH Group, as creditor or investor. As a result of such event(s), the obligor cannot fulfil its obligation in time or at all, or the MBH Group is unable to enforce its rights against the obligor. The components of the country risk are transfer risk, sovereign risk and collective debtor risk.

6. Participation risk

The participation risk is defined as the risk related to the following events:

- (i) potential losses from providing equity or equity instruments or subordinated loan capital. This involves potential losses realised during the sale of participation or loss occurring as a result of a participation's bankruptcy, the (partial) write-off of the participations (also including write-off settled on business or company value or goodwill value), i.e. loss suffered on the book value of the investment,
- (ii) potential losses from a possible commitment / liability extended in addition to equity investment (i.e. profit / loss transfer agreements), letters of comfort, capital contribution commitments, additional funding obligations), or
- (iii) potential losses originating from other risks associated with the participation such as reputation risk, operational risk, exchange rate risk.

7. Operational risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk, conduct risk, reputational risk, modelling risk and information and communication technology ("ICT") risk. Operational risk does not include business and strategic risks.

(i) Legal risk

Legal risk is the risk of losses due to the non-observance of the scope set by legal provisions and jurisdiction caused by ignorance, lack of diligence in applying law, a delay in reacting to changes in legal framework conditions, unexpected or ex post facto changes in legal framework respectively courts diverse legal judgements from the MBH Group's side.

(ii) Conduct risk

The conduct risk is classified among the operational risks and reflects any risk in the supply of financial services originated from an inadequate supply of services or deliberately exhibited impermissible conduct. This includes risks arising from fraud and unfair, unethical or aggressive trading practices harmful to consumers.

(iii) Reputational risk

Reputational risk is defined as risks have indirect effect on liquidity, capital or profitability based on unfavourable consumer, partnership, shareholder, investor or official sentiment, which is cancelled from the MBH Group's expected assessment level.

(iv) **Model risk**

Model is the risk of loss resulting from decisions based on using insufficiently accurate models. Mistakes in models are not necessarily, or not primarily occur from negligence instead limitations of knowledge, not enough data, or changes that cannot be read from past data: simply the fact that the models are never perfect.

(v) **ICT risk**

ICT risk means the current or prospective risk of losses due to the inappropriateness or failure of the hardware and software of technical infrastructures, which can compromise the availability, integrity, accessibility and security of such infrastructures and of data. ICT risk also includes risks occur from outsourcing of ICT relevant systems.

8. Operational risk management

The main objective of the operational risk management is to reduce the identified risks, increase the effectiveness of controls, minimise the loss from the future loss events. The MBH Group follows several principles for operational risk management that aim to ensure a comprehensive, uniform, integrated, continuous, dissociated, transparent, independent, proportional, committed, controlled, complete, consolidated and accountable approach to all activities, products, services and processes that may entail operational risks. The principles define the methods, procedures, policies, responsibilities, controls and reporting systems for identifying, measuring, managing and analysing operational risks, taking into account the legal, market, organisational and internal changes, as well as the size, risk profile and burden-bearing capacity of the MBH Group.

MBH Bank manages operational risk by using various methods and tools, such as collecting and reporting loss data, assessing risks by key processes, defining and monitoring key risk indicators, estimating rare but significant events through scenario analysis, listing and describing models and products, and identifying conduct risk factors. These methods and tools aim to increase risk awareness, prevent and reduce losses, and comply with regulatory requirements. Since operational risk is present in all activities, the management of operational risk is the responsibility of all employees of the MBH Group and all members of its management. The MBH Group maintains an IT infrastructure that ensures rapid recovery in case of incident. In addition, the Group operated controls that minimise the effects of the occurrence of events.

The MBH Group operates a business continuity management framework that includes crisis management plans, disaster recovery plans (DRP) and business continuity plans (BCP).

In addition to the above, cyber-security, phishing and money-laundering related operational risks are managed by separated organisational units under the Issuer's security division. For further mitigation of operational risk, the MBH Group also has an insurance coverage for tangible assets.

9. Strategic risk

Strategic risk is defined as the negative impact on capital and income of business policy decisions, deficient or unsatisfactory implementation of decisions, or slow adjustment to changes in the economic environment.

10. Business risk

Business risk is defined as unexpected changes in the economic environment that cause negative changes in business volume or margins and are not attributable to other types of risk. It quantifies the difference between planned and actual costs and income.

11. Compliance policies

11.1 Anti-Corruption

The MBH Group is committed to conducting business with transparency, integrity, and compliance with regulatory requirements as well as good corporate governance practices. Therefore, the MBH Group takes a zero-tolerance approach to bribery and corruption in all of its relationships and business dealings in every segment it operates. The zero-tolerance approach means that the MBH Group focuses on prevention, deterrence, detection of corruption since it is key to sustain the MBH Group's reputation and business prosperity. For these purposes, the MBH Group has established an anti-corruption policy as an operational guideline. (the "**Anti-Corruption Policy**")

The Anti-Corruption Policy applies to all employees, officers, directors, contractual partners and to any other persons participating in the performance of their activities. The Policy on Anti-Corruption specifies the areas with higher exposure to corruption risks, and the corresponding measures that should match the level of possible harm. The MBH Group prioritizes the prevention of conflicts of interest, especially for employees before they join, customers and business partners who undergo checks based on certain criteria, and regular training on the Anti-Corruption Policy. The Anti-Corruption Policy has a zero tolerance stance and anyone who falls under its scope will face consequences for any violations, including disciplinary actions if necessary.

The MBH Group has provided an internal reporting procedure which enable MBH Group to receive and investigate the report by the employee of the entity and of its subsidiaries, and any persons who acquired information through their work-related activities with the MBH Group ('whistleblowing'). To ensure fairness, an independent unit is responsible for investigating the reports. The directive is aligned with the Anti-Corruption Policy.

11.2 Sanctions and sensitive transactions

To protect the interests and reputation of the MBH Group, its owners, employees and customers in providing financial services, the Issuer and the other members of the MBH Group are committed to comply with and implement sanctions established by international or national laws, as well as by international bodies and state authorities.

MBH Group has a sanctions policy and implemented sanctions programme that sets out the minimum standards that the Issuer and its subsidiaries must comply with to meet the above obligations including the following standards and procedures:

- Screening customers and transactions against the sanctions lists issued by the European Union, the United Nations, the United States and all applicable local regulatory sanctions lists including the jurisdictions in which the Issuer and its subsidiaries operate.
- Prohibiting or restricting business activities, providing financial and investment products or services or facilitating transactions that may violate the applicable sanctions laws or related MBH Group standards. Prohibitions aim also to prevent transaction and business conduct that has the purpose of evading or avoiding directly or indirectly any applicable sanctions.
- MBH Group does not do business with or establish relations with persons subject to sanctions.
- MBH Group reserves the right to refuse to execute certain transactions or to provide certain financial and investment product and services or to investigate them further, even if those

transactions or services are not prohibited by sanctions legislation and regulations, but the MBH Group reasonably believes that such transactions or services risk a possible violation of sanctions.

In addition to the above, MBH Group has special compliance policies in place relating to sensitive transactions and/or clients from sensitive industries, including but not limited to dual-used technology, nuclear energy, extractive industries and gambling.

In respect of transactions related to the defence industry, MBH Group applies additional strict controls in compliance with relevant embargo regulations and binding national legal provisions with additional detailed “*Know Your Customer*” procedures.

11.3 **Anti-money laundering and counter-terrorism financing**

The MBH Group is committed to preventing, detecting and deterring money laundering and terrorist financing, as well as other forms of economic crime, such as fraud, bribery and corruption. It uses all available means to ensure that its products and services are not misused for illicit purposes.

The MBH Group adopts preventive measures that require its employees, especially those in client-facing and high-risk areas, to comply with the “*Know Your Customer*” principle and to obtain comprehensive information on their clients. Employees must also adhere to the relevant laws and regulations, such as the Act on the Prevention and Combating of Money Laundering and Terrorist Financing, the Act on the Implementation of Financial and Property Restrictive Measures Prescribed by the European Union and the UN Security Council, the Criminal Code, and the decrees implementing these Acts. Additionally, employees must follow the guidance of the MNB, the Financial Action Task Force, the Basel Committee on Banking Supervision, and the European Union, as well as the Issuer's internal policies and procedures.

The MBH Group ensures that all employees receive mandatory training on these matters and that their participation and performance are properly documented and evaluated.

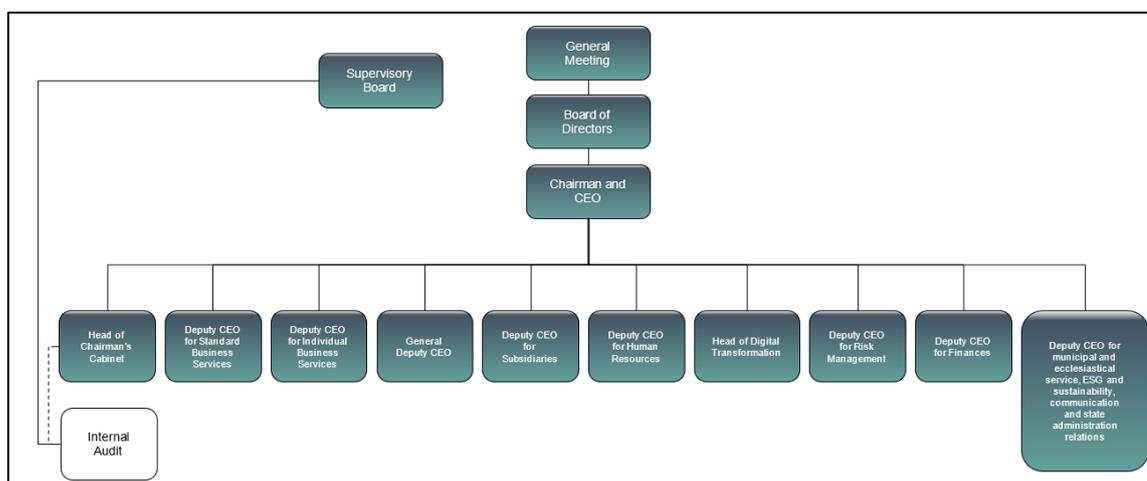
XIII. ORGANISATION STRUCTURE AND MANAGEMENT

1. Organisational structure of the Issuer

The Issuer's operations are divided between the Issuer's headquarters in Budapest and its branches throughout Hungary.

The supreme body of the Issuer is the General Meeting. The Supervisory Board, the Board of Directors and the Audit Committee perform their duties set out in the relevant legislation and in the Issuer's Articles of Association. The Issuer is headed by the Chairman and CEO, over whom employer rights are exercised by the Board of Directors. The Chairman and CEO is the chief managing director according to clause 115 of Article 6 (1) of the Credit Institutions Act. The Chairman and CEO and the Deputy CEO(s) elected by the General Meeting as members of the Board of Directors are internal members of the Board of Directors. The Chairman and CEO directs the Issuer's work organisation. All matters except for those falling within the exclusive authority of the General Meeting, of the Supervisory Board, or of Board of Directors, fall within the scope of authority of the Chairman and CEO.

The following diagram illustrates the internal organisational structure of the Issuer.



The Issuer believes that it is in compliance with the provisions of all applicable statutory regulations, orders of the supervisory authority and the regulations of the Budapest Stock Exchange. The structure and operating conditions of the Issuer are contained in its Articles of Association, which are approved by the general meeting of shareholders.

2. Recent changes

The MNB approved the appointment of Mr. András Bakonyi as Deputy CEO for Risk Management on 15 June 2023, and the appointment of Mr. András Puskás as Deputy CEO responsible for municipal and ecclesiastical service, ESG and sustainability, communication and state administration relations on 16 June 2023.

3. Board of Directors

The Board of Directors is an executive body elected by the General Meeting of the Issuer. The Board of Directors shall be entitled and obliged to make decisions on all issues rendered to the exclusive competence of the Board of Directors by law, the Articles of Association, or the internal regulations approved by the Board of Directors of the Issuer.

The liability of the Board of Directors extends the entire operation of the Issuer, as part of which the Board's main tasks include the approval of the Issuer's strategy, annual report, major organisational restructurings and policies, as well as making other significant company law-related decisions. In its objectives and activities, particular emphasis is placed on increasing shareholder value, profitability and efficiency, and on managing risks and complying fully with external requirements – in other words on ensuring the most effective enforcement of business, ethical and internal control policies.

The scope of its authority is defined in the effective statutory provisions, the Issuer's Articles of Association, General Meeting resolutions, and the Organisational and Operational Regulations. Its rules of procedure include the legal status and composition of the Board of Directors, as well as the regulations applicable to its operation and decision making.

All the obligations and prohibitions specified for executive officers under the Credit Institutions Act apply to the members of the Board of Directors.

The Board of Directors has an executive role in the governance of the Issuer. It oversees the Issuer's operative management through the Chairman and CEO. The Chairman and CEO is authorised to decide in all matters that do not, pursuant to the Articles of Association, fall within the scope of authority of the General Meeting or the Board of Directors. The employer's rights related to the executive officers of the Issuer are in general exercised by the Board of Directors as a corporate body, with the proviso that in the case of the deputy CEOs, employer's rights are exercised through the Chairman and CEO, and the prior notification of the Board of Directors is required for their appointment and for the withdrawal of their appointment.

In view of the fact that the Board of Directors also has an important role to play in overseeing the work of the management, it is of substantive importance that the principle of a majority of external (non-executive) members be implemented in respect of the Board of Directors (3 executive members, 4 non-executive members). The composition of the Board of Directors ensures that professional expertise, experience, and a degree of impartiality that goes beyond the above-mentioned independence requirement, are brought to bear in equal measure in the decision-making processes. The members of the Board of Directors are elected by the General Meeting for a term of maximum five years.

The business address for the members of the Board of Directors is:

MBH Bank Plc.
Budapest
Váci utca 38.
1056 Hungary

3.1 **Members of the Board of Directors:**

Dr. Zsolt Barna, Chairman and CEO

Zsolt Barna started his career at the Hungarian Financial Supervisory Authority (PSZÁF), where he was Head of Department from 1998 and later Head of Division. From 1998 to 1999 he was a member of the Board of Directors of the Investor Protection Fund (BEVA). From 2004 Mr. Barna was Head of Department and from 2006 Managing Director of the Supervisory Board of PSZÁF. Between 2006 and 2010, he was a member and permanent invitee to the governing bodies and technical committees of the Committee of European Securities Regulators (CESR) and the Committee of European Banking Supervisors (CEBS).

From 2010, Mr. Barna worked at the OTP Group for 10 years. During this period, he became Chairman of the Board of Directors of CKB Bank in Montenegro and led the bank's reorganisation. After holding several

senior positions within the OTP Group, he was Chairman and CEO of OTP Real Estate Investment Fund Management Ltd. from 8 June 2016 to 31 August 2018, and from September 2016 to 31 August 2018 the Chairman and CEO of OTP Fund Management Ltd. Between 2017 and 2020, he was the Chairman of the Board of Directors of OTP Real Estate Investment Fund Management Ltd. In 2017-2018, Mr. Barna managed the first major integration of OTP Bank's subsidiary bank in Croatia. From 10 October 2010, he was Chairman of the Supervisory Board of OTP Real Estate. On 1 September 2018, he was appointed Deputy General Manager of OTP Bank, and was a member of the Supervisory Board of the Croatian subsidiary bank of the OTP Group. From December 2019, he was Chairman of the Board of Directors of SKB Bank, the first subsidiary bank of the OTP Group to be supervised by the European Central Bank. Until 20 July 2020, he held the position of General Deputy CEO of OTP Bank Plc.

He has been Chairman of the Board of Directors of the Hungarian Bankholding since 30 October 2020. He was Chairman of the Board of Directors of MKB Bank since 1 January 2021 and Chairman of the Board of Directors and the Supervisory Board of the MKB Group's subsidiaries (MKB Befektítési Alapkezelő Zrt, MKB-Euroleasing Zrt., Solus Capital Zrt., Retail Prod Zrt., Budapest Lízing Zrt., Takaréék Lízing Zrt.) and Chairman of the Board of Trustees of the MKB Bank Foundation for the Support and Development of Art, established by MKB Bank in 2022 in the spirit of social responsibility.

As of 1 January 2022, he was managing the merger of Budapest Bank and Takarékbank into MKB Bank as CEO of the Hungarian Bankholding. Since May 2023, Mr. Barna has been Chairman and CEO of the Issuer.

Dr. Balázs János Vinnai - Senior Advisor to the President

Balázs János Vinnai founded his first company in 1997, Interactive Net Design (IND), a digital banking products and web applications company. In 2014, he became Head of Digital Channels at IND Group, following its acquisition by UK financial software company Misys in March of the same year. In 2017, Misys and DH Corporation merged to form Finastra, where he became Global Vice President and Head of Digital. In 2015, together with friends and former business partners, Mr. Vinnai launched BnL Growth Partners Ltd, a private equity and smart money advisory firm in the fintech sector. He is also the co-founder and investor in Codecool, a network of programming schools in Central and Eastern Europe.

Since 2018, Mr. Vinnai has been an investor in and Chairman of W.UP, a financial software and digital banking sales company. Since 2020, he has also served as President of IVSZ - Alliance for the Digital Economy. From July 2021, he oversaw and supported the technological transformation of the banking group as Chief Advisor to the Chairman and CEO of the Hungarian Bankholding.

He has been member of the Board of Directors of the Issuer since April 2022.

Levente László Szabó - Deputy CEO for Individual Business Services

Levente László Szabó graduated from the Budapest College of Finance and Accounting with a degree in Finance, and from the University of Pécs, Faculty of Economics, with a degree in Business Administration. He started his professional career in 1997 at Creditanstalt Rt. and joined Takarékbank in 1999, where he held several management positions before being appointed Deputy CEO in 2010. From April 2017 to October 2019, Mr. Szabó held the position of CEO of Takaréék Kereskedelmi Bank Zrt.

As of July 2021, he managed the individual business services of the three merging banks (MKB Bank, Takarékbank, Budapest Bank); the Agricultural, Large Corporate, Mid-Corporate, Factoring and Markets business areas and the Individual Business Development as Deputy CEO of the Hungarian Bankholding. From December 2021, he was Deputy CEO of MKB Bank in charge of Individual Business Services; from April 2022, he was a member of the Board of Directors of MKB Bank. From 1 January 2022 was Chairman

and CEO of MTB Bank. As of 1 January 2022, Mr. Szabó was Chairman of the Board of Directors of Takarékbank and also Chairman and CEO of Takarékbank until the Merger.

Since 1 January 2022, he has been a member of the Board of Directors of the Hungarian Bankholding. Since May 2023, Mr. Szabó has been Deputy CEO for Individual Business Services at the Issuer.

Ádám Egerszegi – General Deputy CEO

Ádám Egerszegi graduated in Economics from the College of Finance and Accounting in 1997, and obtained his Master's degree from the MBA programme of the Faculty of Economics of the University of Pécs. Mr. Egerszegi started his career in 1998 in the German Customer Department of Takarékbank; from 2003, he was Head of the Network Department and from 2005 to 2014, he was Director of the bank's Savings Bank Division. From February 2014 to March 2015, he was Deputy CEO of Polgári Bank Zrt.

In 2017, Mr. Egerszegi managed the merger of Takarékbank and MTB Bank, as Deputy CEO and Vice President respectively. From December 2020, he was Deputy CEO for the Transformation of Hungarian Bankholding and operational manager of the transformation and merger of MBH Group member banks.

As of 10 December 2021, Mr. Egerszegi was appointed Deputy CEO for Transformation and from May 2022 also for Operations. He has been member of the Board of Directors of MKB Bank since April 2022.

Since May 2023, he has been General Deputy CEO of the Issuer.

Marcell Tamás Takács

Marcell Tamás Takács graduated from Budapest Corvinus University. He has nearly a decade of experience in transactional consulting. Currently, Mr. Takács is managing director of Blue Robin Investments S.C.A. He has been an external member of the Board of Directors of the Issuer since July 2020.

Andrea Mager

Andrea Mager holds a degree in economics and international relations from the Budapest University of Economics. She started her professional career as a risk assessor in the risk management division of Postabank and Savings Bank Zrt., where she worked from 1998 to 2001. Between 2001 and 2007, Ms. Mager held the position of Senior Manager and then Deputy Director of the Financial Stability Department of the MNB. Between 2002 and 2004, she chaired the Board of Directors of the MNB's Private and Voluntary Pension Fund, between 2005 and 2006, she was country coordinator for the IMF's Financial Soundness Indicator programme, and between 2004 and 2007, she was a member of the working groups of the European Centre for Banking Supervision Committee representing the MNB. Between 2007 and 2010, Ms. Mager was a member of the Competition Council of the Hungarian Competition Authority, between 2010 and 2011, she was Executive Director of Magyar Közlöny Lap és Könyvkiadó Kft., and between 2011 and 2016, she was a member of the Monetary Council of the MNB.

Between 2016 and 2018, she was the Government Commissioner for Postal Affairs and National Financial Services of the Prime Minister's Office, and from 2018, Ms. Mager exercised the ownership rights and obligations of certain state-owned companies, including Szerencsejáték Zrt., as Minister without Portfolio responsible for the management of national assets. She is Chair and Chief Executive of Szerencsejáték Zrt. from 15 June 2022. Ms. Mager has been an external member of the Board of Directors of the Issuer since September 2022.

István Sárváry

István Sárváry graduated from Szent István University in 2000 and gained extensive experience in a family business until 2012. Between 2013 and 2014, Mr. Sárváry was Senior Advisor to the Government Commission for the Renovation of the Buda Castle District, the Eszterházy Castle in Fertőd and the Curia, from 2014, he worked for the Prime Minister's Office and from 2016, he is CEO of V-Híd Zrt. Mr. Sárváry has been an external member of the Board of Directors of the Issuer since April 2022.

4. Supervisory Board

The Supervisory Board – as a body elected by the General Meeting – performs the oversight of the Issuer's management, business activities and legal operation and fulfils the responsibilities assigned to it by the Credit Institutions Act.

In accordance with the regulatory requirements – the principle of a majority of independent (non-executive) members is fully enforced in respect of the composition of the Supervisory Board. The ratio of independent (non-executive) members (six members) to the total number of members (nine members) is 66 per cent.

One third of the Supervisory Board's members are employee delegates who are nominated by the Workers' Council based on the opinion of the Company's trade unions.

The rules applicable to the appointment and recall of the employee delegate of the Supervisory Board are defined by the Works Council operating at the Issuer, and the Issuer does not consider such a member to be independent.

In order to avoid conflicts of interest, the General Meeting may not appoint the members of the Board of Directors and their close relatives to the Supervisory Board.

The Supervisory Board determines and approves its own rules of procedure which is effective without the approval of the General Meeting.

The responsibility of the Supervisory Board extends to the supervision of the lawfulness of the Issuer operations, its business practices and management, including the control of the Issuer's internal audit organisation. The Supervisory Board exercises a preliminary right of consent in respect of decisions relating to the establishment and termination by the employer of the employment of the head of the internal audit organisation; the termination (ordinary or with immediate effect) of employment of the chief risk officer; the passing a Board of Director's resolution on accepting the Issuer's interim balance sheet and also for the passing the Board of Director's resolutions on internal loans to non-consumers.

It is the task of the Supervisory Board to accept and regularly review – within the limits defined by the Articles of Association and the General Meeting of Shareholders – the principles of the Issuer's Remuneration Policy.

4.1 Members of the Supervisory Board:

The Supervisory Board members are elected by the General Meeting of Shareholders for a term of maximum five years.

4.2 Independent members:

Dr. Andor Nagy, Chairman of the Supervisory Board

Dr. Andor Nagy graduated from the Faculty of Law and Political Sciences of the ELTE in 1987. He passed the bar exam in 1997 and studied at Harvard Business School in Boston in 2004. From 1995 until the 1998

parliamentary elections, Mr. Nagy served as party president, then as chief of cabinet to the prime minister, and later as political state secretary in the prime minister's office. Since 2004, he has been a Member of Parliament in the Szécsény constituency. Until 20 February 2005, he was the Clerk of Parliament. In the 2006 parliamentary elections Mr. Nagy won an individual mandate in the 3rd constituency of the county of Nógrád. In the 2010 parliamentary elections he also won an individual mandate in the 3rd constituency of the county of Nógrád. On 26 August 2013, he resigned his parliamentary mandate, after which he was appointed Ambassador of Hungary to the State of Israel. His mandate in Tel Aviv lasted from 2013 to 2018. Since summer 2018 until summer of 2023, Mr. Nagy was the Head of the Embassy of Hungary in Vienna. He has been the Chairman of the Supervisory Board of the Issuer since April 2022.

Dr. Géza Károly Láng

Dr. Géza Károly Láng obtained his law degree from Pázmány Péter Catholic University in 2002, and after passing the bar exam and qualifying as an insurance lawyer, he qualified as a competition lawyer in 2012. Mr. Láng has spent 16 years in the insurance sector in various positions, and since 2019, he has been Deputy State Secretary for National Financial Services and Postal Affairs at the Prime Minister's Office. Between April and August 2022, he was a member of the Board of Directors of MKB Bank and the Hungarian Bankholding. He has been member of the Supervisory Board of the Issuer and the Hungarian Bankholding since September 2022.

Zsigmond Járαι

Zsigmond Járαι is a qualified economist with decades of experience in finance. He started his career in 1976 at the State Development Bank. He has been a lecturer on investment in the electricity industry, a financial auditor, a senior lecturer in the Economics Department and head of the Economics and Securities Department. During his professional career he has worked in London and Budapest for several investment and commercial banks. Mr. Járαι is a former founder of the Budapest Stock Exchange and has held senior positions in a number of key areas in the public sector and in the money, insurance and capital markets, including, without limitation, Deputy CEO of Budapest Bank, Deputy Minister of Finance and Chairman of the Banking Supervisory Authority. He has worked as an investment banker in London, as CEO of Magyar Hitelbank, and as Chairman of the Budapest Stock Exchange from 1996 to 1998. From 1998 to 2000, Mr. Járαι was Finance Minister of Hungary, from 2001 to 2007 President of the MNB, and from 2007 to 2013 Chairman of the Supervisory Board of CIG Pannónia Életbiztosító Zrt. Government awards: Grand Cross of the Order of Merit of Hungary (2016), Honorary Knight Grand Cross of the Order of the British Empire. He has been member of the Supervisory Board and the Audit Committee of the Issuer since April 2022. He is member of the Supervisory Board of the Hungarian Bankholding as well.

Miklós Vaszily

Miklós Vaszily graduated from the Budapest University of Economic Sciences in 1996 and from the Faculty of Law and Political Sciences of ELTE in 1997. He started his career as an equity analyst. From 2001, Mr. Vaszily was CEO of Net Média Zrt., the publisher of Portfolio.hu, and in 2005 he became CEO of Index.hu Zrt. In 2007, he was appointed Deputy CEO and member of the Board of Directors of the owner Közép-Európa Média Zrt. From February 2010 to November 2014, he was CEO of Origo Zrt. Since August 2015, Mr. Vaszily was CEO of MTVA and since October 2018 CEO of Echo TV. He was CEO of Echo TV until 31 March 2019, when the channel was merged into Hír TV. In 2019, Miklós Vaszily became president of TV2. He has been member of the Supervisory Board and the Audit Committee of the Issuer since April 2022.

Dr. Péter Magyar

Dr. Péter Magyar graduated from the Faculty of Law and Political Sciences of Pázmány Péter Catholic University in 2004. Between 2004 and 2006 he worked as a court clerk at the Budapest Capital Court, and after passing the bar exam he worked as a trainee lawyer and associate lawyer in Hungarian and international law firms until 2010. Between 2010 and 2018, he was an EU diplomat at the Permanent Representation of Hungary to the European Union, Ministry of Foreign Affairs and Prime Minister's Office. Between 2018 and 2019, Mr. Magyar headed the EU Legal Directorate of the Hungarian Development Bank. Between 2019 and 2022, he was the CEO and a member of the Board of Directors of Diákhitel Központ Zrt. From 2020, he has been assisting the investment committees of Hiventures Zrt. From 2022, Mr. Magyar is the Legal Director and Investment Advisor of Hodler Alapkezelő Zrt. He has been member of the Supervisory Board and the Audit Committee of the Issuer since September 2022.

Rita Feodor

Rita Feodor has been working in the business sector in the fields of taxation and accounting for more than 30 years. She was a member of the Supervisory Board and the Audit Committee of MKB Bank between September 2018 and April 2022, a member of the Risk and NPL Committee, Nominating Committee and Remuneration Committee of the bank between January 2019 and April 2022, and has been the chairperson of the latter committee since April 2019. Ms. Feodor has been again member of the Supervisory Board and the Audit Committee of the Issuer since September 2022.

4.3 Employee delegates:

Kitti Dobi, Deputy CEO for Human Resources

Kitti Dobi graduated from the Budapest University of Economics and Business Administration with a degree in Corporate Finance and a distinction. She started her career in 2003 as a regional manager, responsible for various HR processes at Procter & Gamble. She gained international experience in HR management through further training in human resources and management in Geneva, Switzerland and Cincinnati, USA.

From 2008 to 2010, Ms. Dobi managed the development of Vodafone's international operations centre, and then continued as Head of HR Processes. She obtained her OPP international MBTI coach qualification in Oxford and continued her work as a lecturer and HR management module leader at the International Business School. From 2010 to 2014, as HR Director for the European and African Service Centres of BP's Global Services organisation (a subsidiary of British Petrol), she led the development of the company's international HR service units in Europe and Asia.

Between 2014 and 2016, Ms. Dobi was Head of HR Service Management, Account Management and Client Management in Eastern Europe at Alexander Mann Solutions. From 2016, she was Managing Director for Human Resources at MKB Bank and MKB Financial Group, and from 2021 Deputy CEO for Human Resources at the Hungarian Bankholding. During this time, she applied for and completed the Senior HR Executive Training at Harvard Business School and obtained a qualification in HR Executive Education at the Michigan Ross School of Business. Since May 2023, she has been Deputy CEO for Human Resources at the Issuer.

Balázs Bechtold

Balázs Bechtold has a degree in mechanical engineering and has been working at MKB Bank since January 2006, first in the Contact Center and then in 2007 in the Bank Security, Information Security area. Since 2010, he has been Head of Section and expert on secondment to MKB Bank's priority projects. Since November 2014, Mr. Bechtold has been a member of the MKB Bank's Works Council and Chairman of the

Sport and Health Committee, and since February 2020, Chairman of the Works Council. He has been the employee representative member of the Supervisory Board of the Issuer since July 2021.

Dr. Ilona Török

Dr. Ilona Török has more than 20 years of banking experience. She started her career at the Hungarian Financial Supervisory Authority, where she gained legal and financial experience in several areas, before becoming Head of the Licensing and Enforcement Directorate.

Between 2010 and 2021, Ms. Török held various positions at OTP Bank, in Capital Markets and Treasury, and subsequently became Head of Corporate Governance, while also serving in the management boards of several domestic and foreign subsidiaries of the OTP Group. Since March 2021, she led the office of the Chairman and CEO of MKB Bank. From November 2021, she held the same position at Hungarian Bankholding and its member banks. In September 2022, she was appointed as member of the Supervisory Board of the Issuer. From November 2022, she is a member of the Board of Directors of MBH Mortgage Bank.

Since May 2023, Ms. Török has been Head of the Chairman's Cabinet of the Issuer, coordinating the Issuer's prudential compliance and manages central areas such as legal, compliance and data protection, internal audit, banking security, corporate governance and central marketing.

5. Audit Committee

The Issuer operates an Audit Committee of three members who are elected by the General Meeting from among the independent members of the Supervisory Board. The Audit Committee assists the Supervisory Board in the evaluation of the internal controls over financial reporting, as well as supervision over: (i) the reliability of the financial reporting process; (ii) the audit process; and (iii) the process of ensuring compliance with the provisions of the law.

5.1 Members of the Audit Committee:

Rita Feodor, Chairwoman of the Audit Committee

Miklós Vaszily

Dr. Péter Magyar

6. Chief executive officer and deputy chief executive officers:

Dr. Zsolt Barna, Chairman and Chief Executive Officer

Ildikó Ginzer, Deputy CEO for Standard Business Services

Ildikó Ginzer graduated from Corvinus University of Budapest, where she obtained a Master's degree in Economics in 2005 with a specialisation of the teacher of Corporate Finance and Economics. Ms. Ginzer started her professional career in the banking sector, working at Raiffeisen Bank from 2004 to 2016 as a business risk manager in structured and project finance, and later as a risk manager in corporate intensive management, where she was involved in the development of the strategy and processes of the areas.

She gained international experience as a strategy and business development specialist at Borealis AG, where she was responsible for several acquisition projects in the petrochemicals sector during 2016. At the end of 2016, Ms. Ginzer joined MKB Bank, as Deputy CEO for Risk Management, responsible for the bank's retail

and corporate risk management and receivables management. From 2019, she was Deputy CEO of MKB Bank for retail, corporate, treasury and leasing, and from May 2023, she has been Deputy CEO of the Issuer for standard services.

Ms. Ginzer is a member of the Supervisory Board of CIG Pannónia Nyrt., the Board of Directors of MBH Jelzálogbank and Euroleasing and Chairperson of the Supervisory Board of MBH Fund Management Ltd.

Kitti Dobi, Deputy CEO for Human Resources

Ádám Egerszegi, General Deputy CEO

Levente László Szabó, Deputy CEO for Individual Business Services

Péter Krizsanovich, Deputy CEO for Finances

Péter Krizsanovich graduated from Corvinus University of Budapest in 2003. He started his career as a consultant at the management consultancy firm IFUA Horváth & Partners. From 2005, Mr. Krizsanovich held senior positions at OTP Bank for 17 years, including Managing Director of Strategy, Planning and Controlling. Involved in the regional expansion, he has international experience, having participated as a board member in the management of several leading foreign banks, including OTP Bank in Serbia and CKB Bank in Montenegro.

From 2017 to 2022, Mr. Krizsanovich was a member of the Board of Directors of OTP Real Estate Investment Fund Management Ltd. From September 2022, he was working as Chief Advisor to the Chairman and CEO of the Hungarian Bankholding on finances, risk management and strategy, and from 1 January 2023 he has been Chief Financial Officer, from February he has been Deputy CEO for Finances. Since May 2023, he has been Deputy CEO for Finances of the Issuer.

András Bakonyi, Deputy CEO for Risk Management

András Bakonyi graduated from Corvinus University of Budapest in 2002. He started his banking career at MKB Bank between 2002 and 2003. From 2003, he worked at CIB Bank Zrt. in the area of Corporate Customer Relations, where he held the position of Head of Department from 2007. In 2010, Mr. Bakonyi joined K&H Bank Zrt., where he was appointed Head of the Budapest West Corporate Region in 2011 and Head of the Budapest East Corporate Region in 2013. In addition, he has been Deputy Head of the Corporate Network since 2013.

Since 2015, Mr. Bakonyi has been Managing Director of MKB Bank. In 2017, he was appointed as the bank's Deputy CEO Corporate and Treasury, responsible for the bank's corporate, treasury and leasing activities. From 2021, he was Managing Director of Credit Risk Management in the newly established Hungarian Bankholding. Between 1997 and 2002, he was a member of the Széchenyi István College. In 1999-2000, he studied economics and political science at the University of Heidelberg in Germany. In 2010 and 2012, he studied at the KBC Banking Group International Lending School in Brussels. In 2013, he participated in a Leadership Training Programme in Ghent (Belgium). Since May 2023, Mr. Bakonyi has been Head of Risk Management at the Issuer. Since June 2023, he pursues his duties in Deputy CEO position.

András Puskás, Deputy CEO responsible for municipal and ecclesiastical service, ESG and sustainability, communication and state administration relations

András Puskás graduated from the Budapest University of Economics and Public Administration in 2000 with a degree in economics. At the beginning of his career, Mr. Puskás worked in the Ministry of Finance

as Chief of Cabinet to support the government. He then served as Deputy Mayor of the 5th District of Budapest, where he was responsible for urban development. Starting 2014, he worked as Deputy CEO and member of the Board of Directors of the Hungarian Export-Import Bank Zrt. and the Hungarian Exportthitel Biztosító Zrt.

As Deputy CEO for Risk and Operations at Budapest Bank, Mr. Puskás was a member of the bank's Senior Management and Board of Directors from 2018 to 2022 as Head of Risk Management, Operations, IT and PMO. On 1 July 2021, Mr. Puskás was appointed Chief Advisor to the Chairman and CEO of the Hungarian Bankholding, and since June 2023, he has been Deputy CEO of the Issuer responsible for municipal and ecclesiastical service, ESG and sustainability, communication and state administration relations.

Dr. Beatrix Mészáros, Deputy CEO for Subsidiaries

Dr. Mészáros began her studies at the Foreign Trade Department of the Budapest University of Economics and graduated in 2009 with a specialization in export-import management. She completed her master's degree in communication at the Italian Università Cattolica di Sacro Cuore. In January 2019, she obtained a law degree at the University of Debrecen's Faculty of Law.

Dr. Mészáros started her professional career in the field of telecommunications and media. Her managerial career started in the agricultural sector, from 2012 she managed the full range of agricultural and production enterprises, she was the managing director of Búzakalász 66 Kft., then the chair of the board of directors of Aranykorona Zrt. She was also the member of the board of directors of Talentis Group Zrt. from 2016, chairman of the board of directors of OPUS GLOBAL Nyrt. for five years from 2017, CEO of Talentis Consulting Zrt. from 2017 to 2018, and from 2017 she was the chairman of the board of directors of Konzum Befektetési és Vagyonkezelő Nyrt., which brings together the tourism portfolio. In addition to agriculture and tourism, Dr. Mészáros held managerial positions in several dynamically developing companies in the energy sector and the construction industry. From 2017 to spring 2020, she was a member of the board of directors of Mátra Energy Holding Zrt.

From 2018, she is a member of the supervisory board of Status Capital Kockázati Tőkealap-kezelő Zrt., and from 2021 of Opus Global Befektetési Alapkezelő Zrt. From March 2021, Dr. Mészáros is the manager responsible for the subsidiaries of MKB Bank, Hungarian Bankholding, MTB Bank and Takarékbank, deputy CEO from February 2022, and member of the board of trustees of the Pro Filii Foundation from October 2021.

From May 2023, she is the Deputy CEO responsible for subsidiaries of the Issuer.

Roland Pecsenye, Head of Digital Transformation

In 1997, Mr. Pecsenye founded his first company, IND Group, dedicated to digital banking software products and web applications. From 2014, as Director of Global Business Development at Misys, he served as an expert of global sales of digital channels. Mr. Pecsenye has been an investor in Barion since 2016, where he serves as Chairman of the Supervisory Board. Since 2018, he is heading the Munich office of M&A consultant firm Zelig Fintech. Throughout his career as an angel investor, he has supported the launch and success of many European start-ups. From October 2021, he has been Head of Digital Transformation of the Issuer.

Dr. Ilona Török, Head of office of the Chairman, CEO

7. Risk Assumption and Risk Management Committee

As part of its ongoing monitoring of the MBH Group's risk-taking strategy and risk appetite, the Risk Assumption and Risk Management Committee reviews the risk strategy, remuneration policy and quarterly risk report in advance. It supports the Board of Directors in monitoring the implementation of the risk-taking strategy. The members of the Risk Assumption and Risk Management Committee are Marcell Tamás Takács (Chairman), Andrea Mager and Sárváry István

8. Remuneration Committee

The Remuneration Committee supervises the remuneration of the manager in charge of risk management and legal compliance – including employees performing the internal control function – and prepares proposals for decisions to be made by the shareholders regarding remuneration, in view of the long term interests of investors and other stakeholders. The members of the Remuneration Committee are István Sárváry (Chairman), Marcell Tamás Takács and dr. Balázs János Vinnai.

9. Nomination Committee

The Nomination Committee is responsible for nominating and recommending nominees to the Supervisory Board and the Board of Directors, with the exception of the members of the Supervisory Board representing the employees, for specifying the capabilities required for membership in management bodies as well as their tasks, along with the evaluation of the composition and performance of the managing bodies and their members. Determining the ratios of the sexes within the managing bodies and the strategy for achieving it. It is also in charge of the regular revision of the Issuer's policy concerning selection and appointment of its executive director. The members of the Nomination Committee are Zsigmond Járai (Chairman), dr. Andor Nagy and Miklós Vaszily.

10. Potential conflicts of interest

According to the available information and registers, there are no actual or potential conflicts of interest between the private interests or duties of the members of the Board of Directors, the Supervisory Board or the senior management of the Issuer and their duties to the Issuer.

XIV. BUSINESS ENVIRONMENT

1. Operational environment

International and domestic economic processes in the first half of 2023 continued to be significantly influenced by the military conflict between Russia and Ukraine that started in February 2022. Due to the elevated risks concerning the energy supply of Europe – partly secured from imported Russian gas and oil – energy prices increased significantly. This thoroughly amplified inflationary processes, which already unfolded in the wake of a demand-supply mismatch created by the pandemic restrictions in 2020 and 2021. Accelerating inflation, sanctions imposed on Russia and measures to reduce energy consumption increased the danger of the Euro Area's economy turning into recession in the second half of 2022. However, energy prices fell sharply in late 2022, as most economies managed to adapt to the new situation, and the Euro Area, which is crucial for Hungary's growth prospects, narrowly avoided a contraction. Hungary's economy suffered more than its European counterparts from the war in its vicinity, as it depended more on Russian gas and oil and faced strong depreciation pressures on the Forint, partly due to the conflict itself and partly to disagreements with the EU in respect of rule of law and funding matters.

Although GDP-growth remained fairly dynamic in the first half of 2022 supported by expansionary fiscal policies, the aforementioned negative developments gradually started to weigh on performance, besides, an unusually severe drought led to a marked contraction in agricultural output. In the last two quarters of 2022 the quarterly growth rate of GDP (adjusted for seasonal effects) was already negative, hence Hungary slipped into a technical recession, and following 7.1 per cent. growth back in 2021, it finally realised an average annual growth rate of below 4.6 per cent. in 2022. Faced with the necessity of fiscal consolidation, partly as funding issues with the EU have still remained unsettled, and a drop in private consumption in the wake of the sharp rise in living expenses, the economy remained in recession for the first quarter of 2023. In the second quarter, GDP decreased by 2.4 per cent., while the seasonal and calendar adjusted drop was 2.3 per cent. Compared to the previous quarter, the performance of the economy decreased by 0.3 per cent., so contrary to expectations, the domestic economy remained in a technical recession.

Core inflation, which reflects the underlying inflation trends, had already exceeded MNB's tolerance band since the second half of 2021. The Russian-Ukrainian war accelerated the inflation rate through the sharp rise of energy prices, while the Hungarian Forint's steep devaluation, the supply-demand imbalance and direct supply disruptions also contributed. The government tried to curb the CPI-growth by imposing price ceilings on fuel and some essential food items. However, this partly triggered hoarding and supply shortages, while some food retailers increased the prices of other food products beyond the cost-based level. As a result, inflation soared to 24.5 per cent. year-on-year by the end of 2022, while the annual average was 14.5 per cent. Inflation finally peaked in the first quarter of 2023 and supported by base effects and further price control mechanisms implemented by the government, it decelerated to below 20 per cent. by July 2023. While on annual average it is still expected to be in the vicinity of 17 per cent. in 2023, the 12-month rate of inflation is expected to be single-digit from as early as late autumn.

The MNB implemented one of the strictest tightening of interest rate conditions throughout 2022: it raised its base rate from 2.4 per cent. prevailing at the end of 2021 to 13 per cent. by September last year, also declaring that the rate hike cycle that began in June 2021, came to its end. However, the base rate acted as the effective policy rate for only a short, transitional period, since up to June's rate setting meeting the interest rate on the one-week deposit facility was the decisive policy rate, and it was only between June and October that the base rate was equal to that rate. In the middle of October 2022 the MNB had to react to strong pressures on Hungarian financial asset prices (most notably to the downward pressure on the Forint's exchange rate) by transforming its monetary policy tools, at the end of which interest paid on the daily quick deposit tenders (introduced at 18 per cent. level) became the effective policy rate. Besides tightening interest rate conditions the MNB made efforts to alleviate the pressure on Hungarian financial asset prices by markedly raising the mandatory reserves ratio and introducing measures that limited the volume of instant

liquidity of the banking system (like holding tenders for longer term deposits, more frequently auctioning the discount bill etc.). In its statements towards the end of 2022 the MNB emphasised that a gradual cutting of the effective policy rate becomes realistic only after marked improvements in Hungary's risk perception take place. This condition was partly met by early 2023, providing space for MNB to start gradually cutting the effective rate, therefore the interest rate on the daily quick deposit tenders was lowered altogether by 300 bps to 15 per cent. by the end of July 2023, and at the current pace it is expected to be equal to the 13 per cent. level of the base rate by September 2023. From there, the base rate is expected to act as the main policy rate again, and management of the Issuer expects further cuts of the base rate to above 10 per cent. by the end of 2023 as inflation slowly approaches the MNB's tolerance band of around the mid-term target of 3 per cent.

In the first half of 2023 the Hungarian Government implemented further corrective measures (imposing new, while modifying already existing sector specific taxes, delaying a large number of investment projects), which were necessitated by sharply rising interest payments on public debt, exerting a heavy burden on the expenditure side of the budget. Whereas higher than expected inflation led to significant overperformance in some income items (like consumption related tax revenues), the cash-flow based deficit amounted to HUF 2,940 billion in the first seven months of the year, which is already more than 85 per cent. of the original budget plan for 2023. A revision of the original budget plan is due in September according to sources from the Ministry of Finance. Following a 6.2 per cent. of GDP accruals based deficit in 2022, there is still space for marked improvement though, as this year's deficit will likely remain below 5 per cent. of GDP, and since nominal GDP growth is driven up fast by high inflation, public debt relative to GDP is expected to decline even more considerably, down by close to 5 percentage points from the preceding year's 73.3 per cent.

Due to beneficial terms of trade changes reflecting mainly the impact of normalising energy prices the deficit of the current account considerably narrowed in the first half of 2023 and taken together with the capital account, which mostly includes transactions related to the EU budget, Hungary's net external financing capacities already turned positive in the first half of the year. Following last year's deficit of 6 per cent. of GDP, this is going to be a marked improvement for 2023, which also lends support to Hungary's risk perception. It is also going to keep Hungary's foreign indebtedness relative to GDP on a declining path, hence gross foreign debt may sink below 80 per cent. of GDP, while net foreign debt to around 15 per cent. of GDP by the end of this year.

Credit institutions mostly enjoy the high interest rate environment in 2023. The first half of the year brought spectacular growth (around 45 per cent.) in net interest income, and a cautious approach to provisioning and impairment resulted in a marked improvement in risk costs as well compared to the first half of 2022. Meanwhile, despite soaring inflation, the rise in operating costs were muted, and so was the deterioration attributed to new levies that were imposed on the banking sector in 2022 and to interest rate caps introduced on certain loan products. While lending activity is still far from its earlier dynamics, banks could strengthen their income generating capacities through financial investment services, as in the current high yield environment many clients sought more sophisticated savings portfolios. Overall, following last year's HUF 485 billion profit that was realised on the banking sector's domestic operations and translates into an 8.5 per cent. return on equity, this year's after-tax profit may exceed HUF 700 billion, which implies more than 10 per cent. return on equity. Yet, this year may be somewhat exceptional from the aspect of banking sector profitability, the Issuer's management expects more muted results from 2024, when interest rates will be significantly lower on average than this year.

2. Competitive environment in Hungary

The Issuer's management believe that by the end of 1H 2023, the MBH Group in Hungary had a 14.7 per cent. market share based on total assets, making the Issuer the second largest domestic banking group in Hungary. The top five credit institutions in Hungary have a combined 62 per cent. share in total assets.

Considering the stock of gross client loans, the MBH Group's share was 16.3 per cent. at the end of June 2023, whereas its share of client deposits was 17.4 per cent. at the same time. The MBH Group is especially strong in the non-financial corporate segment, where its market share is 19 per cent. in the case of gross loans, and 19.8 per cent. in the case of deposits at the end of 2022. The MBH Group is also among the top two players in financial leasing. The MBH Mortgage Bank is the second largest issuer of mortgage bonds in Hungary.

Most of the Issuer's local competitors in Hungary are foreign-owned banks, including K&H Bank (part of the KBC Group), UniCredit Bank (Unicredit Group), Erste Group Bank AG, Raiffeisen Bank and CIB (part of the Intesa Sanpaolo Group), in addition to banks under majority Hungarian ownership including OTP Group and Gránit Bank. In recent years the degree of concentration has increased in the domestic banking sector, and this process is likely to continue with a view of attaining optimal economies of scale in a prospective, albeit relatively small-size market.

XV. HUNGARIAN BANKING SECTOR

1. The history of the Hungarian banking system

The first phase of the modernisation of the banking sector commenced in the early 1980s by loosening the centralised capital allocation regime that characterised the one-tier banking system. After two years of preparations and a year of impact assessment, the two-tier banking system was introduced in early 1987, when banks performing their operations on a commercial basis were institutionally separated from the MNB, which only retained its central bank activities.

From mid-1996, the balance sheet positions of banks started to improve gradually, their balance sheet totals rose, decision-making became more efficient and, consequently, the quality of their loan portfolios also improved. The privatisation of banks also accelerated in the same year, and the largest Hungarian banks were taken over by foreign owners. The development and evolution of the Hungarian banking sector has followed international trends, namely, the universal banking model, preferred by the EU directives, which aim to create a single European market in financial services.

Following a phase of intensive development, which started in 2000, the increase in branch establishment slowed down. However, competition between banks for retail customers intensified. Cost cutting and staff reduction became essential for credit institutions with declining profitability. The introduction and rapid spread of electronic banking services played an important role in this process.

The structure of the Hungarian banking system comprises a vast array of financial service providers, including banks, specialised credit institutions, savings and credit co-operatives and financial enterprises. The past few years have seen further diversification on the supply side, in particular in the payments segment, through the emergence of payment institutions (“*pénzforgalmi intézmény*”) and electronic money institutions (“*elektronikuspénz-kibocsátó intézmény*”) as new types of service providers introduced by recent EU legislation. Out of the three types of credit institutions (banks, specialised credit institutions or co-operative credit institutions), only banks are entitled to provide the full range of banking and investment services.

2. The effects of EU accession

Hungary became a member of the European Union (the “EU”) on 1 May 2004. Membership of the EU has resulted in Hungary adopting and implementing various EU directives. Changes have therefore been made to Hungarian banking law and accounting rules in order to harmonise them with the relevant EU directives. EU accession has greatly enhanced the international integration of the domestic money market and it has strengthened the close relationship between credit institutions and their foreign parent banks.

The amendment to the regulation on the Hungarian central credit information system has enlarged the scope of persons that are subject to registration therein, thereby enhancing the safety of investments, credit, securities lending activities and financial stability.

In the course of harmonising the national law with EU law, Hungary has also implemented Directive 2004/39/EC on markets in financial instruments (as amended, “**MIFID**”) and Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the “**Transparency Directive**”), together with Directive 2007/14/EC on detailed rules for the implementation of certain provisions of the Transparency Directive.

Further, Hungary has implemented (a) Directive 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive and (b) Directive 2007/16/EC

implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards the clarification of certain definitions. In order to implement the above-mentioned Directives, the Hungarian Parliament passed the Investment Firms Act, which came into force on 1 December 2007 and was accompanied by various amendments to the Capital Markets Act.

In light of the 2007/2009 global financial crisis, which exposed important failures in financial supervision, legislative proposals were made by the European Commission on the adoption of the so-called Omnibus Directive which aimed at:

- (a) establishing a European System of Financial Supervisors (“**ESFS**”) that would consist of a network of national financial supervisors working in tandem with new European Supervisory Authorities (“**ESAs**”) to be created by transforming the existing European supervisory committees into the European Banking Authority (“**EBA**”), the European Insurance and Occupational Pensions Authority (“**EIOPA**”), and ESMA, thereby combining the advantages of an overarching European framework for financial supervision with the expertise of local micro prudential supervisory bodies that are closest to the institutions operating in their jurisdictions; and
- (b) establishing the European Systemic Risk Board (“**ESRB**”) to monitor and assess potential threats to financial stability that arise from macro-economic developments and from developments within the financial system as a whole. To this end, the ESRB would provide an early warning of system-wide risks that may be building up and, where necessary, issue recommendations for action to deal with these risks.

Regulations (EU) No 1092/2010, No 1093/2010, No 1094/2010, No 1095/2010 and the Directive 2010/78/EU of 24 November 2010 are the elements of the so-called Financial Supervision Package.

The Financial Supervision Package confers important powers on the ESAs, including, inter alia, to:

- draw up specific rules for national supervisory authorities (“**NSAs**”) and financial institutions;
- develop technical standards, guidelines and recommendations;
- monitor how rules are being enforced by NSAs;
- take action in emergencies, including the banning of certain products;
- mediate and settle disputes between NSAs;
- ensure the consistent application of EU law; and
- mediate in certain situations and settle disagreements between NSAs, in particular in areas that require cooperation, coordination or joint decision-making by supervisory authorities from more than one member state of the EU.

The ESAs are also entitled to address individual decisions directly to the relevant NSAs:

- (a) in the course of the settlement of a disagreement between the relevant NSAs which has arisen in relation to cross-border situations, where those NSAs have failed to reach an agreement within the time limit set by the respective ESA for conciliation; and

- (b) in emergency situations declared by the European Council. In addition, in circumstances where an NSA fails to apply the relevant directly applicable provisions of EU law or has applied such provisions in a way that appears to amount to a breach thereof, the ESAs are empowered to issue a recommendation directly to the NSA concerned as to the actions necessary for compliance. In exceptional circumstances and subject to further conditions, where the relevant NSA fails to take the actions required by the respective ESA, the ESA concerned may adopt decisions directly addressed to individual financial institutions as a last resort to ensure compliance with the requirements of the relevant EU legislation.

Furthermore, the Financial Supervision Package conferred direct supervisory powers on ESMA over credit rating agencies established and registered in the EU, including powers to request information, launch investigations, and perform on-site inspections.

The ESRB is responsible for monitoring and assessing potential threats to financial stability that arise from macro-economic developments and from developments within the financial system as a whole. To this end, the ESRB provides an early warning of system-wide risks that may be building up and, where necessary, issues recommendations for action to deal with these risks.

The Joint Committee of the ESAs serves as a forum in which the ESAs co-operate regularly and closely to ensure cross-sector consistency, in particular with respect to financial conglomerates, accounting and auditing issues, micro-prudential analyses of cross-sectoral developments, risks to, and vulnerabilities of, financial stability and retail investment products.

3. Legal changes and implementation of EU legislation

From 2014, the previous banking act was replaced by the Credit Institutions Act. Its major objectives were to recast the previous banking act and to facilitate the adaption of the Hungarian banking system to the unified banking standards of the EU (including the implementation of the CRD IV).

The implementation of other recent EU legislation includes:

- (a) the CRD IV;
- (b) Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes;
- (c) Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation;
- (d) Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property;
- (e) Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;
- (f) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended, the “**BRRD**”) and Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

- (g) Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy;
- (h) Directive 2015/849/EU of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing, and Directive 2018/843/EU of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

For further developments in respect of the continuing implementation of the respective EU legislation, please see the relevant subsections below.

4. Supervision and regulation of the banking system

The legal framework of the present banking system is based on the Credit Institutions Act, the Investment Firms Act and the Capital Markets Act and decrees of the Hungarian Government and the Minister responsible for the regulation of the financial markets issued in relation to the respective fields. Regulation of the Hungarian banking system is fully compliant with the relevant EU regulations, and in some cases it imposes even stricter national requirements.

In the Hungarian banking system, the MNB performs the supervisory functions. The MNB oversees all legal entities engaged in providing banking services in Hungary.

5. National Bank of Hungary as the central bank of Hungary

Act CXXXIX of 2013 on the National Bank of Hungary (the “**MNB Act**”) regulates the MNB and its current status in the system of European Central Banks. The MNB controls the volume of money in circulation and foreign exchange management and it adopts decisions and resolutions on the governance of the money market, interest rates, foreign exchange transactions and the supply of statistics. The MNB requires all lending institutions to create reserve funds amounting to a specified fraction of their adjusted liabilities. The MNB is also responsible for the creation and management of the official reserves in gold and foreign exchange for the purpose of maintaining the external stability of the Hungarian financial system and, hence the Hungarian economy.

The MNB designates the payment and securities settlement systems for the purposes of Directive 98/26/EC on settlement finality in payment and securities settlement systems and supervises their operation.

In order to enhance the secure operation of the financial system, the MNB supports the adoption and maintenance of an efficient policy on financial stability and the prudential supervision of credit institutions, in particular, by identifying those economic risks which endanger the stability of the financial system as a whole. The MNB also monitors the operation and liquidity position of, *inter alia*, systemically important financial institutions. To the extent that these are not set out in acts of Parliament or decrees of the Government, the MNB may determine measures to prevent or mitigate systemic risks, including, *inter alia*, measures to limit excessive credit growth, liquidity requirements aimed at preventing systemic risks from building up, detailed rules on countercyclical capital buffers and additional requirements with a view to reducing the probability of default by systemically important financial institutions.

The MNB may, at its discretion, act as a lender of last resort to assist credit institutions facing transitional liquidity problems, where such difficulties endanger the stability and smooth operation of the financial system, particularly in respect of payment functions. Any loan granted by the MNB to a commercial bank

in its lender-of-last-resort capacity constitutes an unguaranteed obligation on the part of that bank. Furthermore, the MNB may also provide liquidity to credit institutions in accordance with the current monetary policy through repo transactions. In addition, the MNB has ongoing consultations with banks, and holds on-site audits in its capacity as a supervisory organisation.

Further, the MNB has been designated as an “agency” for the purposes of the functions as set out in Section 1 of Article V of the Agreement of the International Monetary Fund (the “**IMF Agreement**”).

From 2010, the MNB has supported the adoption and maintenance of an efficient policy on the stability of the financial system and the prudential supervision of credit institutions, in particular through the identification of economic risks which endanger the stability of the financial system as a whole.

The MNB reviews reports filed by banks and maintains a publicly available database on the Hungarian banking system. Furthermore, it continuously evaluates the status and publishes all information regarding the financial position and condition of Hungarian credit institutions, as well as with regard to the Hungarian economy. The MNB also monitors the compliance of credit institutions with the provisions of the Credit Institutions Act and the decrees issued by the Governor of the MNB (the “**MNB Decrees**”).

6. The European Central Bank and the National Bank of Hungary

There is no official date indicated by the Hungarian Government for Hungary to become a member of the Economic and Monetary Union (“**EMU**”). Prior to joining the EMU, Hungary needs to accede to the ERM-II system.

Hungary is presently at the second stage of its monetary integration, therefore it still retains the discretion to set its own monetary policy. Nevertheless, pursuant to the Treaty of Maastricht, it is bound to follow a strategy of convergence. The Governor of the MNB is a member of the Governing Council of the European Central Bank.

7. National Bank of Hungary as supervisory authority of the financial intermediary system

Since 1 October 2013, supervision of the banking sector has been carried out by the MNB as well, as the in its role as successor of the Hungarian Financial Supervisory Authority. The regulation of the status and organisation of the MNB is set out in the MNB Act. Further statutory powers are also conferred on it by other acts regulating the different sectors of the Hungarian financial industry. The MNB is a member of the European System of Financial Supervisors.

The MNB has been designated a “competent authority” for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies laying down conditions for issuing credit ratings and rules on the organisation and conduct of credit rating agencies to promote their independence and the avoidance of conflicts of interest.

The MNB is headed by the Governor with the assistance of two or three Deputy-Governors. The Governor and the Deputy-Governors of the MNB are appointed by the President of Hungary on the nomination of the Prime Minister. The Financial Stability Council supports the efficient operation of the MNB. The Financial Stability Council consists of the Governor of the MNB, the Deputy-Governor(s) of the MNB responsible for the regulation of the financial, capital and insurance markets and other members appointed by the Governor of the MNB.

The MNB holds wide-ranging powers under the Credit Institutions Act, the Investment Firms Act, the MNB Act and the Capital Markets Act to license and supervise the operation of credit institutions. Supervision of banking activities in Hungary has strengthened as the banking system has developed.

The MNB is entitled to launch site audits, to take action in the interest of ensuring compliance with the Credit Institutions Act, and to initiate proceedings where non-compliance or, in the case of minimum liquidity requirements and the requirement to match asset and liability maturities, the danger of non-compliance has been detected. The MNB must conduct comprehensive inspections once every three years including on-site audits at banks, specialised credit institutions, insurance companies and reinsurers.

The MNB can implement a variety of measures to eliminate deficiencies and irregularities detected at lending institutions: from notification and enforcement of mandatory decisions, restrictions or bans on certain functions of the institution in breach of the regulatory requirements, delegation of administrator, to the ultimate measure of withdrawing the operation licence of the credit institution. Apart from the above administrative powers, as an exceptional measure, the MNB may also impose a fine for any of the following: infringement of legal regulations or MNB Decrees pertaining to financial services and supplementary financial services; failure to comply with the Credit Institutions Act, MNB decisions, internal rules and regulations of the supervised institutions; or late or insufficient compliance with the above. The maximum limit for such fines is specified as the higher of a fixed amount not exceeding two billion forints, twice of the amount of the gains or prevented losses resulting from breach of law or 10 per cent. of the annual income calculated in the latest consolidated financial report determined for the institution concerned.

In certain cases specified by the Credit Institutions Act, the MNB must employ the exceptional measure of delegating an administrator to a credit institution upon the occurrence of the following events:

- (a) the solvency capital of the credit institution does not reach 80 per cent. of the mandatory level prescribed by law and the owner or the third-country credit institution is unable, or not willing, to restore the solvency capital or the own equity of the credit institution to the mandatory level prescribed by law or to the level imposed by the MNB; or
- (b) the competent authority, supervising the parent company of the credit institution, notifies the MNB of the occurrence of a crisis situation which jeopardises or endangers the financial stability of the parent company.

Further, the MNB is empowered to impose a ban or restriction on the undertaking of commitments by the credit institution involved for maximum one year (which can be extended by a further half year) or the repayment of deposits for a maximum 90-day period.

The MNB Act confers a power on the Governor of the MNB to make delegated legislation exercisable by order. Such power, however, is strictly limited to the subject matters set out in the MNB Act and in the sectoral acts, such as detailed rules on the disclosure and reporting obligations of regulated entities, internal controlling procedures, etc. Further, orders foreseen to be issued by the Governor of the MNB may not be in contradiction to, and may not derogate from, acts of Parliament or decrees of the Government.

The Credit Institutions Act also sets out the cooperation of the supervisory authorities of the relevant EU member states in relation to the supervision of cross-border banking groups on a consolidated basis, and regulates the functions to be performed by the MNB in its capacity as consolidating supervisor.

8. Principles of the National Bank of Hungary

In order to prevent insolvency and minimise the negative consequences of such after the 2007/2009 global financial crisis, it is necessary for the financial institution to continuously maintain their functions in the financial system. In order to ensure that, the EU introduced the BRRD implemented in Hungary by the Resolution Act on the development of the system of institutions strengthening the security of the individual players of the financial intermediary system.

In order to further strengthen the Hungarian banking system and the stability of the Hungarian financial intermediary system, on 14 November 2018, the MNB published (and later annually updated) its principles for setting minimum requirement for own funds and eligible liabilities (the “**MREL Principles**”) to provide guidance on how the MNB approaches the interpretation of certain regulatory provisions governing the determination of minimum requirement for own funds and eligible liabilities within the legislative framework of the BRRD and the Resolution Act. Credit institutions and investment firms are obliged to continuously comply with the requirements, which require the institutions holding of liabilities of adequate quantity and quality to allow their partial or complete write-off or conversion to equity in case of a situation that makes such action necessary, therefore ensuring the bearing of losses by owners and creditors as well as the efficiency of the resolution actions. The authority, which sets such requirements in Hungary is the MNB and the MREL Principles covers the following topics: the assumptions based on which MNB determines the size of the requirement; the quality of liabilities eligible to meet the requirement; and the lengths of the transitional period justified and necessary to comply with the final target. The MNB issued an order in relation to the MREL requirements applicable to the Issuer on 5 September 2019.

9. **Main elements of the Hungarian banking regulations**

The current regulatory framework for the Hungarian banking system is primarily set out in the Credit Institutions Act, the Capital Markets Act and the Investment Firms Act, which transposed the relevant EU legislation into Hungarian law, including, inter alia, Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Directive 2014/65/EU on markets in financial instruments (as amended, “**MiFID II**”), the provisions of Directive 2015/2366/EU on payment services in the internal market (the “**PSD2**”) and Directive 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the Business of Electronic Money Institutions (the “**Electronic Money Institutions Directive**”). Particular provisions applicable to specialised credit institutions, such as mortgage credit institutions, are set out in specific acts, including the Mortgage Credit Institutions Act. In addition, specific rules not regulated in detail under these acts are elaborated in Government decrees, MNB Decrees or decrees issued by the minister responsible for the regulation of the financial markets.

10. **Capital Adequacy**

10.1 **Basel III**

On 16 December 2010, the Basel Committee on Banking Supervision (the “**BCBS**”) published the text of its reform package (commonly referred to as “**Basel III**”, revised in June 2011), which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision, and endorsed by the G20 Leaders at their Seoul summit held in November 2010. Basel III promotes two frameworks regarding capital: a global regulatory framework for more resilient banks and banking systems (the “**Capital Guidelines**”) and an international framework for liquidity risk measurement, standards and monitoring (the “**Liquidity Guidelines**”).

The Capital Guidelines comprise new standards on minimum Tier 1 capital, the composition of the capital base, rules on counterparty risk, a leverage ratio and concepts for countercyclical capital buffers. Basically, the reforms raise both the quality and quantity of the regulatory capital base of banks and enhance the risk coverage of the capital framework. These reforms are underpinned by the introduction of a simple, transparent, non-risk-based leverage ratio in relation to banks that serves as a backstop to the risk-based capital measures, which is intended to constrain excess leverage in the banking system and to provide an extra layer of protection against model risk and measurement error.

Pursuant to the Capital Guidelines, the predominant form of Tier 1 capital (“Common Equity Tier 1” capital) is common shares and retained earnings. The remainder of the Tier 1 capital (“Additional Tier 1” capital)

consists of instruments that are subordinated, have fully discretionary non-cumulative dividends or coupons and have neither a maturity nor an incentive to redeem. Furthermore, the Common Equity Tier 1 ratio is 4.5 per cent. of risk-weighted assets. Additionally, a capital conservation buffer of 2.5 per cent., comprising Common Equity Tier 1, is to be established by the banks above the regulatory minimum capital requirement. Therefore, practically, the total common equity requirement of banks is to be 7 per cent. Banks are also subject to a countercyclical buffer regime which allows national regulators to require up to another 2.5 per cent. of capital during periods of high credit growth.

Furthermore, under the Capital Guidelines, in addition to the default risk capital requirements for counterparty credit risk, the banks are required to add a capital charge to cover the risk of mark-to-market losses on the expected counterparty risk (such losses being known as credit value adjustments: “CVA”) to OTC derivatives. This strengthens the capital requirements for counterparty credit exposures arising from banks’ OTC transactions, provides additional incentives to move OTC derivative contracts to central counterparties and generally raises counterparty credit risk management standards.

Under the Liquidity Guidelines, the BCBS strengthened its liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives. The first objective is to promote short-term resilience of a bank’s liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (“LCR”) to achieve this objective. The second objective is to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. The Net Stable Funding Ratio (“NSFR”) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities. The LCR, including any revisions, was introduced on 1 January 2015. The NSFR, including any revisions, moved to a minimum standard by 1 January 2018.

10.2 EU legislation

As regards the European Union, the current EU framework for regulatory capital is primarily set out in the CRR and CRD IV. The CRD IV aims to ensure the soundness and stability of credit institutions and certain investment firms, on the basis of the three-pillar structure of the Basel II (Revised) Capital Framework.

CRD IV was implemented in Hungary by the Credit Institutions Act which applied from 1 January 2014.

The CRR provides a single rule book, directly applicable in all EU member states, and sets out a single set of prudential requirements for credit institutions and investment firms with uniform application throughout the EU. CRR requires banks to have set aside enough capital to cover unexpected losses and keep themselves solvent in a crisis. As a main principle, the amount of capital required depends on the risk attached to the assets of a particular bank. This is referred to as the “*own funds requirement*” and is expressed as a percentage of risk-weighted assets. In other words, the riskier the assets, the more capital the bank has to set aside.

The own funds consist of the following:

- (i) Tier 1 capital which consists of the sum of the following:
 - Common Equity Tier 1 (CET1) capital made up of capital instruments, share premium accounts, retained earnings, accumulated other comprehensive income, other reserves, funds for general banking risk after application of some adjustments and deductions; and

- Additional Tier 1 capital which consists of capital instruments, under the conditions laid down in Article 52(1) of CRR and share premium accounts related to the instruments referred to in this bullet after application of adjustments.
- (ii) Tier 2 capital, which includes capital instruments and subordinated loans under the conditions laid down in Article 63 of CRR, the share premium accounts related to instruments referred to in this bullet and some adjustments depending on the method of calculating risk-weighted exposure amounts.

A total amount of capital that banks and investment firms are required to hold should be equal to at least 8 per cent. of the total risk exposure amount. The share that has to be of the highest quality capital - common equity tier 1 should make up 4.5 per cent. of the institution's own funds.

Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (the “**CRR II**”) covers, among others things, the leverage ratio, requirements for own funds and eligible liabilities, credit risk, exposures and reporting requirements. While the CRR II entered into force on 27 June 2019, the majority of its provisions were applied only from 28 June 2021.

Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the “**CRD V**”) governs exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. Hungary implemented the provisions of the CRD V by way of an amendment to the Credit Institutions Act.

The amendment to the BRRD, i.e. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the “**BRRD II**”), addresses the need for proportionality of bail-in related rules to ensure the effectiveness of the bail-in tool in a cross-border resolution and to promote equal treatment between EU and third-country creditors. The provisions of the BRRD II have been implemented in Hungary by the Resolution Act.

11. Implementation of the relevant EU legislation by Hungary

The capital adequacy requirements set out in the CRD IV have been transposed into Hungarian law through the Credit Institutions Act and its various amendments, as well as decrees issued by the Hungarian Government and the minister responsible for the regulation of the financial markets.

Pursuant to the Credit Institutions Act, banks must maintain a registered capital of at least HUF 4 billion (approximately EUR 11 million). The minimum registered capital requirement amounts to at least HUF 3 billion (approximately EUR 8.2 million) for mortgage credit institutions as a type of specialised credit institution. The amount of a credit institution’s equity may not be less than the statutory minimum amount of its registered capital. In the event of the amount of a credit institution’s equity falling below the registered capital, the MNB may afford the credit institution a maximum 18-month deadline to bring its equity to the required level.

In order to maintain its solvency and ability to satisfy its liabilities, a credit institution must at all times maintain own funds adequate to cover the risk of the financial and investment activities it engages in.

The institution's own funds must at all times be equal to, or exceed, the sum of:

- (a) 8 per cent. of its total risk-weighted exposure, calculated in accordance with the relevant provisions of the CRR, for its credit risk;
- (b) the capital requirement for its dilution risk;
- (c) the capital requirement for counterparty credit risk in relation to items booked in, and out of, its trading book;
- (d) the capital charge for position risk and large exposures in its trading book;
- (e) the capital charge for foreign exchange and commodities risk throughout all of its business activities; and
- (f) the capital requirement for operational risk inherent in all of its business lines,

which may not in any event be less than the minimum amount of its registered capital.

The CRR provides for two broad methodologies to quantify a bank's risk-weighted exposure: the Standardised Method and the Internal Ratings Based Approach. The Standardised Method enables the credit institution to measure its risks in a standardised manner on the basis of the principles laid down in the CRR. Pursuant to this method, each exposure must be categorised into an exposure class, linked to the respective risk category. Alternatively, the Internal Ratings Based Approach, subject to the explicit approval of MNB, allows banks to use their internal rating systems.

12. Trading Book

A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Positions held with trading intent are those held intentionally for short-term resale and/or with the intention of benefiting from actual or expected short-term price movements or to lock in arbitrage profits, including proprietary positions, positions arising from client servicing and market making. To be eligible for trading book capital treatment, financial instruments must either be free of any restrictive covenants on their tradability or be able to be hedged completely. In addition, positions should be frequently and accurately valued, and the portfolio should be actively managed.

In order to ascertain a credit institution's capital requirements in respect of positions booked in the trading book, there must be clearly defined policies and procedures in place in order to determine which exposures to include in, and to exclude from, the trading book. Systems and control mechanisms must be sufficient to provide prudent and reliable valuation estimates.

The regulation of credit institutions' trading activities and the trading book are set out in the Investment Firms Act and the related Government decrees (implementing MiFID II and the relevant provisions of CRD IV).

13. General Reserves

According to Section 83 of the Credit Institutions Act, a credit institution must create general reserves against the possibility of losses not yet identified by setting aside 10 per cent. of its Profit After Tax prior to paying dividends. The funds so set aside may be used only to offset the losses incurred by the credit institution from its business activities. (Upon request, a credit institution may be exempted by the MNB from the obligation to create general reserves, provided that the amount of the credit institution's own funds

are at least equal to 150 per cent. of the minimal amount of own funds as set out in CRR and any additional capital required by the regulator and if it has no negative profit reserves.)

14. Minimum liquidity requirements

The LCR are monitored by the MNB from the beginning of 2012 on a quarterly basis but since 2013, the LCR have been switched to monthly monitoring. Based on the EU legislation, the MNB ensures that a bank maintains an adequate level of high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30-calendar-day time horizon under a significantly severe liquidity pre-specified stress scenario. The liquidity coverage ratio - unencumbered high-quality assets against net cash outflows over a 30-day stress period – has been phased-in gradually, starting at 60 per cent. in 2015 and reached 100 per cent. in 2016.

For a stable financing market, it is essential for credit institutions to apply stable and long-term foreign currency resources. MNB Decree No. 14/2014. (V. 19.) (the “**MNB Decree I**”) establishes that, from 1 January 2016, the foreign currency ratio shall at all times reach 100 per cent., calculated according to the MNB Decree I based on quarterly reporting to the MNB. Furthermore, according to MNB Decree No. 25/2015. (VII. 30.), the value of a credit institution’s foreign currency indicator must be between -0.3 and +0.15.

MNB Decree No. 22/2022. (VI. 11.) (the “**MNB Decree II**”) deals with retail mortgage loans financed by the issuance of mortgage-backed securities. Mortgage bonds and other similar instruments are considered to be stable, long-term resources with relatively low funding costs due to their favourable risk rating. Financings with longer term securities also reduce the interest rate risks. The scope of the MNB Decree II covers credit institutions and credit institution groups, with some exceptions. Pursuant to MNB Decree II, the mortgage-backed financing compliance indicator at all times shall be 0.25.

15. Capital Buffers

In addition to the mandatory CET1 capital requirement set out in CRR, pursuant to the Credit Institutions Act implementing CRD IV, all banks are required to hold certain capital buffers to ensure that they accumulate a sufficient capital base in prosperous times to enable them to absorb losses in the event of a crisis.

15.1 Capital conservation buffer

Banks have to hold a capital conservation buffer in order to preserve a bank’s capital. If a bank does not comply with this buffer, it will have to limit or stop payments of dividends or bonuses. The capital conservation buffer for Hungarian credit institutions is 2.5 per cent. of total risk exposure.

15.2 Countercyclical capital buffer

The countercyclical capital buffer is a prudential tool to counteract the effects of the economic cycle on banks’ lending activity. It requires a bank to have an additional amount of capital (CET 1) in good times, when credit growth is strong, so that when the economic cycle turns, and economic activity slows down or even contracts, this buffer can be released to allow the bank to keep lending to the real economy. The countercyclical capital buffer for credit institutions that have exposures from loans granted in Hungary may extend to 2.5 per cent. of the total risk exposure. This could be increased by the MNB if the loans to deposits ratio is high or there are material adverse tendencies in the macroeconomic environment. As at the date of this Base Prospectus, the level of the countercyclical capital buffer is 0, and is expected to become 0.5 per cent. from 1 July 2024.

15.3 **Other systemically important institutions (O-SII) buffer**

This buffer applies to domestically important institutions as well as institutions of EU importance. Hungarian credit institutions identified as O-SII by the MNB must maintain at individual, sub-consolidated or consolidated level, as the case may be, an O-SII capital buffer of 0 to 2 per cent. of total risk exposure (depending on the categorisation of the relevant credit institution). The O-SII buffer applies to the Issuer. As at the date of this Base Prospectus, the level of MBH Group's O-SII buffer is 0.5 per cent. and will be 1 per cent. from 1 January 2024.

15.4 **Systemic risk buffer**

The MNB is entitled to instruct credit institutions to maintain a systemic risk buffer (“**SRB**”) of CET 1 capital to prevent and mitigate long-term non-cyclical systemic or macro-prudential risks, which may have serious negative effects on the economy. The rate of the systemic risk buffer is 0 to 2 per cent. As at the date of this Base Prospectus, the level of the systemic risk buffer is 0, which is expected to be changed from 1 July 2024. The actual SRB rate of the MBH Group will depend on the size of its project finance portfolios (in the proportion of Pillar 1 capital requirements).

16. **Large Exposures**

The so-called “large exposures” are the exposures of an institution to a single client or a group of connected clients, representing more than 10 per cent. of its eligible capital (therefore “large” compared to an institution's overall sources of capital). Pursuant to CRR, a large exposure cannot exceed 25 per cent. of the institution's eligible capital (or EUR 150 million, whichever is higher). The purpose of this limit is to protect institutions from significant losses caused by the sudden default of an individual counterparty or a group of connected counterparties.

17. **Regulation on Transactions**

In addition to the provisions on capital adequacy, the Credit Institutions Act imposes other requirements and restrictions on credit institutions, including reporting obligations and liquidity requirements, and contains limitations on exposures related to the acquisition of ownership in companies and real estate, as well as other forms of investment restrictions. The Credit Institutions Act also sets out requirements as to the fitness, probity and competence of the credit institutions' personnel.

18. **Implementation of the Payment Services Directive**

The PSD2 provides the legal framework for payments in the European Economic Area and a single market for Euro payments, known as the Single Euro Payment Area (“**SEPA**”). SEPA aims to create an integrated market for payment services in EUR, with a common set of business rules and technical standards for non-cash payments (i.e. credit transfers and direct debits), where all EUR payments are treated equally, and the differentiation between domestic and cross-border transactions disappears. PSD2 also seeks to improve competition by providing access to new players, thus fostering greater efficiency and cost reduction.

The PSD2 was implemented into Hungarian law as from 13 January 2018, when Act CXLVI of 2017 amending Act LXXXV of 2009 on the Provision of Payment Services (the “**Payment Services Act**”) and Act CCXXXV of 2013 on Certain Payment Service Providers (the “**Payment Service Providers Act**”) came into force.

The Payment Services Act lays down the requirements set out in the PSD2 in order for the Hungarian payment system to be compatible with SEPA. The Payment Services Act has established a comprehensive set of rules applicable to payment services provided within the territory of Hungary in relation to both

domestic and cross-border payments within the EEA, with enhanced transparency as regards the conditions of payment services. The Payment Services Act imposes various disclosure obligations on payment service providers, which may not be derogated from by contract where the customer is a consumer or a micro enterprise (within the meaning defined therein). Effective from 13 January 2018, the MNB has adopted further rules in connection with the regime of payment services established by the Payment Services Act in its No 35/2017 (XII. 14.) Order on the execution of payments. Based on this regulation, the instant payment system (“*azonnali fizetési rendszer*”) has been available from 2 March 2020 for customers. The system is operated by the state-owned Hungarian financial services provider, GIRO Zrt. The instant payment system processes credit transfers and other payments within a maximum of five seconds and only has a maximum of 24 hours of system maintenance per year. Payments may be initiated up to HUF 10,000,000 via the instant payment system. From 1 September 2023, payments may be initiated up to HUF 20,000,000.

In the instant payment system, all domestic transfers of money for individuals (unless the order was issued in a paper format or the order was issued with a value date different from the issue date or in case of standing orders or transfers initiated from foreign currency accounts) sending up to HUF 10,000,000 take place within five seconds at any time of the day, seven days a week. Transfers by legal entities will fall under the new obligatory rules if they transfer up to HUF 10,000,000 in individual transfers that are not submitted in bundles. The system was launched successfully on 2 March 2020. The system is intended to be a competition of traditional payment cards (such as Visa, MasterCard), cash and the so-called yellow cheques (used to pay utilities at post offices).

In addition to the already existing category of payment institutions, the amendment to the Payment Service Providers Act has introduced new categories of payment service providers, being the electronic money issuance institution and the voucher issuer.

19. Consumer protection legislation in the financial sector

19.1 EU legislation on consumer protection in respect of financial services

Directive 2008/48/EC of the European Parliament and the Council of 23 April 2008 on credit agreements for consumers (the “**Consumer Credit Directive**”) sets out additional obligations on any natural or legal person who grants credit to consumers in the course of his trade, business or profession, including credit institutions. Certain types of credit agreements, such as loans secured by a mortgage on real estate, are excluded from the scope of the Consumer Credit Directive. By focusing on transparency and consumer rights, the Consumer Credit Directive ensures that comprehensive information is given to consumers in good time and before the contract is concluded and also as part of the credit agreement.

In order to enhance the comparability of different offers and to make the information more understandable, the pre-contractual information needs to be supplied in a standardised form (Standard European Consumer Credit Information), which must be used by every creditor (as defined in the Consumer Credit Directive) when marketing consumer credit in any Member State. Further, the Consumer Credit Directive imposes significantly more stringent obligations on creditors in respect of both the disclosure and calculation of the Annual Percentage Rate of Charge (as harmonised at the EU level, hereinafter referred to as “**APR**”), representing the total costs of the credit.

Moreover, the Consumer Credit Directive tightens the requirements for assessing the creditworthiness of consumers. In addition, the Consumer Credit Directive introduces two essential rights for consumers:

- (a) they are allowed to withdraw from the credit agreement without giving any reason within a period of 14 days after the conclusion of the contract; and

- (b) they are entitled to make early repayment at any time, with limitations on creditors' rights to compensation for the losses incurred because of the prepayment by the consumer.

19.2 **Laws on consumer protection in Hungary**

The recent Hungarian legislation, aimed at enhancing the protection of consumers in financial markets, implemented the Consumer Credit Directive, further narrowed the scope for unilateral amendments by credit institutions in respect of consumer credit agreements, and imposed other restrictions with a view to protecting the weaker party.

The Consumer Credit Directive has been implemented into Hungarian law by Act CLXII of 2009 on Consumer Credits (the "**Consumer Credit Act**") and Government Order No. 361/2009 (XII. 30.) on the Requirements of Prudent Retail Lending and on the Assessment of Creditworthiness (the "**Consumer Credit Order**").

As the Consumer Credit Act implements Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property (the "**Mortgage Credit Directive**"), its provisions also apply to mortgage-backed loans and financial lease agreements. Both the Consumer Credit Act and the Consumer Credit Order have been amended a number of times to reflect policy changes, as well as to make certain clarifications.

The most important implications concern prepayments and the assessment of creditworthiness and, after the entering into of the Civil Code, the obligation of credit institutions to provide the required information to the borrower. Furthermore, there are newly introduced limits in respect of the amount of the APR and any unilateral amendment of the credit agreement by the credit institution.

As regards prepayments, the Consumer Credit Act imposes significant limitations on, and conditions for, a credit institution recovering its losses, stemming from the consumer borrower repaying the loan, in whole or in part, earlier than its scheduled maturity.

In the event of a prepayment made by a relevant borrower in respect of a consumer mortgage-backed loan, the credit institution is entitled to compensation for the costs deriving from the borrower's prepayment. Such compensation however is capped at (a) 1.5 per cent. of the prepaid amount; or (b) 2 per cent. of the same in the case of consumer loans funded by mortgage bonds, including loans refinanced by mortgage credit institutions, where the prepayment falls within a period during which the interest rate is a fixed rate, or within the respective interest rate period in respect of loans with a floating rate.

In addition, the Consumer Credit Act gives consumers that are over 90 days in default on payments under their mortgage-backed loans the right to apply for an extension of the relevant housing mortgage loan term by a maximum period of five years. Such applications may be made one time only during the term of the relevant mortgage-backed loan and may not be refused by the respective creditors without good reason.

19.2.1 *New requirements on credit rating*

The provisions set out in the Consumer Credit Order apply to credit agreements, loan agreements, and financial lease agreements concluded with natural persons in the territory of Hungary by financial or payment institutions (as also defined in the Credit Institutions Act respectively) in the course of their lending activity.

Some types of credit and loan agreements are excluded from the scope of the Consumer Credit Order, such as:

- amendments to, or the rescheduling of, existing credit agreements (where the creditor will not charge any fees), stemming from the default or solvency problems on the part of natural person borrowers, provided that the total amount of the borrower's existing debt does not increase as a result of such alterations and the modified credit is (a) denominated in HUF or EUR, or made as a EUR-based loan, where the credit was originally disbursed as a EUR-denominated or EUR-based loan, or a loan denominated in a currency other than HUF or EUR; (b) denominated in HUF if the credit was initially denominated in HUF; or (c) denominated in Swiss Francs if the credit was initially denominated in Swiss Francs;
- certain refinancing credits (where the creditor will not charge any fees), granted by the same creditor as the one providing the original credit or loan on which the natural person borrower is in default, provided that the refinancing transaction does not lead to such further indebtedness of the natural person borrower which exceeds the amount reasonable to restore their solvency; and
- certain other credit agreements with specific purposes or collaterals as determined therein.

The provisions of the Consumer Credit Order do not apply to those credits which are provided to refinance a natural person borrower's debts, existing at the time of the Consumer Credit Order coming into force, by a creditor other than the one providing the original credit or loan being refinanced, insofar as such a transaction does not lead to an increase in the total amount of the natural person borrower's indebtedness, existing at the time of the refinancing credit under the original credit, and the new credit is: (a) denominated in HUF or EUR, or provided as a EUR-based credit, where the credit was originally provided as a EUR-denominated or EUR-based credit, or a credit denominated in a currency other than HUF or EUR; (b) denominated in HUF if the credit was initially denominated in HUF; or (c) denominated in Swiss Francs, or provided as a Swiss Francs based credit, if the original credit was denominated in Swiss Francs or provided as a Swiss Francs based credit. Limitations set out in the Consumer Credit Order on the amount of repayment instalments under foreign currency denominated loans and the requirements on the internal credit rating policies of creditors, however, will be applicable also to such transactions.

19.2.2 *Provisions on internal credit rating procedures*

The Consumer Credit Order sets out tightened requirements on the internal credit rating procedures of creditors. The new provisions, inter alia, impose an obligation on them to assess the creditworthiness of the natural person borrower in each and every case.

Creditors falling within the scope of the Consumer Credit Order are obliged to adopt internal rules and regulations on credit rating, especially in relation to determining procedures and methods for the establishment of credit limits for natural person borrowers, and should also determine what information the borrower shall provide in order to determine its credit rating. The calculation of such limits has to be based on the income of the natural person borrowers and the credit limits must be based on such income. In case of mortgage-backed loans, the creditor must take into account the necessary, sufficient and proportionate information in relation to the borrower's financial and economic circumstances and its expenditures.

Further, creditors must provide natural person borrowers, before the assessment of their creditworthiness, with the guidance published on the website of the MNB on the risks associated with excessive indebtedness.

19.2.3 *Tightened regime for the calculation and disclosure of the APR*

As regards the calculation and disclosure of the APR, Government Order No. 83/2010 (III. 25.) on the determination, calculation and disclosure of the annual percentage rate of charge (the “**APR Order**”) implements the relevant provisions of the Consumer Credit Directive. The APR Order also covers mortgage credit and financial lease arrangements provided to natural person borrowers. The APR Order, inter alia, significantly broadens the scope of those expenses which must be included when calculating all costs related to a credit. These expenses are:

- (a) the fee for the valuation of the coverage offered by the consumer;
- (b) in case of construction, the on-site inspection fee;
- (c) charges for ancillary services, especially fees for account maintenance and transfers, known by the creditor and the costs of those services tied to the consumer credit by contract (where applicable);
- (d) fees and commissions payable to credit intermediaries (if applicable);
- (e) costs of proceedings before the land registry office (where applicable); and
- (f) the insurance and guarantee fees.

When calculating the APR, it should also be taken into account if the loan was repaid in compliance with the terms of the loan agreement.

19.3 **APR cap on retail credits and pricing restrictions in respect of retail mortgage loans**

The Consumer Credit Act, inter alia:

- (a) prohibits financial institutions from granting any loan (except for Household Credits (as defined below)) to consumers the APR of which exceeds the base rate (published by the MNB and prevailing on the day immediately preceding the relevant half calendar year) plus 24 per cent.; and
- (b) imposes a cap on APRs, whereby the APR in respect of current account overdrafts, credit lines attached to credit cards or loans provided to finance the purchase of common household equipment items (except for cars), durable consumer goods or everyday household services and loans secured by a pledge on assets, which are in each case granted to consumers (the “**Household Credits**”) may not exceed the base rate (published by the MNB and prevailing on the day immediately preceding the relevant half calendar year) plus 39 per cent.

In addition, the Consumer Credit Act introduces further restrictions on the ability of financial institutions to set their prices and recoup their costs in respect of loans granted to consumers by, inter alia, limiting:

- (a) the manner in which financial institutions may set and modify interest rates on loans by setting out that credit institutions must, unless otherwise provided by legislative instruments, (i) apply publicly available reference rates or reference yields specified in the Consumer Credit Act, or (ii) apply fixed interest rates for three-year periods;
- (b) the grounds on which financial institutions may modify margins applied over statutory reference rates to the detriment of borrowers under such loans;

- (c) the rights of financial institutions charging regular costs, fees and other interest-like charges to borrowers under such loans and the extent to which irregular charges or costs on such loans may be increased; and
- (d) any modifications in the prices (which is only permitted if the Consumer Credit Act so permits or the parties expressly specified the right of such modifications in the relevant loan agreement).

If the conditions for a unilateral amendment of the loan agreement allow for a reduction of the interest rate, the margin, the cost or the fee, the creditor must apply it as part of its contractual obligations towards the consumer.

If a loan with a maturity of up to three years bears, for its entire term, either a fixed interest rate or a floating interest rate, then the term of the credit and the interest rate may not be modified unilaterally by the financial institution.

If a reference interest rate is applied in a credit agreement, the reference interest rate must be periodically adjusted to the reference rate effective on the second day prior to the last business day of the month preceding the next interest payment date. A financial institution may change the reference rate (as published on the website of the MNB) up to five times.

A financial institution may only amend the rate of interest, the interest rate margin, costs and fees unilaterally to the disadvantage of the consumer, if such amendment was expressly stipulated in the credit agreement. Other conditions, including the clause for unilateral amendment, may not be amended unilaterally to the disadvantage of the consumer.

In the event the consumer fails to make a payment when it is due, the default interest charged by the financial institution must not, for the duration of the delay, exceed 1.5 times the interest rate applicable to the original transaction plus 3 per cent., and must not exceed the maximum amount of the APR set out in the loan agreement.

19.3.2 *EU Directive on retail residential lending*

On 4 February 2014, the European Parliament and the Council published Mortgage Credit Directive, which covers credit agreements secured by a mortgage or another security interest, loans to purchase a property and certain credits for financing the renovation of a property.

The Mortgage Credit Directive introduces strict requirements for the provision of pre-contractual information to consumers on available mortgage products, in particular with respect to foreign currency loans, and an obligation on the part of creditors to appropriately assess the retail borrowers' ability to repay the relevant loan, taking into account their personal circumstances, on the basis of sufficient information. It also imposes a duty on creditors to assess the creditworthiness of consumers so as to ensure that borrowers can meet their repayment obligations. The Mortgage Credit Directive also establishes conduct of business principles that ensure that lenders and credit intermediaries act honestly and transparently in the consumer's interests. The Mortgage Credit Directive was implemented into Hungarian law by various laws, including the Consumer Credit Act, the Civil Code and the Credit Institutions Act.

19.3.3 *Income-based repayment instalments*

To further enhance the protection of the consumers and to increase the confidence in the lending industry, another recent legislation imposed restrictions on the amount of loan and repayment instalments by adopting MNB Decree No. 32/2014. (IX. 10.), effective from 1 January 2015. Such

order establishes that in case of a HUF-denominated mortgage-backed loan, the total amount of the loan must not exceed 80 per cent. of the value of the real estate at the time of the credit application. In respect of EUR-denominated mortgage-backed loans, such amount must not exceed 50 per cent. of the value of the real estate and, in case of other currencies, 35 per cent. is the applicable rate.

The income-based repayment instalment is a ratio defined as being the monthly debt service to the net monthly income of the consumer. If the net monthly income is less than HUF 600,000, the income based repayment instalment shall not be more than 50 per cent. in case of a HUF-denominated loan, 25 per cent. in case of a EUR-denominated loan and 10 per cent. in respect of other currencies. If the net monthly income is equal to or more than HUF 600,000, the income-based repayment instalment shall not be more than 60 per cent. in case of a HUF-denominated loan, 30 per cent. in case of a EUR-denominated loan and 15 per cent. in respect of other currencies.

For real estate secured loans with a term over 5 years, the interest period affects the maximum payment-to-income ratio.

19.3.4 *Other protective measures*

The scope of Act XXXVIII of 2014 on the decision of the Supreme Court on the settlement of certain issues related to consumer loan agreements of financial institutions (the "**Curia Act**") are consumer loan agreements entered into between 1 May 2004 and the date of entry into force of the Curia Act. Pursuant to the Curia Act, a contractual condition in a consumer loan agreement that stipulates that a different exchange rate will be applied at the time of the disbursement and repayment is null and void (except if such terms were individually negotiated). Furthermore, in case the loan agreement contains a unilateral right of amendment in relation to the increase of interest rate, costs and expenses, then it is presumed that such clause is unfair.

The Ministry of National Economy also introduced a couple of orders important in respect of the protection of the consumers' position. Order No. 56/2014. (XII. 31.) regulates the rules concerning the provision of information to consumers, while Order No. 3/2016. (I. 7.) establishes such rules in relation to mortgage-backed loans.

The most popular initiative aimed to consumers was introduced by Government Order No. 16/2016. (II. 10.) and 17/2016. (II. 10.) (the so-called "CSOK" in Hungarian), a special discount and support for families for purchasing real estate, involving certain obligations in childbearing.

In order to encourage married couples for bearing and upbringing children, the State offers them from 1 July 2019 a loan on favourable terms with an interest subsidy and a child-bearing support. The loan is provided with state guarantee. Based on the Government Order No. 44/2019. (III.12.), the maximum amount of the loan is HUF 10 million for a maximum duration of 20 years. For those taking the loan, a prepayment fee or cost must not be charged. In certain cases, the supported persons may request the repayment to be suspended for a period of time. The supported persons do not pay an interest or costs for the loan during the interest subsidy period as the Treasury will pay such amounts to the credit institutions instead of them. The amount of support will be cleared between the relevant credit institution and the Treasury and the credit institution will receive an amount of 0.3 per cent. to 0.8 per cent. of the duly disbursed loan to compensate for its expenses.

In July 2023, the Hungarian Government announced that the so-called CSOK will be only available for families living in villages and not in cities and the childbearing support will only be available to women under 30 years. The announced changes will enter into force from 1 January 2024.

19.3.5 *Other restrictions*

The Consumer Credit Act, the Civil Code and the Credit Institutions Act give rights to financial institutions to effect unilateral amendments to existing loan agreements and financial lease agreements entered into between credit institutions and retail customers.

The Credit Institutions Act imposes certain restrictions on the provision of small-amount credits with significantly high APRs, as well as on the way of taking security interests in relation to agreements concluded with consumers. For instance, agreements concluded with consumers which provide the financial institution with a call option for security purposes in respect of a residential property are null and void in-so-far as the consumer obligor habitually lives in the property so pledged.

20. **Legislative and Financial Measures Intended to Stabilise the Markets as a Response to the 2007/2009 Global Financial Crisis**

20.1 **Financial Measures**

20.1.1 *New monetary policy instruments*

In response to the 2007/2009 global financial crisis, the MNB introduced several monetary policy instruments, such as swap and credit facility tenders aiming to enhance EUR and HUF liquidity in the Hungarian banking sector.

20.1.2 *Enhanced Deposit Insurance and other funds*

In response to the 2007/2009 global financial crisis, with effect from 1 January 2011, the guarantee provided by the National Deposit Insurance Fund (in *Hungarian*: “*Országos Betétbiztosítási Alap*”) (the “**Fund I**”) on the so-called “registered” (in *Hungarian*: “*névre szóló*”) bank account deposits (as defined in the Credit Institutions Act) placed with domestic credit institutions (being members of the Fund I) was extended to an aggregate amount of EUR 100,000 per person.

The Investor Protection Fund (the “**Fund II**”) was established on 14 April 1997 with a membership of every entity that is authorised to conduct activities under the National Money and Capital Markets Supervisory Authority, as the then competent supervisory authority. The operation of the Fund II is regulated by the Capital Markets Act and is responsible for paying the amount of compensation for investors specified by the Capital Markets Act as being such secured liabilities which are based on agreements concluded with the member of the Fund II and the investor after 1 July 1997 in relation to assets (securities, money) registered under the name of the investor but in the possession of the member of the Fund II.

The Resolution Fund (the “**Fund III**”) is financed by credit institutions and investment firms and was founded in order to further strengthen the financial stability in Hungary. With such institution, the costs of the crisis in the financial sector are no longer financed by the taxpayers, but the market participants. Its main task is to bear the costs of the recovery and the institutional crisis management pursuant to the Resolution Act.

The Damage Settlement Fund (the “**Fund IV**”) was established by Act CCXIV of 2015 for maintaining the capital market stability and the trust in the investment service providers. The purpose of the Fund IV is to settle claims as defined in Act CCXIV of 2015 and to enforce claims in relation to claims transferred to it.

20.2 Legislative Measures

20.2.1 *Financial Stabilisation Act*

The main legislative step in respect of financial stabilisation was the enactment of Act CIV of 2008 on Enhancing the Stability of the Financial Intermediary System (the “**Financial Stabilisation Act**”). The Financial Stabilisation Act introduced certain stabilisation measures which may be applied to credit institutions having their registered seat in Hungary.

The main measure under the Financial Stabilisation Act is recapitalisation, which may be applied on the recommendation of the Governor of the MNB to inject new capital in the credit institution (a) upon the request, or with the approval, of the credit institution or (b) without the request and approval of the credit institution. If the recapitalisation is carried out upon the request, or with the approval, of the credit institution, then it must (i) issue “dividend preference share(s)” and “voting preference share(s) with special veto right” (for details see description below) to the Hungarian State and (ii) conclude an agreement with the Hungarian State which must provide for, among other things, the nominal value and the issue value of the two classes of preferential shares, the right of the Hungarian State to delegate board members, limitations on the remuneration of the senior officers of the credit institution until the ownership of the Hungarian State terminates and the detailed rules on exercising the put option and the call option by the respective parties (as indicated below). The dividend preference share(s): (A) entitle the Hungarian State to a priority payment of a higher amount of dividend compared to other shareholders; (B) are non-voting; (C) include a call option for the credit institution; and (D) include a put option for the Hungarian State towards the credit institution after five years from the issue date of those shares. The Hungarian State cannot otherwise sell these shares. The voting preference share with special veto right may only be issued to the Hungarian State. It does not entitle the holder to dividends; but it provides for a veto right at the shareholders’ meeting with respect to resolutions: (I) on the payment of dividends; (II) which are subject to the approval of the majority of holders of the voting preference share class(es); and (III) which may only be passed with 75 per cent. majority vote. Veto rights may not be exercised against certain types of resolutions detailed in the Financial Stabilisation Act.

20.3 Special bank tax

Legislative measures, aimed at enhancing financial stability, imposed a special extra tax on certain financial institutions, including credit institutions (the “**Extra Tax**”). Although the original intention was to introduce the Extra Tax for a temporary period between 2010 and 2012, the tax has become a permanent additional charge for financial institutions. In the case of credit institutions, the tax base is the adjusted balance sheet total, calculated according to IFRS or Hungarian accounting rules, of the second financial year prior to the actual tax year (the “**Tax Base**”). The Extra Tax is currently set as 0.15 per cent. of the Tax Base up to HUF 50 billion, while a 0.2 per cent. tax rate applies to that part of the Tax Base which exceeds HUF 50 billion.

20.3.1 *Transaction duty on the payment services sector*

A transaction duty under Act CXVI of 2012 on Financial Transaction Duty (the “**Payment Transaction Duty**”) applies to most payment transactions (e.g. transfers, direct debits, most card payments, money remittances, cash withdrawals from payment accounts, letters of credit, cheque remittances, currency exchange, repayment of loans, etc.) with certain exceptions, such as transfers between the payment accounts of an account holder managed by the same payment service provider (including credit institutions), interbank payments (payments through a payment service provider from a payment account held by another payment service provider, financial institution, investment firm, investment fund or investment fund manager). As of 1 January 2019, in case of transfers initiated by private individuals, only the amount in excess of HUF 20,000 is subject to

Payment Transaction Duty. The charging of fees and commissions by financial service providers is also subject to Payment Transaction Duty.

The Payment Transaction Duty is, in most cases, payable by the payor's relevant payment service provider (in the case of letters of credit, the Payment Transaction Duty is imposed on the issuing bank; in the case of money remittances, it is payable by the payment service provider used; and, as to cheque remittances, by the issuer's relevant payment service provider). The general tax rate is 0.3 per cent. of the amount by which the payment account of the paying party is charged with the maximum of HUF 10,000 payable per transaction. For cash withdrawals, an increased rate of 0.6 per cent. applies without an upper cap. With respect to payments by card, a flat rate of HUF 800 (HUF 500 for contactless cards) applies per card and per annum.

20.3.2 *Limitations in respect of foreign currency credits*

The extensive foreign currency mortgage lending, which was prevalent in the years preceding the 2007/2009 global financial crisis, has led to large stocks of foreign currency denominated loans to borrowers without matching foreign currency income. The global financial crisis and the consequential significant depreciation of HUF against foreign currencies (especially in respect of the Swiss Franc) in the period of the global financial crisis have led to materially heavier and excessive debt servicing burdens on the part of households on foreign currency denominated residential mortgage loans, which, in turn, has resulted in increased delinquency rates on such loans, particularly in respect of those denominated in Swiss Francs.

Act LXXV of 2011 introduced certain restrictions on the conversion rates that may be applied by financial institutions in relation to housing loans granted to, and financial lease agreements where a residential home is leased are concluded with, consumers, where such loans or the financing provided under such financial lease agreements are accounted, or have been disbursed, in a foreign currency with repayments denominated, and to be fulfilled, in HUF. Further limitations were imposed on the manner in which costs of credit may be charged to borrowers in relation to foreign currency denominated loans granted to consumers and to be serviced in HUF.

Under Act LXXV of 2011, the transitional statutory ban on foreign currency denominated retail mortgage lending was lifted with effect from 1 July 2011; nevertheless, foreign currency denominated mortgage lending is still subject to strict conditions.

In addition, an early repayment scheme was introduced in respect of mortgage loans and housing financial lease agreements that were secured by real estate located in Hungary, which were granted to consumers and denominated in, or linked to, Swiss Francs, EUR or JPY irrespective of whether the relevant loan was to be serviced in HUF or in the currency in which it is denominated.

20.4 **Mortgage relief programme**

The blanket ban on foreign currency mortgage lending and the statutory moratorium on evictions and enforcement sales outside court enforcement have been replaced by a comprehensive package of measures, which aimed to alleviate increased borrower default on foreign currency denominated residential mortgage loans in a more sustainable manner and to mitigate significant potential distortions in the real estate market, which could have resulted from a large number of simultaneous enforcement actions following the expiry of the statutory moratorium on evictions and enforcement sales outside court enforcement.

20.4.1 *Regime for foreclosure proceedings*

Various measures were implemented following 2011 with the aim of assisting a large number of distressed borrowers and mitigating the material adverse effects, resulting primarily from the significant volatility of the HUF, on the residential mortgage market. For instance, a statutory blanket moratorium was introduced on evictions and forced sales outside court enforcement in respect of properties where the relevant obligor had his habitual residence. Currently, a general moratorium applies in each year in the period between 15 November and 30 April, during which no court enforcement or non-judicial forced sales may be initiated in respect of residential properties.

20.4.2 *Mortgage Funding Adequacy Ratio*

The Mortgage Funding Adequacy Ratio (MFAR), announced by the MNB in June 2015 and required from 1 April 2017, ensures the long-term financing of residential mortgage loans with mortgage-based funds in the banking system. According to the MFAR regulation, the outstanding HUF residential mortgage loan portfolio with a remaining maturity of more than 1 year must be financed in a specified proportion with long-term HUF funds raised with the collateral of residential mortgage loans. Currently, this minimum requirement is 25 per cent. The actual ratio and the method of its calculation is regulated by MNB Decree No. 22/2022 (VI. 11.) of the Governor of the National Bank of Hungary on the regulation of maturity consistency between the mortgage-based assets and resources of credit institutions.

21. **Integration of cooperative credit institutions**

In 2013, the Hungarian legislator recognised that the network of savings cooperatives did not provide appropriate protection to the depositors and owners, as savings cooperatives did not have uniform rules of operation, risk management, collateral appraisal, prudence and did not require member organisations to operate uniformly. For this reason, the Hungarian legislator has decided to integrate these savings cooperatives and adopted Act CXXXV of 2013 on the integration of cooperative credit institutions and the amendment of certain legislation on economic matters (“**Integration Act**”). The Integration Act established the integration organisation which is the central body of the integration of the cooperative credit institutions supervised by the MNB (the “**Integration Organisation**”).

The Integration Organisation has three main responsibilities:

- regulation and governance: adapting common, standardised regulations applicable to the member credit institutions;
- supervision and institution protection: inspecting the operation of its members and stabilizes their operation in the event of a crisis; and
- ensuring joint capital adequacy: providing the members of the integration with regulatory capital.

The Integration Organisation shall not carry out any economic activity other than those set out in the Integration Act. The powers under the Integration Act shall not affect or limit the powers of the MNB in relation to the financial institution members of the Integration Organisation.

As of date of this Base Prospectus, the members of the Integration Organisation are: MBH Investment Bank, MBH Mortgage Bank, Duna Takarékszövetkezet Bank, Takarékszövetkezet United Cooperative (in Hungarian: *Takarék Egyesült Szövetkezet*). MBH Investment Bank is designated as the managing member of the Integration Organisation.

In accordance with the rules of the Civil Code, the members of the Integration Organisation are jointly and severally liable for each other's obligations independent from the date of liabilities incurred.

In 2021, the Hungarian legislator amended the Integration Act, since it had achieved its objective of integrating the saving cooperatives. Pursuant to this amendment, the Integration Organisation was obliged to invest its assets of HUF 188 billion into bonds with a maturity of 20 years, issued by the Hungarian Bankholding who is exercising control over the member of the integration, and the Hungarian Bankholding was obliged to issue these bonds. Accordingly, the general assembly of the Hungarian Bankholding decided to issue bonds by its resolution of 20 January 2022. Based on the general assembly's resolution, the MBH 2042/A bonds (ISIN code: HU0000361282) were issued and subscribed by the Integration Organisation, thus, as of 31 January 2022, 3,794 pieces of HUF 50 million nominal value MBH 2042/A bonds were credited to the securities account of the Integration Organisation, while the Hungarian Bankholding's account was credited with HUF 188,220.34 million, calculated at a subscription price of 99.22 per cent. The solvency capital fully incorporates the capital increase. To avoid double calculation due to consolidation, a deduction agreed with the MNB is applied.

In order to terminate the Integration Organisation, its members need to initiate their withdrawal from the Integration Organisation by 31 December 2042, when the bonds issued by the Hungarian Bankholding matures. In the event of the withdrawal of all integrated members, the Integration Organisation shall cease to exist without legal succession, its purpose shall be achieved and the integration organisation shall cease to be a jointly and severally liable organisation between its members. In the event of the termination of the Integration Organisation, the remaining assets of the Integration Organisation - after the satisfaction of any third party claims - will be transferred to the Hungarian state.

XVI. TAXATION

The following summaries do not purport to be a comprehensive description of all tax considerations that could be relevant for Holders. These summaries are intended as general information only and each prospective Holder should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. These summaries are based on tax legislation and published case law in force as of the date of this document. They do not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect.

1. Hungary

The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of the Notes by non-Hungarian Holders, or the payment of interest under the Notes, may trigger additional tax payments in the country of residence of the Holder, which is not covered by this overview, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

1.1 Withholding tax (foreign resident corporate Holders)

Interest on Notes paid to a foreign resident corporate Holder, who does not have a permanent establishment in Hungary, by a resident legal entity or other persons and any capital gains realised by such foreign resident Holders on the sale of the Notes is not subject to withholding tax in Hungary.

The tax liability of a foreign resident corporate Holder, which has a permanent establishment in Hungary, is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

1.2 Taxation of Hungarian resident corporate Holders

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the “**Corporation Tax Act**”), Hungarian resident taxpayers are subject to tax on their worldwide income. In general, resident taxpayers are entities established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers. Taxable income is based on the pre-tax profit as shown in the financial statements calculated under Hungarian GAAP or IFRS Standards and adjusted by certain increasing and decreasing items set forth by tax legislation.

In general, interest and capital gains realised by Hungarian resident corporate Holders on the Notes will be taxable in the same way as the regular income of the Holders. The general corporation tax rate in Hungary is 9 per cent.

Pursuant to Act C of 1990 on Local Taxes (the “**Local Taxes Act**”), financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax on the basis of the proceeds realised on the Notes.

1.3 **Taxation of individual non-Hungarian tax-resident Noteholders**

Individual non-Hungarian tax-resident Noteholders are subject to tax in Hungary only with respect to their Hungarian source income or income that is otherwise taxable in Hungary if the applicable treaty on the avoidance of double taxation, or in the absence of a tax treaty, Act CXVII of 1995 on Personal Income Tax (“**Personal Income Tax Act**”) so requires.

Payments received with respect to publicly offered debt securities (including any interest and yield realised upon the redemption or sale thereof) are treated as income under Hungarian law, subject to personal income tax (at 15 per cent.). However, provided that Hungary has an applicable treaty on the avoidance of double taxation in place with the country of tax-residence of the Noteholder, such treaty may fully exempt the Noteholder from personal income tax or may reduce the applicable personal income tax rate, with the right to credit any Hungarian tax against the income tax payable in the country of the Noteholder’s tax residence.

The tax on interest income is to be withheld by the “Payor” (in Hungarian: *kifizető*) (as defined below), if any entity qualifies as such.

Pursuant to Act CL of 2017 on the Rules of Taxation (“**ART**”), a “**Payor**” means a Hungarian resident legal person, other organisation, or private entrepreneur that provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor means the borrower of a loan or, the issuer of a note, including the investment service provider or credit institution providing the interest instead of the borrower/issuer. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor means such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a Payor.

During the state of emergency (expected to be in force until 25 November 2023 that may be extended), taxable payments received with respect to publicly offered and traded debt securities acquired from 1 July 2023 (including interest and gains realised upon the redemption or sale of the debt security) in Hungary are subject to social contribution tax (at 13 per cent.) from 1 July 2023.

Noteholders who qualify as “foreigner” pursuant to Act CXXII of 2019 on persons entitled to social security benefits and on the coverage of these benefits (Social Security Contribution Act) and those who are secured for social security purposes in an EU member state or by an EU institution pursuant to Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems are not subject to social contribution tax in respect of the above-mentioned payments. A non-Hungarian tax resident individual for personal income tax purposes does not necessarily qualify as “foreigner” for social contribution tax purposes.

1.4 **Taxation of individual Hungarian tax-resident Noteholders**

Individual Hungarian tax-resident Noteholders are subject to tax on their worldwide income. Interest received with respect to publicly offered debt securities, such as the Notes, as well as capital gains or any sale or redemption of the Notes is treated as income. The tax withheld is personal income tax (at 15 per cent.).

According to the Personal Income Tax Act, individual Hungarian tax residents are:

- (a) any citizen of Hungary (with the exception of dual citizens without a permanent home or habitual abode in Hungary);

- (b) any individual whose stay in Hungary exceeds 183 days, including the day of entry and the day of exit;
- (c) any individual who has permanent resident status, or is a stateless person; and
- (d) any individual, other than those mentioned in points (a) to (c) above:
 - (i) whose only permanent home is in Hungary;
 - (ii) whose centre of vital interests (in Hungarian *létérdekek központja*) is in Hungary if they have no permanent home in Hungary or if Hungary is not the only country where they have a permanent home; or
 - (iii) whose habitual abode is in Hungary if there is no permanent home in Hungary or if Hungary is not the only country where they have a permanent home, and if their centre of vital interests is unknown,

where “**centre of vital interests**” means the country to which the individual is most closely connected due to family ties and business relations.

Note, that an applicable treaty on the avoidance of double taxation may define tax residence prevailing over the domestic definition of tax residence.

In addition, in the case of Hungarian resident individual Noteholders, interest paid and yield and capital gains realised with respect to Notes purchased or issued following 30 June 2023 is subject to social security contribution tax at the rate of 13 per cent. Such payment obligation is applicable during the state of emergency (expected to be in force until 25 November 2023 that may be extended), pursuant to Government Decree 205/2023. (V.31). By way of exemption, no such payment obligation applies if the Noteholder qualifies as “foreigner” according to the Social Security Contribution Act or is secured for social security purposes in an EU member state or by an EU institution pursuant to Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems.

2. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hungary) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after

such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under “*Terms and Conditions of the Notes - Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or which may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

XVII. SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to Citigroup Global Markets Europe AG, Erste Group Bank AG, ING Bank N.V., MBH Bank Nyrt., UniCredit Bank AG or such other dealers as may be appointed either generally in respect of the Programme or in relation to a particular Tranche of Notes (together, the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in a programme agreement dated 2 October 2023 (as amended or restated from time to time, the “**Programme Agreement**”) and made between the Issuer, the Arranger and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealer(s) and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be issued by the Issuer through all or any of the Dealers acting as agents.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement may be terminated in relation to all or any of the Dealers by the Issuer or, in relation to itself and the Issuer by any Dealer, at any time on giving not less than 30 days’ written notice.

1. United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

TEFRA D or TEFRA C apply if specified in the relevant Final Terms.

Each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

- (a) except to the extent permitted under the TEFRA D Rules, it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a U.S. person;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such

Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under the TEFRA D Rules);

- (c) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of the TEFRA D Rules;
- (d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the Issuer the representations and agreements contained in such paragraphs; and
- (e) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in paragraphs (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**" as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or a successor provision)), for the offer or sale during the restricted period of the Notes.

Terms used in this section shall have the meanings given to them by the Internal Revenue Code of 1986 and the regulations promulgated thereunder, including the TEFRA D Rules.

Where the rules under the TEFRA C Rules are specified in the relevant Final Terms as being applicable in relation to any Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that, in connection with the original issuance of the Notes:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and
- (b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States (as defined in Regulation S).

In addition to the foregoing, if Category 2 is specified as applicable in the relevant Final Terms:

- (a) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act; and

- (b) each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

2. Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the “*Prohibition of Sales to EEA Retail Investors*” as “*Not Applicable*”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

3. Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the “*Prohibition of Sales to UK Retail Investors*” as “*Not Applicable*”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

4. Hungary

No approval of this Base Prospectus has been sought or obtained from the National Bank of Hungary in respect of the Notes. Accordingly, any person making or intending to make any offer of Notes within Hungary which are the subject of the placement contemplated in this Base Prospectus should only do so in circumstances in which no obligation arises for the Issuer or any of the Dealers to have a prospectus for such offer approved by the National Bank of Hungary. Further to the above, in the event the Notes were to be offered in Hungary, this Base Prospectus and relevant Final Terms must be made available to the

potential investors at least seven days before the relevant issue date and the Issuer agrees to notify the National Bank of Hungary within 15 days following the completion of any such offering.

5. United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

6. Republic of Italy

Each Dealer acknowledges that the offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of this Base Prospectus or any other offer document in the Republic of Italy (“**Italy**”) in an offer to the public and that sales of any Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each Dealer has represented and agreed that it will not offer, sell or distribute any Notes or distribute any copy of this Base Prospectus or any other offer document in Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation; or
- (b) in any other circumstances which are exempted from the rules on offers to the public pursuant to Article 1 of the Prospectus Regulation and/or, to the extent applicable, Article 100 of Legislative Decree No. 58 of 24 February 1998 (the “**Consolidated Financial Services Act**”), Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**CONSOB Regulation No. 11971**”) and the Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Notes in the Republic of Italy under paragraph (a) or (b) above must be made:

- (i) by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended (the “**Italian Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of the Italian Banking Act, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016 and 2 November 2020); and

- (iii) in compliance with any other applicable laws and regulations, as well as with any regulations or requirements imposed by CONSOB, the Bank of Italy or other Italian authority.

7. Belgium

Other than in respect of Notes for which “*Prohibition of Sales to Belgian Consumers*” is specified as “Not Applicable” in the relevant Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “Belgian Consumer”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

8. Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;

- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

9. Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

10. General

No action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession, or distribute such offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this Base Prospectus.

XVIII. GENERAL INFORMATION

1. Authorisation

The establishment of the Programme and the issue of Notes under the Programme was duly authorised by a resolution of the Board of Directors of the Issuer passed on 1 September 2023 and by a shareholder resolution of Hungarian Bankholding passed on 20 September 2023.

2. Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Application may be made to the Budapest Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Budapest Stock Exchange which is a regulated market for the purposes of MiFID II.

3. Legal Proceedings

Neither the Issuer nor any other member of the MBH Group is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position, operations or profitability of the Issuer or the MBH Group

4. Significant/Material Change

There has been no significant change in the financial performance or position of the Issuer or the MBH Group since 30 June 2023 and there has been no material adverse change in the financial position or prospects of the Issuer or the MBH Group since 31 December 2022.

5. Independent Auditors

- (a) The consolidated financial statements of MKB Bank Nyrt. as of and for the year ended 31 December 2022, incorporated by reference in this Base Prospectus, have been audited by PricewaterhouseCoopers Könyvvizsgáló Kft., independent auditors, as stated in their auditor's report incorporated by reference herein. As at the date of this Base Prospectus, the independent auditor of the Issuer and the MBH Group is PricewaterhouseCoopers Könyvvizsgáló Kft. (registered seat: 1055 Budapest, Bajcsy-Zsilinszky út 78. registration number with the Chamber of Hungarian Auditors: 001464), first appointed as the statutory auditor of MBH Bank Nyrt. and MBH Group on 26 April 2022. PricewaterhouseCoopers Könyvvizsgáló Kft. have no material interest in the Issuer. PricewaterhouseCoopers Könyvvizsgáló Kft. is a member of the Chamber of Hungarian Auditors.
- (b) The unaudited condensed consolidated interim consolidated financial statements of MBH Bank Nyrt. as of and for the six month period ended 30 June 2023, incorporated by reference in this Base Prospectus, have been reviewed by PricewaterhouseCoopers Könyvvizsgáló Kft, independent auditors, as stated in their review report incorporated by reference herein. With respect to the unaudited condensed interim consolidated financial statements of MBH Bank Nyrt. as of and for the six month period ended 30 June 2023, PricewaterhouseCoopers Könyvvizsgáló Kft, independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However,

their separate report states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report should be restricted in light of the limited nature of the review procedures applied.

- (c) The consolidated financial statements of MKB Bank Nyrt. as of and for the year ended 31 December 2021, incorporated by reference in this Base Prospectus, have been audited by Deloitte Könyvvizsgáló és Tanácsadó Kft. (registered seat: H-1068 Budapest, Dózsa György út 84/C, registration number with the Chamber of Hungarian Auditors: 000083), independent auditors, as stated in their report incorporated by reference herein. Deloitte Könyvvizsgáló és Tanácsadó Kft. have no material interest in the Issuer. Deloitte Könyvvizsgáló és Tanácsadó Kft. is a member of the Chamber of Hungarian Auditors.
- (d) The Issuer's management decided to change the independent auditor as part of the Issuer's policy of periodically rotating its external audit firm to ensure the independence and quality of the audit services. There were no disagreements or reportable events between the Issuer and either of the auditors during their respective periods of engagement.

6. Documents on Display

- (a) Electronic copies of the following documents will be available on the website of the Issuer at <https://www.mbhbank.com> for 12 months from the date of this Base Prospectus:
 - (i) the Fiscal Agency Agreement (which contains the forms of Notes in global and definitive form) and the Deed of Covenant; and
 - (ii) the Articles of Association of the Issuer.
- (b) The following documents will be available, in electronic format, on the Issuer's website at <https://www.mbhbank.com>
 - (i) this Base Prospectus;
 - (ii) the Documents Incorporated by Reference;
 - (iii) any future offering circular, prospectus, information memorandum, supplement or drawdown prospectus published since the most recent base prospectus was published and any documents incorporated therein by reference; and
 - (iv) any Final Terms issued in respect of Notes admitted to listing and/or trading by the listing authority and/or stock exchange since the most recent base prospectus was published.

7. Language of this Base Prospectus

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

8. Clearing of the Notes

- (a) The Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems (which are entities in charge of keeping the records). The common code for each Series of Notes allocated by Clearstream, Luxembourg and Euroclear will be contained in the relevant Final Terms, along with the International Securities Identification Number (ISIN), and, where applicable, the Classification of Financial

Instruments (CFI) and the Financial Instrument Short Name (FISN) for that Series. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue J.F. Kennedy, L-1855 Luxembourg.

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

- (b) The following legend will appear on all Permanent Global Notes with maturities of more than 365 days and on all Definitive Notes, Coupons and Talons: “*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code*”.

9. Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the purchase price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche. An indication of the yield of each Tranche of Fixed Rate Notes will be set out in the relevant Final Terms and will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

10. Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, other members of the MBH Group or their affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer’s affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

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