



**UNICREDIT JELZÁLOGBANK ZRT.**

**ANNUAL REPORT**

**2025**

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# 1. Introduction

The present Annual Report of UniCredit Jelzálogbank Zrt. (hereinafter referred to as the “Mortgage Bank”) has been prepared for the purpose of regular reporting as defined by Act CXX of 2001 on the Capital Market, and in accordance with the provisions of Act XXX of 1997 on Mortgage Loan Companies and on Mortgage Bonds (Mortgage Loans Act), Decree No. 24/2008 (VIII.15.) of the Finance Minister and the Accounting Act of 2000. With this management report, the Mortgage Bank also fulfils its obligation to publish the business report required under the Accounting Act for issuers of transferable securities admitted to trading on a regulated market in the European Economic Area.

## 2 Management report

### 2.1 The Mortgage Bank

Established on 8 June 1998 by Bayerische Vereinsbank AG with a share capital of HUF 3,000,000,000, UniCredit Jelzálogbank (hereinafter: the “Issuer” or the “Mortgage Bank”) is a mortgage credit institution operating as a specialized credit institution. UniCredit Bank Hungary Zrt. (hereinafter: “UniCredit Bank”) has been the sole owner of the Mortgage Bank since 22 December 2006.

The registered office of the Mortgage Bank is: H-1054 Budapest, Szabadság tér 5–6. The Mortgage Bank does not have a site.

The main activity of the Mortgage Bank is counterparty refinancing, issuing mortgage bonds and unsecured bonds. The mortgage loans are secured primarily by first priority mortgage liens and liens registered on the financed properties in Hungary. The issuance of mortgage bonds and unsecured bonds provides typically medium and long-term funding for own and the refinanced loan portfolio, and bonds issued under the green framework support the ESG objectives of the UniCredit Group.

To increase efficiency, certain functions of the Issuer that can be outsourced under Act CCXXXVII of 2013 (Act on Credit Institutions) or performing certain service activities not classified as such, including banking operations, human resources, IT, accounting, etc., have been gradually outsourced to UniCredit Bank since 2008. Since 1 April 2009, the tasks of specific business areas of the Mortgage Bank have also been performed by UniCredit Bank as outsourced activities, under agency contracts. Accordingly, all administration related to financing of commercial real estate and private individual home buyers as well as to estate development and land financing is performed by UniCredit Bank. The issuing of mortgage bonds and unsecured bonds serving as the basis for the lending activity as well as the refinancing activity have remained the responsibility of the Mortgage Bank.

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### 2.2 Members of the Board of Directors and the Supervisory Board

As at 31 December 2025, the members of the Board of Directors and the Supervisory Board of the Mortgage Bank were as follows.

#### **Board of Directors**

Attila Tamási	Internal Board Member, Chairman of the Board of Directors
Árpád Borbély	External Board Member
Attila Csáky	External Board Member
Dr. Viktor Juhász	Internal Board Member

#### **Supervisory Board**

Giacomo Volpi	Chairman of the Supervisory Board
János Anschau	Member of the Supervisory Board
Matteo Consalvi	Member of the Supervisory Board
Ivan Dujmovic	Member of the Supervisory Board
Balázs Gergely Toldi	Member of the Supervisory Board
Balázs Tóth	Member of the Supervisory Board
Réka Vörös	Member of the Supervisory Board

## 2.3 Macroeconomic environment and the performance of the banking industry

### 2.3.1 The international economic and financial environment in 2025

In 2025, protectionism continued to rise, public debt increased, and uncertainty and market volatility escalated due to geopolitical tensions (the Russia-Ukraine war, the Israel-Iran conflict). The tariff war sparked by US President Donald Trump, who took office at the beginning of the year, and in particular its rapidly and unpredictably changing conditions, has strained international supply chains, restructured trade relations and forced global economic actors to reassess their investment strategies. Meanwhile, concerns about the independence of the Fed as the US central bank have grown, leading to a significant depreciation of the dollar. Fiscal risks meant that even the high level of US bond yields did not help the dollar. The restructuring of USD-focused hedging strategies commonly applied in financial markets has also curbed demand for the dollar.

Although the world economy avoided recession despite tariff and geopolitical shocks, growth slowed even on the global level, helping to sustain disinflation amid inflation and profit pressures caused by higher tariffs. The trend in US inflation was characterised by a modest deceleration in 2025, accompanied by a mid-year bounce, with its 12-month pace – remaining above the FED's 2% inflation target throughout – slowing from 3% in January to 2.7% in December. Euro area HICP strengthened from its low in May to 2.3% in December. Consumer prices have not reached the inflation target in either the US or the euro area.

In response to moderating inflation and a gradual easing of the labour market, the Fed cut interest rates three times in 2025, lowering its benchmark rate by 25 basis points to 3.50–3.75% in December, justifying the move with rising labour market risks and persistent uncertainty. The European Central Bank (ECB) gradually slowed the easing cycle it had begun earlier in 2025, leaving its benchmark interest rate unchanged at 2% at the end of the year, while strengthening its data-dependent assessment of the outlook.

The existing divergence in the growth trajectories of major economic centres persisted in 2025.

So far, the US economy has proved resilient to the stress of the tariff war, with growth accelerating from 2% in the first quarter to 2.3% in the third quarter. Strong consumption and exports were the main sources of this dynamism. The economy continues to be characterised by very heterogeneous trends: on the one hand, a strong AI-based investment boom and continued consumption by wealthier households, while on the other hand, declining investment in traditional economic sectors and weakening labour market demand.

Euro area GDP expanded by 1.5% in 2025, driven by a modest pick-up in domestic demand and investment. The weak point in the currency union is the German economy, which has been struggling for five years and is heavily dependent on exports. It has been severely affected by the automotive industry, partly due to the crowding-out effect of China's extremely strong export offensive. Among the EU's major western Member States, rapid growth in Spain, which has traditionally benefited from strong tourism and real estate demand, is noteworthy, supported also by domestic consumption. The economies of the Central and Eastern European region continued to show higher growth than the EU average in 2025, with domestic consumption also having a strong year. Poland and Czechia were the region's leaders, thanks to strong domestic consumption and investment supported by EU funds. Hungary has been one of the lagging countries in the region, with slow growth, high inflation and fiscal risks. Compared with other regions, European growth is weighed down by the Russia-Ukraine conflict, due to the additional costs associated with managing risks in the field of energy supply, among other things. The European growth outlook has improved somewhat, as German economic policy has abandoned its previously rigid stance on fiscal austerity and announced significant fiscal stimulus measures. The EU's subsequent agreement on increasing military spending, reached as part of the continent's renewed security policy, provides scope for further fiscal easing.

Overall, China maintained growth of around 5% throughout the year. Cautious domestic demand, corporate indebtedness and weaknesses in the real estate sector have held back momentum, while periodically strong export performance has offset structural problems.

### 2.3.2 Domestic macroeconomic developments in 2025

Rising household demand, cost-side repricing pressures, the pass-through effect of the 2024 tax increases and the weakening of the forint at the beginning of the year gave a new boost to inflation, which accelerated from a low of 3.2% in October 2024 to 5.6% in February. To curb higher-than-expected price rises, the government introduced a so-called margin cap by decree in mid-March, which was later extended to include perfumery and chemical goods sold by drugstores. The margin caps, as well as price cuts by telecommunications companies, insurance companies, banks' tariff and commission reductions, followed by price restrictions by pharmaceutical manufacturers and wholesalers, have temporarily contributed to easing inflation. Although inflation figures fell significantly as a result of the interventions, internal price pressures remained relatively high because, in a stagnant economic environment, it continues to be a serious challenge for players in the competitive sector to recover their costs (regulatory fee increases, wage costs). On the other hand, the strengthening of the forint compared with the beginning of the year has cooled inflation. The pace of price increases slowed to 3.3% until December, averaging 4.4% for the year as a whole.

The central bank continued its previous monetary policy stance, regardless of the impact of the margin regulations on inflation, and did not change the policy rates, which have been kept at 6.5% since September last year. Since, in addition to inflation trends, performance the domestic currency is also an important determinant of inflation, the MNB has sought to protect the forint, which is subject to renewed financial market turbulence in 2025, by maintaining interest rate levels and firm forward-looking communication to secure the existing relative regional interest rate advantage. Partly as a result of this and the weakening of the dollar, the domestic currency strengthened persistently to below 390 against the euro until December 2025.

With GDP expanding by 0.4% year-on-year, the economy remains close to stagnation in 2025. Industry faced external demand constraints and inventory cycle problems, while agriculture was hit by weather and animal health factors. While expanding household demand boosted services in particular, industry was hardly able to benefit from this due to strong competition from foreign products. The inflow of imported consumer goods was supported by the strengthening forint, which cooled domestic inflation at the same time,

and the margin cap, which encouraged retailers to find cheaper sources of supply for goods not covered by the measure. The contribution of net exports to growth was negative in 2025 due to the surplus of imports generated by rising domestic consumption.

Export-oriented flagship industries underperformed on account of adverse global economic developments – US tariffs, Chinese overproduction and export dumping, weak German demand. In addition to general demand constraints, structure-specific factors also held back the Hungarian economy. The prolonged crisis in the German automotive industry, due to the high exposure of the Hungarian economy to the automotive sector, has had a particularly negative impact on the operations of global companies that have invested heavily in this area in recent years, and has hampered the pickup of the capacities created – especially in battery production.

Investment activity continued to weaken, as firms were mainly limited to depreciation replacement projects due to low-capacity utilisation and poor profitability, and no major job cuts were made due to structural labour shortages. Investment has been held back by the difficult macroeconomic environment, lack of demand and uncertain growth prospects, as well as subdued public projects and slower EU payments.

In 2025, the central budget had to be redesigned several times due to a worse-than-expected macroeconomic trajectory, lower EU revenues, revenue shortfalls caused by a number of allowances activated during the year – not included in the original plans – and expenditure-increasing payments and benefits. The cash deficit target was raised for the first time in June, from HUF 4,123 billion (4.6%) to HUF 4,774 billion (5.4%). The target for the accrual-based deficit-to-GDP ratio also increased from 3.7% to 4.1%. To finance the increase, the Government Debt Management Agency (GDMA) increased its foreign currency issuance plan in the middle of the year. In June, foreign currency bonds worth USD 4 billion were issued; in July, panda bonds worth CNY 5 billion were also launched on the market in the spirit of diversification. The second increase in the deficit target took place in November: the cash deficit target was raised by HUF 281 billion to HUF 5,055 billion (5.7%) and the accrual-based deficit was revised to 5%. According to preliminary data, the cash deficit-to-GDP ratio in 2025 was 6.6%. Government debt was boosted by a higher cash deficit, moderated by the good performance of the forint in the money market and the high GDP price index, resulting in a gross debt-to-GDP ratio close to the 2024 level.

Despite weakening Hungarian exports, the external balance remained stable, with both the current account balance and the capital account closing in positive territory.

Money market interest rates moved within the MNB's interest rate corridor. Over the year, 3-month Discount Treasury Bill (DTB) yields have remained at around 6.0%–6.2%, with implied swap yields being slightly above this level and interbank yields following the central bank base rate. The government bond yield curve showed a stable, moderately positive slope. Unlike Poland and Czechia, the Hungarian base rate has not been able to fall in line with the easing of inflation, so the short end of the yield curve remained high. In addition to the adverse, dampening effect on the economy, the forint exchange rate may have been mainly influenced by the stabilising effect of high yields. Hungarian 10-year asset swap spreads remained in positive territory for most of the year, disrupted only intermittently by banks' purchases of government bonds motivated by tax cuts. The spread of the 10-year Hungarian government bond benchmark against the German Bund was in the range of 400–450 basis points, lower than in Romania but significantly higher than in most of the countries in the region.

### **2.3.3 Performance of the Hungarian banking industry in 2025**

According to the November Stability Report of the Magyar Nemzeti Bank, the domestic banking sector remains stable, with strong liquidity and capital positions. Profitability is high, supported by the interest rate environment, excess liquidity and the government bond portfolio. The funding structure and the availability of funds are balanced, with deposits remaining dominant and foreign currency debt rates carrying moderate risk.

The credit institutions sector achieved a significant net profit on a non-consolidated basis in the first three quarters of 2025, somewhat below the performance in the same period of the previous year. Interest income decreased moderately compared with the previous year, while fee and commission income increased significantly. Operating revenues increased overall, but operating costs rose at a much faster pace, mainly due to the increase in the extra profit tax and the transaction duty. Overall, net impairment and provisioning improved the result.

Lending dynamics are moderate but on an upward trend. Demand in the retail segment remained strong in the first half of the year, when market-based lending dominated. With the emergence of new government programmes such as Home Start and Workers' Loan, the momentum further strengthened. In the case of Home Start, the run-up in loan volumes occurred in the last two months of the year; the scheme has a significant carry-over effect into the following year.

**Home Start:** Launched in autumn 2025, the scheme offers fixed-rate subsidised housing loans that are available to a wider range of people than previous family policy schemes. The aim of the scheme is to improve the affordability of home purchases, and is expected to generate significant additional demand in the housing market. This will stimulate mortgage lending in the short term, but could drive up prices due to supply constraints, increasing overvaluation in the housing market. For banks, this means an increase in the loan portfolio and higher capital requirements.

**Workers' Loan:** Launched at the beginning of 2025, this scheme is a preferential interest rate arrangement to improve housing opportunities for workers. In terms of accounting, this loan is treated the same as the previous subsidised loans (Childbirth Incentive Loan, Family Housing Allowance), so it has similar effects on banks' balance sheets and risk profiles. The programme contributes to the growth of subsidised household loans, which in the short-term stimulates demand, but may carry risks in the longer term if borrowers' income situation deteriorates.

Banks should pay increased attention to risk parameters and prudent lending practices. The MNB has already indicated that it plans to introduce a sectoral systemic risk buffer for exposures backed by real estate to mitigate systemic risks.

From 1 January 2026, credit institutions are also required to hold a systemic risk capital buffer of 1% each for exposures backed by domestic residential and commercial real estate. The income threshold that allows for higher income-to-debt ratios rises to HUF 800,000, in line with the wage developments of recent years. To support the smoothness of the lending process, the central bank removed the age restriction for first-time home buyers in September 2025, linked to the application of more favourable loan coverage

requirements (own funds requirement). In addition, expectations for the stable funding of mortgages will be further strengthened from October 2026.

Overall, the quality of mortgage loans is stable, with no increase in the early default rate. A higher share of fixed interest rates mitigates repricing risk, but programmes that support credit growth may increase the vulnerability of the most vulnerable (high DTI/LTV) borrowers through higher loan amounts.

The risk of personal loans and overdrafts is relatively higher because of the unsecured nature of the loans. For these products, banks carry out intensive portfolio cleaning (NPL sales) and closely monitor the evolution of early default rates.

Corporate lending has been subdued, reflecting weak investment sentiment and market uncertainty. The MNB introduced new incentives (e.g. Qualified Corporate Loan) to stimulate market-based lending. Subsidised loans continued to play a significant role in 2025, in particular the Széchenyi Card Programme, EXIM Bank's export promotion and investment support programmes, and MFB Bank's Green Loan Programme. In addition to these, the business development loan programmes under GINOP also contributed to the increase in volumes.

The quality of the corporate loan portfolio is good and the probability of default (PD) has not increased significantly. Risk varies by sector: export-oriented firms with natural currency hedging are more balanced, while sectors more dependent on domestic demand and energy prices may be more vulnerable.

Preferential programmes have temporarily improved refinancing opportunities but are not available on an ongoing basis, so the volatility of the funding environment may make the PD of SMEs more volatile.

Overall, exposure to the corporate sector has declined and coverage ratios are favourable, but there is significant variation by segment. In the office market, occupancy and yield pressures, in the retail real estate sector, the transformation of consumer and lessee demand, while in logistics, relative resilience are the defining features.

The banking system is stable in the short term, but in the future, overpricing in the housing market, weak demand for corporate credit and regulatory tightening may represent a challenge. Digitalisation, improving customer experience and sustainability remain strategic priorities.

### **2.3.4 Trends in the Hungarian mortgage bond market**

Mortgage bonds are an important instrument for low-risk, long-term financing of banks, which is also of great importance for the stability of the financial system.

In order to achieve financial stability objectives, the central bank introduced the Mortgage Funding Adequacy Ratio (MFAR) regulation as of 1 April 2017, with the aim of reducing the maturity mismatch between forint assets and liabilities of banks.

According to the regulation, the mortgage loan portfolio with a remaining maturity of more than 1 year must be financed with a certain proportion of long-term funds such as mortgage bonds or refinancing loans from mortgage banks taken out to cover retail mortgage loans.

Currently, under the compliance regulation, 25 per cent of mortgage loans must be financed with this type of funds. The level of minimum compliance is not expected to change during 2026. In 2025, however, the MNB modified the regulation in several respects that pointed in the direction of tightening. Changes effective from November 2025 open up the legal possibility of accepting securitised mortgage loan portfolios and covered bonds issued by commercial banks, expanding the range of eligible collateral. The de minimis limit has also been increased, now to HUF 100 billion.

The regulatory changes will continue from October 2026. One of the most significant changes is the reintroduction of the cross-ownership limit, which was phased out in 2022, with the aim of diversifying the investor base for mortgage bonds by reducing intra-banking sector purchases. The deduction to be used in the calculation of the indicator will be determined by the ratio of mortgage bonds held by banks to their balance sheet total. Another important provision is that mortgage bonds will also be required to be listed on a stock exchange in order to be eligible for offsetting, which will increase transparency and market accessibility.

Since its suspension in 2022, the MNB has not implemented any programme to support the mortgage bond market. The only instrument available is a programme to renew maturing holdings of MNB-owned portfolios, but only up to a limited amount.

The emergence of the green mortgage bond market has also been supported by the MNB through its green mortgage bond purchase programme and the preferential eligibility of green mortgage funds in the MFAR. Since the introduction of the measures in summer 2021, several mortgage banks have already issued green mortgage bonds, with a volume of HUF 283 billion at nominal value by November 2025, representing around 12% of the total mortgage bond portfolio.

Under the conditions set out from 1 July 2022, foreign currency mortgage-backed liabilities can also be included in the indicator. The adoption of foreign currency mortgage-backed funds will support the expansion of the investor base for mortgage bonds by increasing the active role of foreign investors. In order to increase incentives to add green funds while allowing sufficient time for adaptation and the build-up of sufficient green mortgage cover, acceptable foreign currency mortgage funds will also have to meet sustainability (green) requirements; however, the entry into force of this requirement on 1 October 2023 has been postponed.

In addition to the positive effects of the emergence of foreign currency mortgage bonds, the legal safeguards for these securities mean that there is no material increase in financial stability risks. The change will not lead to a resumption of foreign currency lending to households, as this is hampered by generally low consumer demand due to negative experiences in the past, much stricter borrowing limits for these loans under the MNB's debt brake rules and the proliferation of forint-denominated Qualified Consumer-Friendly Housing Loan (MFL) products.

In 2025, partly as a result of the above-mentioned regulation, several market participants started issuing euro-denominated mortgage bonds in international markets, which significantly reduced the funding costs associated with compliance with the MFAR. The value in

forint of the mortgage bonds issued in foreign currency reached HUF 610 billion at face value in November 2025, three times the value issued a year earlier.

In 2025, the Hungarian mortgage bond market continued to see the higher spreads over government bonds, approximately in the range of 35 to 100 basis points, which was typical of previous years, due to the MNB's weaker investor presence. The uncertain domestic regulatory environment and extra banking burdens (e.g. interest rate freezes, interest rate caps, extra profit tax), as well as the small number of issues typical in the Hungarian mortgage bond market and the low liquidity level of the secondary market all contribute to the increase in spreads and volatility in the mortgage bond market and to the decline in foreign demand for Hungarian securities.

The portfolio of outstanding mortgage bonds (at nominal value) in Hungary totalled HUF 2,430 billion on 30 November 2025, up 15% relative to the end of 2024.

## **2.4 Activities of the Mortgage Bank**

### **2.4.1 Refinancing**

#### ***Description of the activity***

The main activity of the refinancing function is the provision of financing requested by commercial banking partners and the management of the portfolio of residential and commercial mortgage loans in forint and foreign currencies previously granted to the Mortgage Bank's business partners. Demand for refinancing was positively affected by the Mortgage Funding Adequacy Ratio introduced by the Magyar Nemzeti Bank as of 1 April 2017. The new supervisory indicator, which aims to mitigate the risks arising from the maturity mismatch between forint assets and liabilities, is calculated as the ratio of HUF liabilities (e.g. mortgage bonds) included as collateral for retail mortgage loans to the net stock of retail HUF mortgage loans with a remaining maturity of over 1 year at the consolidated level. The minimum MFAR requirement has been increased in phases since the introduction of the regulation, rising to 25% from October 2019, and the maturity of acceptable mortgage bonds has been increased to 3 years. As a result of the changes introduced in 2021, green mortgage bonds and green refinancing loans are included in the calculation of the indicator with a multiplier of 1.5, thus supporting green borrowing.

The refinancing function is responsible for the management of the existing refinancing portfolio, including repricing, related counterparty transactions, prepayments and final repayments, real estate collateral exchanges and other counterparty and client requests. New stock is refinanced when required by the counterparty bank or to raise assets that can be classified as green behind a green bond issue.

#### ***Objective and strategy***

The core strategic objective of the business is to provide refinancing loans to the parent bank and other market participants, and to raise green assets for the Mortgage Bank's green bond issuance. The business division also aims to identify and exploit new business opportunities within the strategy of UniCredit Hungary and more specifically that of UniCredit Bank.

During 2025, existing agreements with existing business partners were maintained and a new framework agreement was concluded. The objective for 2026 is to further increase the portfolio with existing partners.

The function performs portfolio management and refinancing activities in close cooperation with the securities issues and risk management functions to optimise the use of resources and mitigate risks.

#### ***Results of the activity***

In 2025, there was a slight drop in the portfolio of parent bank refinancing due to the depreciation of the total assets involved. With regard to refinancing outside UniCredit Hungary for MFAR compliance, the Mortgage Bank has cooperation agreements with two commercial banking partners, and the portfolio of external refinancing increased in the year 2025.

The decline in the portfolio of government-backed forint refinancing continued in 2025, driven by the combined effect of normal and early repayments of loans refinanced in previous years. The eligible forint refinancing portfolio dropped below HUF 300 million by the end of 2025.

The share of commercial real estate financed with EUR-denominated loans decreased slightly as a result of the maintenance of existing assets. The Mortgage Bank does not plan to raise new refinancing assets.

In terms of forint refinancing by the parent bank, new lending amounted to HUF 23.8 billion in 2025. Thus, the total amount of the parent bank's non-subsidised refinanced retail forint loans was HUF 240 billion at the end of 2025.

In late 2025, the refinancing function accounted for more than 99% of the total mortgage lending portfolio (total outstanding loans), making a significant contribution to the Mortgage Bank's business results.

### **2.4.2 Issuance of mortgage bonds and unsecured bonds**

#### ***Description of the activity***

As in previous years, the Mortgage Bank secures the typically medium- and long-term funding of its own and refinanced loan portfolio primarily through mortgage bond issuance, as well as money-market borrowing and long-term loans. In addition to borrowing on the money market, the Mortgage Bank may raise the funds needed for general operations by issuing unsecured bonds.

The placement of mortgage bonds and bonds is carried out through an issuance programme, whereby the Mortgage Bank typically raises medium and long-term forint and foreign currency funds from the capital markets.

The frequency and volume of mortgage bond and unsecured bond issues vary. Issues need to be organised at least every three months to ensure the pricing of subsidised forint loans, while larger issuances are typically made when maturities are renewed, new refinancing loans are granted and medium- and long-term borrowing opportunities become available on favourable terms. Mortgage bonds are typically issued in the form of public offering, but the base prospectus allows for the possibility to issue only to qualified investors designated by the issuer.

The instruments issued are normally listed on the stock exchange, but the base prospectus may also include the issue of non-listed mortgage bonds and unsecured bonds.

### ***Objective and strategy of the activity***

The issuance of mortgage bonds as a source of financing is carried out by Funding and Capital Management Department. In addition to providing a strategic source of funding, the issuance of mortgage bonds aims to support UniCredit's group-wide interest rate and liquidity risk mitigation in line with group-level regulations.

The issuer also aims to contribute to environmental and international climate goals in line with its business strategy. Accordingly, the Issuer, within the UniCredit Group's Sustainability Bond Framework, issues green mortgage bonds and uses the funds raised from the issuance to finance or refinance green assets that meet the energy efficiency criteria described in the Framework.

The Mortgage Bank's capital and money market activities are developed in line with the activities of UniCredit and UniCredit Bank.

### ***Results of the activity***

The Mortgage Bank joined the international UniCredit Group's ESG and Green Framework in 2021. The green mortgage bonds issued under the framework will help the Mortgage Bank and its parent company to achieve its green strategy and provide clients the opportunity to access green loan at a more favourable pricing by attracting low-cost funding. In 2025, the Mortgage Bank issued one green mortgage bond.

The Magyar Nemzeti Bank has indefinitely postponed the previously planned increase in the level of the Mortgage Funding Adequacy Ratio, so compliance with the indicator does not require a raise in the level of issuance. The portfolio of mortgage bonds maturing in 2025 had been successfully renewed, thereby guaranteeing safe compliance with the MFAR indicator for 2025.

Trends in the mortgage bond portfolio issued by the Mortgage Bank during 2025 were shaped by the renewal of the maturing portfolio, provision of the necessary funds to refinance the mortgage loan portfolio of the international UniCredit Group, the Hungarian parent bank and external partners, the continued market-oriented pricing of mortgage loan financing and the subsidised forint loan portfolio, as well as compliance with the MFAR.

### ***Mortgage bond and unsecured bond issuance programme***

The mortgage bond and unsecured bond issues of the period under review were carried out within the framework of the Mortgage Bank's Mortgage Bond and unsecured Bond Programmes of 2024–25 and, after its expiry, of 2025–26 with a total volume of HUF 180 billion.

The 2024–25 issuance programme in effect at the beginning of the period was supplemented once in 2025. The publication of Supplement No. 2 to the Base Prospectus (Annual Report, Changes in the Issuer's Board of Directors, Changes to the Green Framework criteria) was authorised by the MNB by Resolution No. H-KE-III-338/2025 on 25 May 2025.

On 7 August 2025, the Magyar Nemzeti Bank approved the launch of the HUF 180 billion mortgage bond and unsecured bond programme for 2025–26 by its Resolution No. H-KE-III-542/2025. The base prospectus for the scheme concerned was not supplemented for the year 2025.

### ***Changes in the mortgage bond portfolio***

In 2025, a total of HUF 30.82 billion at nominal value in HUF-denominated mortgage bonds were issued in public offerings. In April, the Mortgage Bank issued a new series of 5-year floating-rate green mortgage bonds with a nominal value of HUF 20 billion, and in September, funding was raised in the amount of HUF 10.8 billion in nominal value, with a maturity of 6 years and at a fixed interest rate.

In addition, in March and August, low volumes of UCJBF 2029/A and UCJBF 2031/A series, respectively, were issued to meet obligations related to the repricing of state-subsidised mortgage loans.

In its Resolution No. H-KE-III-539/2022 dated 12 September 2022, the Magyar Nemzeti Bank authorised the Mortgage Bank to use the "European covered bond logo" and the "European (premium) covered bond logo" for its future mortgage bonds. Consequently, the mortgage bonds issued in 2025 belonged to the premium category.

In 2025, one series of mortgage bonds, UCJBF 2025/A, matured with a nominal value of HUF 7.1 billion. All outstanding liabilities to investors were paid in full. During the period under review, the Mortgage Bank did not repurchase any of its mortgage bonds.

As a result of the above transactions, the outstanding HUF-denominated mortgage bonds issued by the Mortgage Bank at the end of the reporting period increased by HUF 23.7 billion compared with the end of 2024, reaching HUF 304.85 billion at the end of 2025. The Mortgage Bank did not have any mortgage bonds denominated in other currencies.

## ***Changes in the unsecured bond portfolio***

On 26 November 2025, the bonds issued by the Mortgage Bank (UCJBK 2025/A and UCJBK 2025/B) matured and the liabilities were fully paid. No new bonds were issued during the year.

### **2.4.3 Financing for private home buyers, land development and land-based lending**

#### ***Description of the activity***

The clientele of this business division includes individuals who have been assessed as creditworthy by the Mortgage Bank and purchased newly built homes from contractors holding a cooperation agreement with the Mortgage Bank as of 31 March 2009.. The properties are mainly located in Budapest and its agglomeration areas, in prime residential areas and residential parks.

The Mortgage Bank primarily provided forint loans for land development and open-ended mortgage loans to private farmers and sole proprietors, subject to the provision of land security.

#### ***Results of the activity***

The loan portfolio (outstanding amount) of private home buyers amounted to HUF 1.5 billion on 31 December 2025, which represented less than 1 per cent of the total loan portfolio of the Mortgage Bank (total outstanding amount).

The portfolio (outstanding amount) of land development and land-based loans and small business loans dropped below HUF 88 million, accounting for a negligible share of the total loan portfolio of the Mortgage Bank (total outstanding amount).

As of 1 January 2010, Mortgage Bank will has not engaged in commercial housing finance, property development and land-based lending activities, no new loan agreements have been concluded, and operational activities related to the management and follow-up of the existing portfolio are carried out by UniCredit Bank.

## **2.5 Liquidity management**

The internal rules for the structural (long-term) liquidity limit system and the management of the structural liquidity position were expanded in 2017. From January 2017 onwards, UniCredit introduced new structural liquidity ratios (structural FX gap and adjusted NSFR), whose changes were monitored in parallel with the previous limits until the end of 2019 under a transitional waiver; since 2020, only the new ratios are valid.

The structural FX gap indicator is the difference between long-term liabilities in a given currency and long-term assets in the same currency (according to the classification criteria used in the adjusted NSFR calculation). There are no limits, but triggers<sup>1</sup> have been established for EUR and other currencies.

The adjusted NSFR ratio is the maturity-adjusted net financing ratio, defined as the ratio of the cumulative value of liabilities in maturity bands longer than the maturity at the given date to the cumulative value of assets at the same maturity. No limits, but triggers have been set for time windows over 3 years and over 5 years.

Taking advantage of the opportunity provided by the CRR, and thanks to the openness of the local regulator, the Mortgage Bank requested and on 4 July 2023 received from the Magyar Nemzeti Bank as the local regulatory authority an exemption from the individual NSFR regulatory compliance.

According to the MNB decree governing the Mortgage Funding Adequacy Ratio, domestic credit institutions (at the group level) are required to fund 25% of their HUF retail mortgage loan portfolio with long-term, stable, mortgage-backed HUF funding from 1 October 2019. UniCredit Group in Hungary met regulatory requirements throughout the year, closing the year with an MFAR of 32.0%.

The Mortgage Bank manages its short-term liquidity through money market transactions with UniCredit Bank, taking into account the liquidity coverage requirement applicable to the Mortgage Bank. According to the liquidity coverage ratio (LCR – Liquidity Coverage Ratio), credit institutions must maintain a sufficient liquidity buffer to cover the net liquidity outflow of a thirty-calendar-day stress period. As of 1 April 2016 within its national competence, the MNB requires a 100-percent fulfilment of the liquidity coverage ratio.

The Mortgage Bank continuously monitors and manages the evolution of the LCR. As at 31 December 2025, the LCR was well above the 100% minimum level, thus the Mortgage Bank was in compliance with the regulatory requirement.

Pursuant to Article 16 of Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds and covered bond public supervision and its implementation in Hungary by Act XXX of 1997 on Mortgage Loan Companies and on Mortgage Bonds, the financial institution issuing the mortgage bond is required to hold a liquidity buffer of liquid assets to cover the maximum aggregate net liquidity outflow of the mortgage bond scheme maturing within 180 days. Liquid assets can only be assets included in the collateral book (typically government securities, short-term deposits with credit institutions). The Mortgage Bank regularly monitors the changes in its net liquidity outflow in order to ensure that it remains in compliance with its buffering obligations. At the end of 2025, the Mortgage Bank had no liquid asset holding obligation.

The Mortgage Bank holds government securities classified as Held to Collect & Sell (HTCS) and Held to Collect (HTC). The primary purpose of maintaining the government bond portfolio is to provide the necessary additional collateral for the collateral book and to

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<sup>1</sup> Trigger: if this level is exceeded, a review, analysis and proposal process is activated, but it does not require the immediate correction of the position to keep it within the trigger.

ensure a liquidity buffer. The portfolio of government securities increased compared with last year, reaching HUF 52.5 billion on 31 December 2025. The portfolio consists of short- and long-term government bonds, of which HUF 31.2 billion in nominal value was in the collateral book at the end of the year.

## 2.6 Employment policy

The employment structure continues to be based on multi-employer contracts in the spirit of streamlining banking activities. The statistical number of employees on 31/12/2025 was 2.

Many of the Mortgage Bank's activities have been outsourced to UniCredit Bank. The outsourced activities are performed by UniCredit Bank under a framework service agreement.

The Mortgage Bank's diversity policy is part of the Remuneration Policy.

## 2.7 Research and development

The Mortgage Bank continuously monitors developments in the securities, mortgage bonds sectors, including green and sustainability securities. It is regularly represented at international conferences. No other research and development activities are carried out by the Mortgage Bank.

## 2.8 Key risks of the Mortgage Bank

### 2.8.1 Risks arising from developments in the macroeconomic environment

The Mortgage Bank's overall business activities and profitability are materially affected by the prevailing macroeconomic and regulatory environment, as well as by international and domestic money and capital market trends and liquidity conditions. The macroeconomic environment influences the evolution of residential loan and the quality of the loan portfolio through changes in the disposable income, risk-bearing capacity and the population's willingness to save. Developments in the main domestic macroeconomic indicators such as the GDP, budget and balance of payments balances, government debt developments and inflation rate, have a direct or indirect impact on the level of the reference interest rate and the exchange rate of the forint through monetary policy instruments, which can be considered as a determining factor of the cost of funds and the quality of the credit portfolio. In addition to the above, the business activities of the Mortgage Bank are heavily influenced by the prevailing liquidity situation of the banking sector and changes in the regulatory environment.

### 2.8.2 Credit risk

Based on its underwriting policy, the Mortgage Bank focuses on refinancing banks and credit institutions and does not engage in other commercial lending activities. It actively manages its previously placed residential mortgage and non-residential land development loan portfolio.

Its credit risk policies include procedures for client segmentation, risk assumption contract, debtor and counterparty rating, underwriting decision making, collateral valuation, monitoring and annual review, credit facilitation, impairment and provisioning.

The Mortgage Bank makes its credit risk decisions based on the following risk management principles:

- The total risks assumed must be assessed by clients, client groups, partners, partner groups and on an aggregated basis at UniCredit Bank or UniCredit Hungary level, subject to the type of transaction and the size of the risk exposure.
- All exposures are approved at a level corresponding to the total risk of the client or client group. For the UniCredit Bank as a whole, the higher the risk exposure, the higher the decision-making level in UniCredit Bank's management structure.
- The Mortgage Bank applies strict rules on the scope of eligible collateral, the way it is valued and the coverage ratio, in accordance with UniCredit Hungary's collateral valuation principles and Hungarian legal requirements.
- The Mortgage Bank is entitled to grant a loan only if the mortgage is secured by a mortgage on real estate or if a state guarantee is provided in connection with the granting of a mortgage loan.
- All clients to whom the Mortgage Bank assumes risk have a debtor rating. Client and partner ratings must be carried out for each client prior to risk taking (and at least once a year, at review), and the rating procedure should be geared towards clearly establishing the creditworthiness of the client or partner. The client rating is used to determine the client's rating, i.e. the probability of their default. Rating is based on the one date, one rating principle: a client can only have one valid client rating at any one time.
- Changes in the relevant data and information on solvency and readiness to pay trigger a new rating process.
- The Mortgage Bank classifies its clients into risk segments (categories) and applies different debtor rating systems and rating criteria for different types of clients. A risk assumption contract with the client can be concluded after a specific rating, credit assessment and credit approval procedure.
- An underwriting decision must be made prior to any business proposal that involves a commitment by the Mortgage Bank. UniCredit Bank applies a group-wide PD scale for its non-retail partners. The Mortgage Bank uses 26 rating categories within 10 rating classes for its non-retail partners, of which 3 are used to classify non-performing clients and the rest is applied by UniCredit Hungary to performing clients. The client rating refers to the probability of default

(PD) in the applied rating ranking, which is 100% for non-defaulting customers. The Mortgage Bank performs a simplified rating for retail clients.

- The relevant risk policies are approved by the CEO of the Mortgage Bank, subject to the agreement of the Head of Risk Management of UniCredit Bank.
- The management, restructuring, recovery and workout of overdue or non-performing loans is carried out by UniCredit Bank under an agency agreement.

As of 1 January 2018, the Mortgage Bank applies the IFRS9 methodology for the calculation of impairment for financial instruments exposed to credit risk. The Mortgage Bank calculates impairment based on expected future losses in accordance with accounting and supervisory requirements. The amount of the impairment, expected loss will be recorded in the Mortgage Bank's accounting system after the decision.

In line with its lending policy, from 2010 the Mortgage Bank has focused on refinancing mortgage loans to banks and financial corporations, and no longer provides retail and corporate loans. Corporate loans have been repaid.

The outstanding stock of retail mortgage loans is steadily declining, thanks to scheduled repayments and prepayments. The default stock fell by 21% in 2025.

UniCredit Group and the Mortgage Bank place a strong emphasis on their claims management and restructuring processes, as part of which, taking into account the MNB Recommendations and fulfilling their provisions, they continuously provide renegotiation opportunities for their retail clients who inform the Mortgage Bank of their current payment problems or worsening economic situation, or where the Mortgage Bank detects those because of an already existing delay.

As of 1 January 2022, the Hungarian Government introduced an interest rate freeze for consumer mortgage loan contracts with interest rates linked to the reference interest rate, which was extended to non-subsidised mortgage loans with a fixed interest rate for a maximum period of 5 years from 1 November 2022. The interest rate freeze regulation has been prolonged several times and remained in force for the whole year of 2025.

There are currently 8 cases of individual enforcement and 2 cases of joined enforcement. The number of clients enrolled in the programme offered under family bankruptcy protection was minimal, with 1 client affected by debt settlement proceedings at the end of 2025.

No loan receivables were sold in 2025.

### 2.8.3 Market risks

Market risk is the risk of changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (which are not related to the default of the obligor/issuer), and they affect the results of UniCredit Hungary or the value of its financial instruments.

Market risk management covers all the activities pursued by the Mortgage Bank as part of UniCredit Hungary and the management of the balance sheet structure. The independent risk management department quantifies risk positions on a daily basis, then analyses and compares them with the limits set by UniCredit Hungary's management and the FRC. As part of UniCredit Hungary's market risk management, reports on risk positions and limit utilisation are prepared on an ongoing basis.

The Mortgage Bank measures its market risks according to a number of risk factors and levels, and limits them with the associated limit system. For all portfolios, it monitors their value at risk (VaR) calculated by historical simulation on a daily basis. VaR reflects the value the Mortgage Bank would, given its current position, lose on the 2.5th worst day out of the past 250 working days (a confidence level of 99%).

The VaR values are broken down according to the 5 main risk factors: exchange rate, interest, unique interest premium, stock and option volatility factors. The Value-at-Risk at the end of 2025 was EUR 0.9 million, i.e. HUF 342 million. The distribution of risk factors at the end of the year was as follows: HUF 341 million for the specific risk of bonds, HUF 44 million for interest rate risk, HUF 0.3 million for exchange rate risk and HUF 0.6 million for volatility risk. The Mortgage Bank did not have any equity exposure in 2025. The sum of the individual parts exceeds the total value at risk due to the diversification effect.

For the interest rate risks, all basis point value limits have also been determined per currency, i.e. changes resulting from parallel movements of the yield curve and from its per-band parallel movements are also quantified (Basis Point Value – BPV). A separate issuer risk premium above the interest rate risk (Credit Spread Point Value – CPV) is determined for individual bond positions.

The year-end interest sensitivity of the main currencies according to BPV level is summarised in the following table (where negative values expressed in euros indicate a long position):

BPV 2025.12.31	0-3M	3M-1Y	1Y-3Y	3Y-10Y	10Y-	Total
in EUR						
EUR	-6	-1	0	0	0	-7
HUF	-11 213	-7 991	3 541	-6 863	-3	-22 529

The Mortgage Bank covers interest rate risk partly by matching the interest rates on asset-side and liability-side instruments and partly by using derivatives in hedge accounting.

#### **2.8.4 Liquidity risk**

A key element of banking treasury activity is to ensure liquidity and to reduce and neutralise liquidity risk arising from mismatches between the maturity of assets and liabilities. The Mortgage Bank hedges the liquidity risk arising from the repayment of maturing bonds issued first by maintaining a special 180-day liquidity buffer, and second by fine-tuning the maturity structure of other receivables and liabilities and by derivative transactions. If justified by the maturity and volume mismatch of mortgage loans and mortgage bonds issued, the Mortgage Bank may use short-term (1-3 month maturity range) and/or long-term (maturity range longer than 1 year) solutions in line with the mortgage bond issuance policy in order to match assets and liabilities to the desired extent.

It balances the typical difference between the counterparty refinancing portfolio and the mortgage bond portfolio issued with interbank transactions.

The Mortgage Bank's liquidity management strategy, in addition to the special liquidity situation resulting from the repayment of maturing mortgage bonds, is basically developed at the Group level in coordination with UniCredit Bank, while the intra-year and inter-year (structural) liquidity positions are determined by the individual limits and internal rules applied.

#### **2.8.5 Operational risk**

Operational risk is the risk of loss resulting from inadequate or poorly functioning internal processes and systems, inadequate performance of duties by personnel, or external events. These are: internal or external fraud, employer practices and workplace safety, fines for breaching regulations in the course of business procedures for customers or products, damage to the tangible assets of the Mortgage Bank, disruption to business, system failures and errors in the process of implementation due to manual execution.

Strategic risk and reputational risk are not, while business risk, legal risk and compliance risk are part of operational risk.

Operational risk management controlling is outsourced to UniCredit Bank.

No new operational risk event emerged in 2025.

### **2.9 Quantitative and qualitative indicators and indices of performance measurement**

The Mortgage Bank's balance sheet total at the end of 2025 was HUF 406 billion, moderately below the planned level (HUF -3.2 billion). This amount represents a decrease of HUF 6.7 billion relative to the value at the end of 2024. The decrease in the balance sheet total on a year-on-year basis is mainly due to the drop in net claims on credit institutions (HUF -12.5 billion), which thus closed HUF 1.3 billion below the planned level. Net receivables from clients decreased compared with the previous year, staying below the planned amount. The outstanding stock of bonds amounted to HUF 302 billion, which exceeds the plan (HUF +6.6 billion) and represents an increase of HUF 23.9 billion compared with the end of 2024.

The Mortgage Bank's profit after tax for 2025 equalled HUF 3.2 billion, HUF 393 million below the planned level. Revenues were below plan (HUF -263 million), while operating expenses were above plan (HUF 65 million), mainly due to higher IT costs. Net impairment was HUF 259 million higher than budgeted, thanks to calculation parameter and model updates and a change of methodology. In 2025, the Mortgage Bank was liable to pay an extra profit special tax of HUF 137 million.

The indicators of the Mortgage Bank's performance (on an after-tax basis) were as follows:

ROA<sub>2025</sub>=0.77%    ROE<sub>2025</sub>=13.49%

ROA<sub>2024</sub>=0.98%    ROE<sub>2024</sub>=17.45%

The significant decrease in return on assets and return on equity compared with the base year is mainly due to lower profit after tax.

### **2.10 Material events after the balance sheet date**

All events after the balance sheet date have been taken into account in the preparation of the Mortgage Bank's individual financial statements. No significant events have occurred that could affect the Mortgage Bank's individual financial statements.

### **2.11 Sustainability report**

Based on Article 177 (101) on temporary provisions of the Accounting Act, the Mortgage Bank will comply with its obligation to publish the Sustainability Report for the first time for the financial year starting in 2028.

## **3. Independent Auditor's report**

The independent auditor's report is attached as an annex, in a separate document.

## **4. Annual report**

**UniCredit Jelzálogbank Zrt.  
Separate Financial Statements and  
Independent Auditor's report  
31 December 2025**

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UNICREDIT JELZÁLOGBANK ZRT.

Statement of financial position (balance sheet)

31 December 2025

(HUF million)

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Assets</b>			
Cash and cash equivalents	15	10 544	8 153
Hedging derivative assets	16	3 979	4 059
Loans and advances to banks	17	337 457	349 933
Loans and advances to customers	18	1 393	1 759
Investment securities	19	52 330	48 565
Intangible assets	20	11	3
Current tax assets	14	62	1
Deferred tax assets	14	7	-
Other assets	21	395	418
<b>Total Assets</b>		<b><u>406 178</u></b>	<b><u>412 891</u></b>
<b>Liabilities</b>			
Deposits from banks	22	69 831	95 385
Deposits from customers	23	121	113
Issued debt securities	24	302 180	278 242
Hedging derivative liabilities	16	10 869	14 851
Current tax liability	14	2	222
Deferred tax liability	14	-	9
Provisions	28	1	4
Other liabilities	25	290	110
<b>Total Liabilities</b>		<b><u>383 294</u></b>	<b><u>388 936</u></b>
<b>Equity</b>			
Share capital	26	3 000	3 000
Share premium	27	783	783
Retained earnings	27	13 390	13 706
Statutory reserve	27	2 605	2 289
Valuation reserve	27	(53)	76
Net profit for the year	27	3 159	4 101
<b>Total Equity</b>		<b><u>22 884</u></b>	<b><u>23 955</u></b>
<b>Total Liabilities and Equity</b>		<b><u>406 178</u></b>	<b><u>412 891</u></b>

The accompanying notes (1-41) form an integral part of these financial statements.

Budapest, 9 March 2026

Tamási Attila  
Chairman - Chief  
Executive Officer

Dr. Juhász Viktor  
Chief Operating  
Officer

UNICREDIT JELZÁLOGBANK ZRT.

Statement of profit or loss and other comprehensive income  
31 December 2025

(HUF million)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Interest income calculated using the effective interest method	7	30 067	35 090
Other interest income	7	7 212	8 158
Interest expense and similar charges	7	(32 018)	(37 331)
<b>Net interest income</b>	7	<b><u>5 261</u></b>	<b><u>5 917</u></b>
Fee and commission expense	8	(502)	(450)
<b>Net fee and commission expense</b>	8	<b><u>(502)</u></b>	<b><u>(450)</u></b>
Net gain and loss on hedge accounting	10	(125)	102
Net gain and loss on foreign exchange	9	(15)	10
<b>Operating income</b>		<b><u>4 619</u></b>	<b><u>5 579</u></b>
Impairment and losses on credit products	36	(270)	(294)
<b>Net financial operating income</b>		<b><u>4 349</u></b>	<b><u>5 285</u></b>
Personnel expenses	11	(115)	(104)
General operating expenses	12	(639)	(481)
Amortisation and impairment on intangible assets	20	(3)	(5)
<b>Operating costs</b>		<b><u>(757)</u></b>	<b><u>(590)</u></b>
Other income	13	2	2
Other expense	13	(2)	(59)
<b>Other results</b>		<b>=</b>	<b><u>(57)</u></b>
<b>Profit before tax</b>		<b><u>3 592</u></b>	<b><u>4 638</u></b>
Income tax expense	14	(433)	(537)
<b>Net profit for the year</b>		<b><u>3 159</u></b>	<b><u>4 101</u></b>

The accompanying notes (1-41) form an integral part of these financial statements.

Budapest, 9 March 2026

Tamási Attila  
Chairman - Chief  
Executive Officer

Dr. Juhász Viktor  
Chief Operating Officer

UNICREDIT JELZÁLOGBANK ZRT.

Statement of profit or loss and other comprehensive income

31 December 2025

(HUF million)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Net profit for the year</b>		<u><b>3</b></u> <u><b>159</b></u>	<u><b>4 101</b></u>
<b>Other comprehensive results that will be subsequently reclassified to profit or loss:</b>			
Movement in fair value reserve of financial instruments measured at fair value through other comprehensive income	19	(145)	72
Deferred income tax on movement of fair value reserve of financial instruments measured at fair value through other comprehensive income	14	<u>16</u>	<u>(8)</u>
Net movement in fair value reserves		<u>(129)</u>	<u>64</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>(129)</b></u>	<u><b>64</b></u>
<b>Total comprehensive income for the year</b>		<u><b>3</b></u> <u><b>030</b></u>	<u><b>4 165</b></u>

The accompanying notes (1-41) form an integral part of these financial statements.

Budapest, 9 March 2026

Tamási Attila  
Chairman - Chief  
Executive Officer

Dr. Juhász Viktor  
Chief Operating  
Officer

UNICREDIT JELZÁLOGBANK ZRT.

Statement of changes in Shareholder's equity  
31 December 2025

Note	Share capital	Share premium	Retained Earnings	Statutory Reserves	Valuation reserves		Net profit	Total
					Fair value Reserve	Hedging Reserve		
(HUF million)								
<b>Egyenleg 2024. január 1-én</b>	<b>3 000</b>	<b>783</b>	<b>14 116</b>	<b>1 879</b>	<b>12</b>	<b>-</b>	<b>3 260</b>	<b>23 050</b>
Net profit for the previous year	-	-	3 260	-	-	-	(3 260)	-
Net profit for the current year	-	-	-	-	-	-	4 101	4 101
Net movement in fair value reserve of financial instruments measured at fair value through other comprehensive income	-	-	-	-	64	-	-	64
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3 260</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>841</b>	<b>4 165</b>
Transfers to statutory reserves	27	-	(410)	410	-	-	-	-
<b>Total transfers between components of equity</b>	<b>-</b>	<b>-</b>	<b>(410)</b>	<b>410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend to equity holder	27	-	(3 260)	-	-	-	-	(3 260)
<b>Total transfers to equity holders</b>	<b>-</b>	<b>-</b>	<b>(3 260)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 260)</b>
<b>Balance as at 31 December 2023</b>	<b>3 000</b>	<b>783</b>	<b>13 706</b>	<b>2 289</b>	<b>76</b>	<b>-</b>	<b>4 101</b>	<b>23 955</b>
<b>Balance as at 1 January 2024</b>	<b>3 000</b>	<b>783</b>	<b>13 706</b>	<b>2 289</b>	<b>76</b>	<b>-</b>	<b>4 101</b>	<b>23 955</b>
Net profit for the previous year	-	-	4 101	-	-	-	(4 101)	-
Net profit for the current year	-	-	-	-	-	-	3 159	3 159
Net movement in fair value reserve of financial instruments measured at fair value through other comprehensive income	-	-	-	-	(129)	-	-	(129)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>4 101</b>	<b>-</b>	<b>(129)</b>	<b>-</b>	<b>(942)</b>	<b>3 030</b>
Transfers to statutory reserves	27	-	(316)	316	-	-	-	-
<b>Total transfers between components of equity</b>	<b>-</b>	<b>-</b>	<b>(316)</b>	<b>316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend to equity holder	27	-	(4 101)	-	-	-	-	(4 101)
<b>Total transfers to equity holders</b>	<b>-</b>	<b>-</b>	<b>(4 101)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 101)</b>
<b>Balance as at 31 December 2024</b>	<b>3 000</b>	<b>783</b>	<b>13 390</b>	<b>2 605</b>	<b>(53)</b>	<b>-</b>	<b>3 159</b>	<b>22 884</b>

The accompanying notes (1-41) form an integral part of these financial statements.

Budapest, 9 March 2026

Tamási Attila  
Chairman - Chief  
Executive Officer

Dr. Juhász  
Viktor  
Chief  
Operating  
Officer

UNICREDIT JELZÁLOGBANK ZRT.

Statement of cash flows

31 December 2025

(HUF million)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Net cash flows from operating activities</b>			
Net profit for the year		<b>3 159</b>	<b>4 101</b>
Adjustments for items not involving movements of cash:			
Amortization and depreciation	20	3	5
Net impairment and losses in credit products	28, 36	268	294
Unrealised changes in fair value of investment securities held at fair value through other comprehensive income	19	(129)	73
Net gain or loss from the fair valuation of non-operating cash-flow items and foreign exchange revaluation	19, 24	3 367	(2 677)
Net interest income	7	(5 259)	(5 917)
Income tax expense	14	<u>433</u>	<u>537</u>
		<b>1 842</b>	<b>(3 584)</b>
Change in deferred tax assets	14	(7)	-
Change in other assets	21	23	(37)
Change in deferred tax liabilities	14	(9)	
Change in other liabilities	25	180	(83)
Change in loans and advances to customers	18	391	511
Change in deposits with other banks	17	12 001	15 770
Change in hedging derivative assets	16	80	911
Change in deposits from customers	23	8	(14)
Change in deposits from other banks	22	(25 458)	(28 920)
Change in hedging derivative liabilities	16	(3 982)	(1 644)
Interest received	7	37 414	43 580
Interest paid	7	(31 736)	(37 316)
Income tax paid	14	<u>(714)</u>	<u>(519)</u>
		<b>(9 967)</b>	<b>(11 345)</b>
<b>Net cash flows from investing activities</b>			
Acquisition of intangible assets	20	(11)	-
Acquisition of investment securities	19	(2 851)	(1 976)
<i>Net cash flow used in investing activities</i>		<b>(2 862)</b>	<b>(1 976)</b>
<b>Net cash flows from financing activities</b>			
Proceeds from issue of debt securities	24	30 426	38 160
Repayment of issued debt securities	24	(11 105)	(20 000)
Dividends and coupons paid to equity holders	27	<u>(4 101)</u>	<u>(3 260)</u>
<i>Net cash flow from financing activities</i>		<b>15 220</b>	<b>14 900</b>
<b>Net increase in cash**</b>		<b>2 391</b>	<b>1 579</b>
**of which net foreign exchange differences on cash and cash equivalents		(8)	2
Cash and cash equivalents at the beginning of the year		<b>8 153</b>	<b>6 574</b>
Cash and cash equivalents at the end of the year		<b>10 544</b>	<b>8 153</b>

The accompanying notes (1-41) form an integral part of these financial statements.

Budapest, 9 March 2026

Tamási Attila  
Chairman –  
Chief Executive  
Officer

Dr. Juhász Viktor  
Chief Operating  
Officer

## Notes to the financial statements for the year ended 31 December 2025.

The tabular data presented in the supplementary information are stated in millions of HUF.

### 1 General

UniCredit Jelzálogbank Zrt. ("the Mortgage bank") is a mortgage bank which was established in Hungary on June 8, 1998. The Mortgage bank's parent company is UniCredit Bank Hungary Zrt. (together with the Mortgage bank "the Group") and the ultimate holding company is UniCredit S.p.A. ("the UniCredit Group").

The registered office of the Bank is at 1054 Budapest, Szabadság tér 5-6.

The financial statements are available at: [https://www.unicreditbank.hu/hu/rolunk/hasznos\\_informaciok/jelzalogbank.html](https://www.unicreditbank.hu/hu/rolunk/hasznos_informaciok/jelzalogbank.html)

The Mortgage bank's operations are regulated by Act XXX of 1997 on Mortgage Loan Companies and on Mortgage Bonds. In accordance with the Act, the Mortgage bank may grant loans covered by mortgages on real estate located either in the territory of Hungary or any European Economic Area Member State and issue mortgage bonds. The Mortgage bank may not collect deposits from the public.

Certain activities of the Mortgage bank, such as banking operations, human resources, IT, accounting, etc., as well as certain business areas of the Bank, which can be outsourced under Act CCXXXVII of 2013 (Hpt.) and certain service activities not included in the Act, were outsourced to UniCredit Bank as outsourced activities under an agency agreement.

Transactions with members of the UniCredit Group include credit relationships, where the related party can be both a borrower and depositor. Such transactions are conducted under substantially the same terms and conditions as are applied to third parties, unless otherwise stated.

The statutory auditor of the Mortgage bank is KPMG Hungary Kft. ("KPMG"), the responsible registered auditor is Zsuzsanna Csáki (registration number: 007448).

The financial statements are signed by Chairman - Chief Executive Officer Tamási Attila (address: 1163 Budapest, Budapesti út 17. 1. ajtó.) and Chief Operating Officer Dr. Juhász Viktor (address: [1106 Budapest, Pilisi utca 22. 1. ajtó](#))

The responsible chief accountant is Nikoletta Kerekes, IFRS chartered accountant (registration number: 213937).

The financial statements were approved by the Supervisory Board on 9 March 2026.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The financial statements have been prepared pursuant to the Hungarian Accounting act in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the EU.

#### 2.2 Basis of measurement

The financial statements are presented in Hungarian Forint ("HUF") that is the Mortgage bank's functional currency. The functional currency is the currency of the primary economic environment in which the Mortgage bank operates. The accounting records of the Mortgage bank are also maintained in this currency. Unless otherwise indicated, financial information presented in Hungarian Forint has been rounded to the nearest million.

The financial statements have been prepared on a fair value basis for derivative financial instruments and financial assets at fair value through other comprehensive income. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

### 3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

#### 3.1 Restatement of prior year financial statements

In 2025, there were no changes in accounting policies that require restatement of comparative figures in the financial statements for the previous year.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents include cash, unrestricted nostro accounts with the Hungarian National Bank ("MNB") and other credit institutions, and overnight deposits, which are subject to an insignificant risk of changes in fair value and which the Mortgage bank uses to meet its short-term obligations. Cash and cash equivalents are carried on the balance sheet at amortised cost. The amount of Cash and cash equivalents in the Cash flow statement is the same as the amount of Cash and cash equivalents in the statement of financial position, which is detailed in Note 15.

## 3.3 Financial instruments

### 3.3.1 Classification

#### Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The Mortgage bank has determined the business model on a level that reflects how classes of financial assets are managed to achieve a particular business objective. However, the determination is not dependent on management's intentions for an individual instrument, this condition is therefore not an instrument-by-instrument approach and assessment is made on a higher level of aggregation. However, the Mortgage bank has more than one business model for managing its financial instruments.

#### **The following business models were identified for IFRS 9 classification and measurement purposes:**

- Held to Collect ("HTC"): Financial instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and are managed to realize cash flows by collecting contractual payments over the life of the instrument. There is no need to hold all of those instruments until maturity. Sale is permitted if the Mortgage bank sells financial assets when there is an increase in the assets' credit risk, because the credit quality of financial assets is relevant to the Mortgage bank's ability to collect contractual cash flows. In addition, sales may be consistent with the objective of this business model if the sales are made due to an increase in the concentration of credit risk or close to the maturity of the financial assets.
- Both Held to Collect and for Sale ("HTCS"): the objective is achieved by both collecting contractual cash flows and selling financial assets. The objective of the business model beside of the collecting for the contractual cash flows is to realise profit from the growth of the fair value of the instruments, and to minimise the losses arising from the increase or decrease of the fair value changes of the instruments in mid- or long-term. Compared to a HTC business model, this business model will typically involve greater frequency and value of sales.
- Held to Benefit from Changes in Fair Value ("OTHER"): mainly trading securities, with the objective of realizing cash flows through the sale of the assets. This business model is a residual category.

The business model assessment reflects the expectations of the Mortgage bank, not just its intension but its ability to manage its financial assets. Consequently, this assessment is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. Therefore, if the Mortgage bank plans to sell a certain portfolio or financial assets in a 'stress case' scenario, it does not affect the business model assessment if the Mortgage bank does not reasonably expect it to occur.

In the assessment of the SPPI criteria's the Mortgage bank analyses whether the contractual cash flows of loan commitments and other debt assets contain solely payments of principal and interest, so the principal based on contract and the related interest payments are consistent in line with the base contract. In the base contracts the time value of money and credit risk are the most important elements of interest.

#### **Accordingly, the three principal classification categories for financial assets are the following:**

##### Financial assets at amortised costs:

The Mortgage bank measures at amortised cost those financial assets which were classified under HTC business model, furthermore the contractual terms give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding. Such assets comprise mainly loans and advances to customers and other banks, furthermore debt securities and accounts receivables.

##### Financial assets at fair value through other comprehensive income ("FVOCI"):

The Mortgage bank measures at fair value through other comprehensive income those financial assets which were classified under HTCS business model, furthermore the contractual terms give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding. The Mortgage Bank classifies here the various debt securities that meet these criteria.

##### Financial assets at fair value through profit and loss ("FVTPL")

The Mortgage bank measures those financial assets under this category which were classified under OTHER business model, or those financial assets which are under HTC or HTCS, however they do not meet the SPPI condition that contractual terms give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding. The Mortgage bank classifies into this category the derivative financial instruments it holds.

#### **Hedging instruments**

The purpose of transactions to hedge risks ("hedges") is to neutralize the potential losses that could be incurred in respect of a given instrument, due to volatility in a given financial risk factor (e.g., interest rates, inflation, exchange rates, market prices, etc.), through gains that can be made on a different instrument, with the objective of offsetting the changes in the fair value or cash flows of the hedged item with those of the hedging instrument.

Hedge accounting aims to remove the volatility which would occur in the profit and loss account when the native accounting classification of hedged item and hedging instrument requires them to be treated differently (e.g., the hedged item is recognized at amortized cost, while the hedging instrument, normally a derivative, is recognized at fair value).

For hedging transactions, since 1 July 2025 the Mortgage bank has adopted the provisions of Chapter 6 of IFRS 9.

As allowed by IFRS 9 6.1.3, the Group will continue to apply IAS 39 rules on hedge accounting for fair value hedge strategies referred to the interest rate exposure of a portfolio of interbank funds ("Macro Fair Value Hedge").

Upon IFRS 9 transition, the following drivers have been adopted by the Group:

- all hedging relationships established under IAS 39 have been confirmed as qualifying hedges under IFRS 9 and re-designated accordingly as continuing hedging relationships (in this context, no rebalancing needs have been assessed);

In view of the above, the mid-year transition had no impact on the results or the hedging assessment of the relationships, as the reclassification did not result in the termination of the hedging relationships, and the designation of the relationships did not change either. The transition only affected the updating of the background documentation, so the mid-year nature of the transition did not result in any deviation from standard treatment.

The Mortgage bank only qualifies a hedge relationship accounted for under IFRS 9 as eligible for hedge accounting if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, including the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedging relationship meets all of the following hedge effectiveness requirements:
  - there is an economic relationship between the hedged item and the hedging instrument,
  - the effect of credit risk does not dominate the value changes that result from that economic relationship,
  - the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item, provided that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness.

In the case of macro fair value hedges established in accordance with IAS 39, the Mortgage bank assesses both at the inception of the hedge relationship and on an ongoing basis whether the hedging instruments are expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged items over the period for which the hedge was designated, and whether the actual results of each hedge fall within the 80-125 percent range.

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

There are certain derivatives that are designated as hedging instruments in cash flow hedges. They serve as hedges against the variability of cash flows. Variable-rate interest receivables, payments on variable-rate assets and liabilities are swapped for fixed-rate interest payments, primarily by means of interest rate swaps. Interest rate swaps are also used to hedge the exposure to changes in the fair values of fixed rate securities at fair value through other comprehensive income attributable to changes in market interest rates.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss related to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. The Mortgage bank does not currently have cash flow hedging transactions.

Hedge accounting is discontinued when the Mortgage bank revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income from the period when the cash flow hedge was effective remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss. In a fair value hedge relationship, any adjustment to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life. However, if amortizing using a recalculated effective interest rate is not practicable, the adjustment shall be amortized using the straight-line method.

When calculating hedge ineffectiveness, the Group considers the fair value changes excluding valuation adjustments such as FVA, CVA, DVA, FuVA. All fair value changes related to valuation adjustments are recognised in the statement of profit and loss.

The accounting for derivative financial instruments held for hedging purposes, hedged instruments and hedge ineffectiveness is presented in Supplementary Note 33.

### **Financial liabilities**

The Mortgage bank measures financial liabilities at amortised cost, except for those financial liabilities which are valued at fair value through profit and loss. The Mortgage bank decided not to use the possibility of the optional, irrevocable classification of its financial liabilities as financial liabilities at fair value through profit or loss.

### **3.3.2 Recognition and de-recognition**

The Mortgage Bank recognises financial assets and liabilities using settlement date accounting. On initial recognition, the Mortgage Bank measures financial instruments at fair value, plus or minus transaction costs that are directly attributable to the issue or acquisition of the financial asset or financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss.

For financial instruments at fair value through profit or loss, gains and losses arising from changes in the fair value of assets and liabilities between the trade date and the settlement date are recognised in the income statement if the asset or liability is at fair value through profit or loss or in equity if the asset is a financial asset at fair value through other comprehensive income. Loans and receivables, mortgage bond is recognised on the date on which the amount is paid to the counterparty to the transaction.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Mortgage bank has transferred substantially all risks and rewards of ownership. (If the Mortgage bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Mortgage bank shall determine whether it has retained control of the financial asset. In this case, if the Mortgage bank has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled, or expire.

### **3.3.3 Measurement**

#### Initial Measurement

Financial assets are initially recognised at fair value. The related transaction costs are recognised in accordance with the valuation model applied to the financial asset. Typically the fair value of financial assets agrees with the consideration paid.

#### Subsequent measurement

Subsequent to initial recognition all trading and hedging financial assets and liabilities and all financial assets at fair value through other comprehensive income are measured at fair value.

The financial assets at amortised cost are measured at their amortised cost less accumulated impairment losses. Premiums and discounts are included in the carrying amount of the related instrument and are amortised. For detailed rules on the recognition of impairment of financial assets, see Note 4 Risk management policy.

#### Fair value measurement principles

The fair value measurement principles, applied by the Mortgage bank, are described in Note 5.

#### Gains and losses on subsequent measurement of FVOCI assets

Gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income are recognised in the fair value through other comprehensive income reserve, except for those that are in a fair value hedging relationship, for which the change in fair value due to hedged risk is recognised in the income statement. Gains and losses arising from changes in the fair value of derivatives used as cash flow hedging instruments are recognised in the cash flow hedging reserve. Any impairment losses on financial assets at fair value through other comprehensive income are recognised in the income statement.

On derecognition of the transactions, the accumulated balance in the revaluation reserve is eliminated. For debt instruments, derecognition is made against profit or loss, while for equity instruments designated by the Mortgage bank as FVOCI, the accumulated revaluation difference is transferred to the retained earnings.

### **3.3.4 Modification to financial assets and liabilities**

When the Mortgage bank renegotiates a financial instrument, modifies its contractual terms or replaces it with a new financial instrument, it carries out an evaluation. On the basis of the valuation, if the renegotiated cash flows are materially different from the contractual cash flows of the original instrument, the original financial asset is derecognised and the renegotiated financial instrument is recognised instead.

The Mortgage bank considers the following changes to be substantive, significant changes that result in derecognition accounting:

- Inclusion of a factor in the contract that violates SPPI criteria in the contract;
- Contract modification due to intervention of government authorities or contract modification due to natural disaster – such contract modifications are evaluated by the Mortgage Bank on a case-by-case basis by intervention whether the modification is substantial and should result in the derecognition of the financial asset. The evaluation of governments measures in 2025-2024 has been presented in detail in Note 6;
- Change in the currency of the financial instrument;
- Change in the debtor's identity;
- Change in the type of interest rate (fixed/variable);
- Change from non-revolving to revolving loan or vice versa;
- Modifications for commercial reason which modify the basic parameters of financial instruments (e.g. maturity) by applying market conditions to customers who are not in financial difficulty and which modify the cash flow of contracts primarily to avoid the loss of existing customers.

If the contract amendment is not a substantive change, the Mortgage bank will determine the reason for the contract amendment.

Contract amendments due to changes in credit risk:

- have been the result of a deterioration in the debtor's credit risk that has put in doubt the recovery of the amount lent,
- are designed to maximise the Mortgage bank's return and not specifically to increase the credit risk of the parties by rebalancing the cash flow conditions.

For contractual amendments resulting from changes in credit risk that are not substantive modifications, the Mortgage bank recalculates the gross carrying amount of the financial asset and recognises the difference between the new gross carrying amount and the gross carrying amount before modification as a gain or loss on modification in profit or loss.

The Mortgage bank derecognises a financial liability if its terms have changed and the cash flows from the modified financial liability are materially different. The Mortgage bank considers the terms to be materially different if the discounted present value of the new cash flows, including fees paid net of fees received and discounted at the original effective interest rate, differs by at least 10 per cent from the discounted present value of the remaining transaction cash flows of the original financial liability.

In addition to the 10 per cent threshold, the Mortgage bank also considers the following amendments to be significant changes that result in derecognition accounting:

- Contract modification due to intervention of governmental authorities or contract modification due to natural disaster - such contract modifications are evaluated by the Mortgage Bank on a case-by-case basis by intervention whether the modification is substantial and should result in the derecognition of the financial asset. The evaluation of governments measures in 2025-2024 has been presented in detail in Note 6;
- Change in the currency denomination of a financial liability;
- Exchange of debt instruments;
- A significant change in the maturity of the liability compared to the total maturity;
- Significant change in interest rate terms (e.g. fixed/variable).

If the cash flows from the modified financial liability measured at amortised cost are not materially different from those before the modification, the modification does not result in derecognition of the original financial liability. In such a case, the Mortgage bank recalculates the amortised cost of the financial liability and recognises the difference between the new amortised cost and the amortised cost before the modification as a gain or loss on the modification in profit or loss.

### **3.4 Net gain and loss on foreign exchange**

Foreign currency transactions are translated into the functional currency using the daily MNB exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges.

### **3.5 Intangible assets and amortisation**

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. The cost of intangible assets less expected residual value at the end of the useful life of the asset is amortized over the periods in which the Mortgage Bank expects the asset to be used. The intangible assets are amortised on a straight-line basis. The annual rates of amortisation used are 20%.

Amortisation is accounted for starting from the day the assets are put in use. Intangible assets are reviewed periodically and impairment is recognised for assets where the carrying value is permanently higher than the fair value of the assets.

### **3.6 Impairment on non-financial assets**

The Mortgage bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. If there is objective evidence that a non-financial asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment (if recoverable value is estimated to be less than its carrying value) is recognised in the statement of profit or loss.

If the circumstances for impairment cease to exist, it can be reversed but the increased carrying amount the asset cannot exceed the net carrying amount it would have had if there had been no impairment losses recognised in prior years.

### **3.7 Loans and advances**

Loans and advances originated by the Mortgage bank are classified as financial assets at amortised cost. Purchased loans are held to maturity based on Mortgage bank's intention and ability and met SPPI criteria, are also classified as financial asset at amortised costs.

Loans granted by the Mortgage bank held at amortised cost are stated at amortised cost less any impairment for credit losses, which represents the amount expected to be recovered.

The purchased or originated assets becomes credit-impaired ("POCI") at initial recognition. The initial recognition date of POCI assets is the date on which the contractual terms of the financial asset become binding on the Mortgage bank. The POCI classification remains on the Mortgage bank's books from initial recognition until derecognition, and no impairment stages are identified for these assets.

More information about Stage categories is presented in Note 4.

The effective interest method is used to determine the income earned on loans and receivables measured at amortised cost during the financial year. The effective interest rate is determined for all loans and receivables individually. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability. All contractual cash flows, including fees and commission income, are taken into account in the calculation of the effective interest rate, as are potential premiums and discounts. Estimated future losses are not included in the calculation until the asset becomes impaired (Stage 3). Once impaired, the interest calculation is based on the gross carrying amount less the recognised losses. For POCI financial assets, interest income is determined using the loan adjusted effective interest rate. The result of this calculation is recognised in the income statement.

### **3.8 Impairment and losses on credit products**

In accordance with the accounting policies, the Mortgage bank reviews its portfolio of receivables at regular intervals and, if necessary, recognises an impairment loss based on expected credit losses. Increases or decreases in the value of financial assets carried at amortised cost are recognised in the income statement. For debt instruments measured at fair value through other comprehensive income, no impairment loss is recognised in the statement of financial position because the carrying amount of these financial assets is equal to their fair value. Impairment losses recognised on these financial instruments are recognised in the fair value reserve. Further details on the valuation of financial instruments are provided in Note 4 Risk Management Policy.

### **3.9 Deposits from banks and customers**

These liabilities are amounts, which are accepted by the Mortgage bank from other banks, and which serve as funding of the business. The liabilities at recognition are valued at fair, later they are valued at amortised cost. The Mortgage bank does not classify any such liability as at fair value through profit or loss instrument.

### **3.10 Issued debt securities**

Mortgage bond, unsecured bonds are recognised as financial liabilities measured at amortised cost, initially measured at fair value minus incremental direct transaction cost. Subsequently, they are measured at their amortised cost under the effective interest method.

In the statement of financial position, the Mortgage bank discloses issued debt securities as a separate line item under liabilities.

The Mortgage bank's primary source of funds is generated from issuance of mortgage bonds. Mortgage bonds are secured bonds. The Mortgage bank may issue such a bond only if it has sufficient collateral, which may include purchased and own independent mortgage rights and other securities such as government bonds and treasury bills.

The stand-alone mortgage right is such a mortgage, which can be sold to third party, without the receivable, covering it, based on the 1997/XXX. Act on Mortgage banks.

The maximum amount of bonds issued is compliant with the upper limit as set out in Act 1997/XXX.

### **3.11 Equity elements**

#### Statutory reserves

##### *General reserve*

In accordance with Section 83 of Hungarian Act No. CCXXXVII of 2013 a general reserve equal to 10% of the net post tax income (based on the Mortgage bank's financial statements) is required to be made in the Hungarian statutory accounts. Increases in the general reserve, as calculated under Hungarian Accounting and Banking Rules are treated as appropriations from retained earnings and are not charged against income.

#### Valuation reserves

Valuation reserves are part of equity. In accordance with IFRS principles, valuation reserves include only cash flow hedge reserves, reserves for assets measured at fair value through other comprehensive income, less deferred taxes according to Note 3.15.

### **3.12 Interest receivable calculated using the effective interest method, other interest and other interest-related income, interest payable**

Interest income and interest expense calculated using the effective interest method are recognised continuously over the life of the financial instrument measured at amortized cost.

The effective interest rate is determined separately for each financial instrument. In determining the effective interest rate, all contractual cash flows are taken into account, including commissions and management fees, as well as any premium and discount. However, probable future losses are not taken into account until the asset becomes impaired (Stage 3). Once impaired, the interest calculation is based on the gross carrying amount less the recognised losses. For POCI financial assets, interest income is determined using the loan adjusted effective interest rate.

The Mortgage bank recognises interest income or interest expense calculated using the effective interest method on loans and advances, bank overdrafts, securities measured at amortised cost, securities measured at fair value through other comprehensive income, and liabilities to financial institutions, customer funds and securities issued.

The Mortgage bank recognises other interest and interest-related interest income and interest expense on interest rate swaps contracts designated as hedges of risks directly associated with its activities and on its financial instruments.

### 3.13 Commission expenses

Commission expenses include fees related to the issuance of the Mortgage Bond (other than fees incurred on origination of the Mortgage Bond) and the guarantees received.

### 3.14 Net result on hedge accounting

The Mortgage bank includes in the net results of hedge accounting the gains and losses arising from changes in the fair value of derivative contracts designated as hedging derivatives to hedge exposure to changes in the fair value of assets or liabilities - the fair value is adjusted by FVA, CVA, FuVA - and gains and losses arising from changes in the fair value of hedged item.

### 3.15 Taxation

Income tax on the profit or loss for the year consists of current and deferred tax.

The Mortgage bank considers corporate tax, local business tax and innovation contribution as income tax in accordance with IAS 12.

Current tax liabilities (tax assets) for the current and prior periods are measured at the amount expected to be payable to (or recoverable from) the taxation authorities, using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The profit for the year is adjusted according to the relevant tax regulations to calculate the taxable income.

The corporate tax base is different from the common tax base for business tax and the innovation contribution.

The Mortgage bank applies a temporary mandatory exemption for the accounting of the deferred tax effect of the additional top-up tax regulated under the global minimum tax regime, and the additional tax is accounted for as an effective tax in the year in which it is incurred.

Deferred tax is provided using the balance sheet liability method, in respect of which temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes are recognised in full. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the difference between the carrying amounts of assets and liabilities in the IFRS balance sheet and in the balance sheet for local tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that tax benefits will be realised. The Mortgage bank offsets its deferred tax assets and deferred tax liabilities against each other only if it has a legally enforceable right to set off its current tax assets against its current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and on the same taxable entity.

### 3.16 Events after the reporting date

Events after the reporting date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. These events fall into two categories: those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

All adjusting events after the reporting date have been taken into account in the preparation of the financial statements of the Mortgage bank. Events after the reporting date are disclosed in Note 41.

### 3.17 Segment report

Since the bonds, issued by the Mortgage bank are traded on the stock exchange, the management evaluated the relevance of the segment reporting based on IFRS 8 and concluded that the operating segments are not applicable in respect of the Mortgage bank.

### 3.18 New standards and interpretations

#### The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2025.

New and amended standards and interpretations issued by the IASB and adopted by the EU that are effective from the current reporting period:

- **IAS 21 "The Effects of Changes in Foreign Exchange Rates."** Amendments to IAS 21 - Non-convertibility and Estimation of Spot Exchange Rates (effective for annual periods beginning on or after 1 January 2025),

The Mortgage bank believes that the adoption of these standards and amendments to existing standards did not have a material impact on the Mortgage bank's financial statements.

## Standards and interpretations issued by the IASB and not adopted by the EU

IFRSs adopted by the EU do not currently differ significantly from regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations that have not yet been adopted in the EU at the date of issue of the financial statements:

- **IAS 21 "The Effects of Changes in Foreign Exchange Rates."** Amendments to IAS 21 – Translation to a Hyperinflationary Presentation (effective for annual periods beginning on or after 1 January 2027),
- **Amendments to IFRS 9 and IFRS 7 Financial Instruments and Financial Instruments: Disclosures** - Amendments to Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026),
- „Annual improvements to IFRS Accounting Standards – Volume 11” – Modifies five standards (IFRS1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) as a result of the annual improvement project of the IASB (effective for annual periods beginning on or after 1 January 2026)
- **IFRS 18 'Presentation and disclosure in financial statements'** - will replace IAS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2027).
- **IFRS 19 Subsidiaries without Public Accountability:** Disclosures - which aims to simplify disclosures by certain subsidiaries (effective for annual periods beginning on or after 1 January 2027).

**IFRS 18** will replace IAS 1 Presentation of Financial Statement and applies for annual reporting. The new accounting standard introduces the following key new requirements.

- Mortgage bank is required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Mortgage bank is also required to present a newly defined operating profit subtotal. Mortgage bank net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, the Mortgage bank is required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Mortgage bank is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Mortgage bank's statement of profit or loss, statement of cash flows and the additional disclosures required for MPMs. The Mortgage bank is also assessing the impact on how information is grouped in the financial statements, including items currently labelled as 'other'.

## 4 Risk management policies

The Mortgage bank designs its risk strategy in line with prudential requirements and outlined its risk standards and policies accordingly. As part of the international UniCredit Group, the Mortgage bank also incorporates into its risk processes all fundamental regulations of UniCredit Group on risk management. Risk standards and strategies are approved by the Management Board. The Management Board receives regular reports on the evolution and composition of the Mortgage Bank's portfolio and evaluates the implementation of the risk strategy. The Mortgage bank designed its risk processes aimed at identifying, measuring, monitoring, managing and mitigating risk based on its risk strategy and standards.

The most significant business risks to which the Mortgage bank is exposed are credit risk, liquidity risk, market risk (including interest rate and foreign exchange rate risks) and operational risks.

### 4.1 Credit risk

Credit risk is the risk of financial loss occurring as a result of a default by counterparty in their contractual obligation to the Mortgage bank. Credit regulations including the approval process, portfolio limit concentration guidelines, formulation of standards for the measurement of credit exposures and the risk rating of clients based on the assessment of management quality and financial statements, as well as the definition of eligible collaterals and the rules of their valuation are approved by the Management Board, the regulations themselves by the Chief Executive Officer of the Mortgage bank in accordance with the formal approval of the Chief Risk Officer of UniCredit Bank Hungary Zrt. Main elements of credit risk mitigation are proper debtor rating, appraisal of collaterals and prudent management of risks coming from transaction, client and collaterals.

Classified, problematic loans – restructuring, collection and work-out activities – are handled by UniCredit Bank Hungary Zrt. as agent of the Mortgage bank.

#### 4.1.1 Client classification, rating

Before establishing a lending relationship, a debtor rating is established in all cases, resulting in the Mortgage bank knowing the client and client group credibility in a detailed way. In case of existing lending relationships, clients are classified at least yearly based on a rating system, which incorporates qualitative and quantitative factors, as well as behavioural factors.

In case of private clients, the classification is based on client's payment history and the default events considering that the Mortgage bank has no new lending activity for private individuals.

The Mortgage bank – except for private clients – applies a rating master scale consisting of 26 notches within 10 rating classes. Thereof three notches serve for the defaulted customers, the others for the performing ones. Ratings refer to the probability of default (PD) according to the (group-wide used) master scale, where defaulted clients' PD is 100%.

### 4.1.2 Collateral management

Principles and methods for the valuation of collateral securing the transactions of the Mortgage bank involving risk-taking, as well as certain legal stipulations affecting the collateral applied by the Mortgage bank and the principles for the monitoring of collateral are set out in the collateral valuation rules.

#### General principle is that the collateral:

- shall be legally binding and recoverable;
- shall be directly accessible and
- appropriate to be liquidated in time.

The Mortgage bank accepts and registers in its system **the following types of collateral:**

- Real estate collateral,
- Financial collateral held at own bank,
- Financial collateral held with other institutions,
- Insurance,
- Personal collateral – direct (guarantee, surety, bill of exchange, assignment of letter of credit, etc.),
- Personal collateral – indirect (guarantee, surety, bill of exchange, assignment of letter of credit, etc.),
- Assignment of receivables, pledge on receivables,
- Movable property collateral,
- Other collateral.

#### According to Hpt. 99§ Mortgage bank does not accept:

- equity securities issued by itself,
- equity securities issued by close linked companies,
- shares of a credit institution or of a public limited liability company under the influence of a qualified majority as defined in the Civil Code of a credit institution or of an undertaking closely linked to a credit institution subject to supervision on a consolidated basis.

The Mortgage bank generally does not accept securities issued by client or member of client group as collateral with value for an exposure of the same client or member of client group.

Collateral has to be connected to deals per contract. As general rule, the Mortgage bank connects every collateral to every exposure.

#### Base value for collateral valuation could be:

- market value in case of reliable active market,
- value based on independent appraisal, if there is no reliable active market for this collateral type.

#### Market value

In case of real estate market value can be only market value calculated by appraisers accepted by the Mortgage Bank.

#### In case of other collateral type market value is:

- listed value (vehicles, works of art, ships, aircraft),
- stock market price in case of product listed on stock exchange,
- in case of other products value based on appraisal.

In the case of real estate collateral, the Mortgage bank also determines the collateral value of the real estate in each case.

The basis for the valuation of collateral is the market value **adjusted by the following factors:**

- Collateral haircut: a percentage showing the expected loss (in %) of the market value in case of realisation of the collateral. Haircut is separately defined for every collateral type.
- Currency haircut: in case of mismatch between the currency of the loan and that of the collateral, the Mortgage bank applies currency haircut to considering currency risk.
- Maturity haircut: maturity mismatch occurs on exceptional basis, if the term of the collateral/collateral agreement is shorter than that of the agreement for the commitment. In such cases a haircut must be applied.

The correlation between the value of collateral and the debtor's credit rating should not be high. A correlation is considered high if a collateral-related variable plays a role in the borrower's credit rating with a weight of more than 50%.

The Mortgage Bank is continuously monitoring existence, value and enforceability of collaterals, frequency of monitoring is based on type of the collateral. In case of real estate collateral, the value is established by a valuation expert who is independent from the credit process. The value of real estate shall be reviewed regularly: at least once a year for non-residential and residential real estate as well. The price/value of financial collateral is updated on a monthly basis in the collateral system. Eligibility of guarantees and surety is subject to proper evaluation of the guarantor according to the respective internal rules.

The allocated collateral value is determined by the Mortgage Bank in accordance with the above as follows: the initial value of the collateral adjusted by the appropriate multipliers (eligibility limit, currency mismatch haircut, maturity mismatch haircut, etc.) and maximised in the value of the related exposure.

### 4.1.3 Loan classification, impairment

Since 01 January 2018 the loan-loss provision calculation is based on the IFRS 9 standards in case of those financial instruments exposed to credit risk. According to the accounting and the regulatory requirements the provision calculation is based on the expected

credit loss approach. At the reporting date the financial instrument should be evaluated with the 12-month expected credit loss if significant increase in the credit risk of the unit cannot be observed since the initial recognition. If the credit risk increases significantly full lifetime expected credit loss recognized in the profit and loss calculation and in case of the purchased or originated credit impaired assets (POCI) as well.

Lifetime expected credit losses are estimated using a Mathematical/Statistical approach considering the characteristics of different sub-portfolios and the changes of the observed default rates. In line with the UniCredit Group approach the lifetime probability of default curves are segmented based on the rating grades – the rating grade profile derived from the internal rating scales used by the UniCredit Hungary. According to the IFRS 9 standards the current and expected macroeconomic trends are considered as well, meaning that the first several years of the lifetime PD profiles are adjusted with the forward-looking information. This PIT (point in time) rescaling factor – delivered by the UniCredit Group – is denoted the forward default rates and utilized to adjust the estimated TTC PD curves in order to reflect the short-term macroeconomic impacts. After the PIT adjustment the so-called punctual PD curves are calculated on transaction level combining with the regulatory/managerial probability of defaults.

According to the IFRS 9 standard, at each month-end the bank evaluates whether the credit risk has significantly increased since the initial recognition or not in case of financial assets where credit risk is relevant. Based on the UniCredit Group Guidelines both quantitative and qualitative triggers could take into account during the valuation. The quantitative approach is based on the comparison of the one year IFRS 9 probability of defaults related to the origination date and the current one: if the probability of default of the financial asset is higher than the PD threshold – estimated by a statistical model – than significant increase is assessed. The sub-portfolio characteristics are considered as well, when the statistical parameters are estimated. Not only this approach but qualitative information is considered as well. According to the UniCredit Group approach and the recommendations of the Central Bank of Hungary the following qualitative triggers are considered:

- 1-30 or 31-60 day past due,
- restructured status,
- special treatment - clients still performing.

With the consideration of the significant increase of the credit risk the bank is classifying the performing portfolio to two sub-segments and the non-performing assets are assigned to the third one.

- **Stage 1** - All financial assets where credit risk is relevant and significant increase of the risk has not been observed since the initial recognition are assigned to the stage 1 portfolio. With respect to the IFRS 9 standards 12 month expected credit loss is calculated in case of the stage 1 portfolio. At the initial recognition except the POCI assets financial instruments are assigned to the stage 1 portfolio.
- **Stage 2** - All financial assets where credit risk is relevant and significant increase of the risk has been identified since the initial recognition due to the aforementioned reasons are shifted to the stage 2 portfolio. With respect to the IFRS 9 standards lifetime expected credit loss is calculated in case of the stage 2 portfolio.
- **Stage 3** - This portfolio includes non-performing financial instruments. For these financial instruments, the Mortgage bank recognizes impairment based on the expected loss over the life of the instrument in accordance with IFRS 9.

In addition to the above categories, the Mortgage bank classifies in POCI assets those purchased or originated financial assets that are impaired at inception (i.e. meet the definition of non-performing). POCI assets are initially recognised at amortised cost less impairment (life expectancy loss) and are subsequently carried in the statement of financial position at amortised cost using the credit-adjusted effective interest rate. On subsequent measurement, the cumulative changes in the lifetime expected credit losses since initial recognition are recognised in profit or loss as impairment gains or losses on POCI assets.

In case of financial instruments where the Mortgage Bank could not determine whether a significant increase in credit risk has occurred based on available quantitative information, the Mortgage Bank considered in the determination of the stage allocation whether the instrument was investment grade or not based on the rating scale.

The stage allocation methodology of the Mortgage Bank was updated in 2025 (i.e.: through the replacement of the quantile regression model with the PD threshold approach and the addition of new quantitative backstop indicators) in order to ensure the alignment with the current approach applied by the Group and Unicredit Bank Hungary.

#### **4.1.4 Definition of default**

The Mortgage Bank will consider a default of a customer to have occurred if either or both of the following occurs:

- the Mortgage Bank believes that the counterparty is unlikely to meet in full its credit obligations to the institution, its parent or any of its subsidiaries, unless the institution has recourse to the institution to call the collateral,
- the customer's material credit obligation to the Mortgage Bank, its parent or any of its subsidiaries is past due for more than 90 days. The Mortgage Bank has defined the extent of a significant obligation as follows:
  - For retail customers and micro-enterprises: the higher of EUR 100 on a given credit claim (fixed limit) and 1% of the gross amount of the balance sheet exposure on the given credit claim calculated without taking into account exposures representing an ownership interest (relative limit)
  - For small, medium and large corporate customers: the higher of EUR 500 (fixed limit) on a given credit claim and 1% of the gross exposure amount on the balance sheet of the given credit claim excluding exposures to which the Bank has an ownership interest (relative limit).

#### **4.1.5 Forward-looking information**

According to the IFRS 9 standards, forward-looking macroeconomic information was considered in the loan-loss provision calculation. The Mortgage bank incorporates forward-looking information in the IFRS9 PD and LGD parameters using so-called delta parameters.

The delta parameters are calculated centrally by UniCredit Group using so-called Satellite models and are applied locally. The resulting delta parameters are applied to the underlying default rate for the PD parameter and to the underlying rate of return for the LGD parameter. The ratio indicators provided by UniCredit Group ensure the weighting of the scenarios in the expected loss calculation. The Group uses a total of three scenarios for which the weights are determined centrally by UniCredit Group (baseline 60%, negative 35%, positive 5%).

#### **4.1.6 Write-off policy**

If it is determined and demonstrated, as required by the Mortgage bank's "Write-off on financial assets" policy, that the Mortgage bank cannot reasonably expect to recover all or part of the financial asset (i.e. the receivable is considered uncollectible), the Mortgage bank writes off loans and securities (together with related impairment losses) as a loss. A write-off of a financial asset may relate to all or part of the financial asset.

Any subsequent recoveries of previously uncollectible amounts are recognised in profit or loss.

#### **4.1.7 Actual tendencies in lending**

All corporate loans were repaid, the Mortgage bank was active only in refinancing of banks, in other business segments there were no new disbursements. The Mortgage bank actively manages its existing retail and property development loan portfolio.

The Group and the Mortgage bank puts a special emphasis on the collection and restructuring processes, where taking into consideration and fulfilling regulation 39/2016. (X. 11.) and recommendations 2/2019 (II.13), 5/2022 (IV.22), 6/2024. (VI.21.) and 7/2024. (VI.21.) of the National Bank of Hungary providing continuous renegotiation opportunities for private customers indicating financial problems or deterioration in their economic situation or the bank detects it due to the actual overdue instalments.

Further information on government safeguards is provided in Note 6.

### **4.2 Liquidity risk**

Liquidity risk arises if the bank is unable to meet due obligations associated with its financial liabilities in time in any currency.

The objective of prudential liquidity management is to ensure that the Group has the ability to generate sufficient funds to meet all cash flow obligations as these fall due.

Liquidity risk is managed on Group level ensuring important role for the Mortgage bank and the issue and refinance of mortgage bonds.

Effective liquidity management is gaining importance in recent years ensuring market confidence and protect the capital base while permitting effective growth. The Group has created its own short term and structural liquidity models similar to the efforts of the Basel Committee.

The Mortgage bank takes into account also the local legal requirements related to hedging pool and monitors the Basel3 liquidity ratios.

Limits regarding the maximum net outflow of funds in a particular period (typically short-term) and in a particular currency and all currencies are in place and are monitored daily. Long-term funding plan and structural liquidity is approved and monitored by the Mortgage bank's Financial Risk Committee ("FRC").

In line with UniCredit Group-wide standards, the Group deals with liquidity risk as a central risk in banking business by introducing and monitoring short-term and medium-term liquidity requirements. In this context the liquidity situation for the next few days and also for longer periods is analysed against a standard scenario and against scenarios of several general and bank-specific liquidity crisis. The degree of liquidity of customer positions and proprietary positions is analysed on an ongoing basis. Procedures, responsibilities and reporting lines in this area have been laid down in the liquidity policy, which includes a contingency plan in the event of a liquidity crisis.

Short-term and structural liquidity limits of the Group were observed continuously in 2024. The degree to which accumulated liquidity outflows are covered by accumulated inflows within the following month and year is determined on an ongoing basis. It was used as a key figure in managing the Group's liquidity and funding. Beyond the limits on ratios, absolute gap limits are in place to decrease central funding and liquidity dependency. In addition, the Mortgage bank has managed and complied with the requirements for unsecured intra-group lending.

The maturity analysis of non-derivative assets and liabilities and the exposure to interest rate risk are represented in Notes 31 and 32.

### **4.3 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's default) will affect the Group's income or the fair value of its holdings of financial instruments.

Market risk management encompasses all activities in connection with the Mortgage banks' operations and management of the statement of financial position structure as a member of the Group. Risk positions are aggregated at least daily, analysed by the independent risk management unit and compared with the risk limits set by the Management Board and the FRC designated by the Management Board. At the Group market risk management includes ongoing reporting on the risk position and limit utilisation. The Mortgage bank applies uniform risk management procedures based on UniCredit Group standards.

The internal risk model is also used to calculate the economic capital requirement. The methodology for calculating economic capital covers all major risk categories: interest rate risk, equity position risk (general and specific) and foreign exchange risk.

As the Mortgage bank does not have trading book, it does not calculate Pillar 1 capital requirement.

Regular and specific stress scenario calculations complement the information provided to FRC and the Management Board. Stress scenarios are based on assumptions of extreme movements in individual market risk parameters. The Group analyses the effect of such fluctuations and a liquidity disruption in specific products and risk factors on the Group's results.

The daily reporting also includes details of volume-oriented sensitivities which are compared with the respective limits. The most important detailed presentations include: basis point values (interest rate / spread changes of 0.01%) by repricing band, FX sensitivities and sensitivities in equities and emerging-market/high-yield positions (by issue, issuer and market) by delta equivalents.

In the interest rate risks, for example, basis point limits per currency and repricing band, basis point totals per currency and/or per repricing segment (total of absolute Basis Point Values - BPV) are used for risk management.

By analogy to the detailed presentation of basis point positions in the interest rate sector, daily reporting presents details of credit spread by issue and repricing band. The BPV and credit spread points analysis are presented in Note 38. Note 39 provides information on the interest rate repricing sensitivity of balance sheet items.

#### **4.3.1 Management of statement of financial position structure**

Interest rate risk and liquidity risk from customer transactions is attributed to Group's treasury operations throughout the UniCredit Group.

#### **4.3.2 Foreign exchange rate risk**

The Mortgage bank has assets and liabilities (on and off-balance sheet) denominated in several foreign currencies. Although the Mortgage Bank covers this risk on an ongoing basis within the limits available, it is exposed to a certain degree of exchange rate risk. Foreign exchange rate risk arises when a mismatch occurs in the spot and forward asset/liability structure within a currency.

The statement of foreign exchange exposures (currency structure of assets and liabilities) is presented in Note 30.

### **4.4 Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, inappropriate performance of tasks by personnel, or from external events. It includes, among others, legal risk, model risk, and information and communication technology (ICT) risk, but does not include strategic or reputational risk.

Operational risk events are those resulting from inadequate or failed internal processes, personnel and systems or from systemic and other external events: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to Mortgage bank's physical assets, business disruption and ICT system failures, process management, damage to ICT Security related events, financial sanctions, breach of regulations of data protection, tax and damage caused by third-party.

The Mortgage Bank calculates the capital requirements of operational risk according to the Standardised Measurement Approach (SMA) from 1 of January 2025.

Controlling of the operational risk activity is outsourced to UniCredit Bank Hungary Zrt., the responsible unit is Non-Financial Risks securing that all legal and internal group regulations are met and coordinating decentralized operational risk management. Operational risk events and losses of the Mortgage bank are collected in a separate system which is defined on group-wide standards.

UniCredit Bank Hungary's Management Board is responsible for the effective oversight over operational risk exposure of the Mortgage bank. The Non-Financial Risks will notify the Management Board of UniCredit Bank (partly via Non-Financial Risks & Controls Committee – NFRCC – meetings) about significant operational risks, their changes as well as relevant breaches to policies and limits. The Mortgage bank's Management Board shall have an overall understanding of operational risk control framework and of how operational risk effects the Mortgage bank.

The Group's Management Board ensures that:

- the operational risk control process is sound and fully communicated and implemented in specific policies process and procedures within the business units taking into account the appropriateness and effectiveness;
- operational risk managers in the business lines are appointed, coming in for adequate support in order to perform their duties;
- the relevant committees are informed on changes in risk profiles and exposure, supported by the Non-Financial Risks.

UniCredit Bank Hungary's Management Board is responsible for approving all the material aspects of the operational risk framework, including the appointment of the office responsible for its implementation and control.

In the Group, the Non-Financial Risks & Controls Committee of UniCredit Bank Hungary Zrt. shall act as a decision-making body for issues arising from and connected with operational and reputational risks.

The Permanent Workgroup, which also meets quarterly, is operationally active and serves to identify, monitor, mitigate, define action plans and follow up operational risks. The issues and proposals discussed by the Task Force also form the basis of the material to be presented to the Non-Financial Risk & Control Committee.

The affected Committees have own deed of foundations which include roles, responsibilities, activities, members and decision-making process.

In reviewing the Operational Risk Framework, Internal Audit is responsible for assessing the operation and effectiveness of this framework and its compliance with regulatory requirements. Internal Audit also monitors the collection and management of data on operational risk events.

The Non-Financial Risks operates the framework and coordinates the decentralised operational risk management activities, which are carried out by the operational risk managers (divisional and administrative) assigned to each business unit.

## 5 Use of estimates and judgements

These disclosures supplement the commentary on risk management policy.

### 5.1 Fair value measurement

As far as valuation prices and techniques of financial instruments are concerned, the Mortgage bank follows a measurement using a three-level fair valuation hierarchy, which reflects the significance of the inputs used in measuring fair values and contains the following three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices observed in non-active markets) or indirectly (i.e., derived from prices observed for similar assets or liabilities);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of financial instruments by level of Fair Value Hierarchy is described in Note 34.

Fair valuation is supplemented by a Fair Value Adjustment that inter alia covers the effect of widened bid-ask spreads and the deteriorated liquidity of respective securities.

In accordance with IFRS requirements the Mortgage bank books CVA/DVA (Credit/Debit Valuation Adjustment) and FuVA (Funding Valuation Adjustment) as an adjustment to the fair value of its OTC derivative trades. Both CVA/DVA and FuVA calculation are performed centrally by UniCredit Group.

### 5.2 Fair value measurement principles

The fair value of financial instruments is based on their quoted price in an active market for that instrument at the balance sheet date, without any deduction for transaction costs. A market is considered as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a quoted market price is not available or the market is not active, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, the estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at balance sheet date.

The fair value of derivatives that are not exchange-traded are estimated at the amount that the Mortgage bank would receive under normal business conditions to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

The Mortgage bank applies fair value adjustments which arise from close-out costs and less liquid positions. Trading assets and assets at fair value through other comprehensive income are adjusted by fair value adjustments figures.

Valuation techniques and key inputs are used when determining the fair value of financial instruments are described in Note 34.

The Mortgage bank has not been involved in securitisation transactions and does not hold any credit derivatives or structured OTC products (e.g. CDO - collateralised debt obligation, SIV - structured investment vehicle). The bonds issued by the Mortgage Bank are covered bonds, with the underlying loans remaining on the books of the issuer and complying with the strict requirements of the Mortgage Credit Institutions Act.

## 6 Impact of economic safeguards on the financial statement

The Hungarian Government maintained most of its regulations with the aim of protecting the economy throughout 2025. The most relevant of these measures from the Group's perspective were

- extension of interest rate freeze;
- modification of extra profit tax.

### 6.1 Interest rate freeze

On 24 December 2021, the Government introduced an interest rate freeze on mortgage loan contracts linked to the reference rate in Government Decree 782/2021, which was extended to non-subsidized mortgage loans with a fixed interest rate for a maximum period of 5 years from 1 January 2022, and from 1 November 2022 to non-subsidised mortgage loans with a fixed interest rate for a maximum period of 5 years. The government's interest rate freeze has been extended every six months since its introduction, with the most recent, Government Decree 364/2025 (XI. 26.) extended the duration of the interest rate freeze until 30 June 2026.

Essential elements of the Interest rate freeze:

- The legislation maximised the reference interest rate applied at the rate in force on 27 October 2021.- In the case of mortgage loans with an interest rate linked to the reference rate, which are subject to the Regulation, the Regulation stipulates that the reference rate

shall be fixed at the rate applicable on the day of the end of 2022. 1 January 2022 to 30 June 2025, it shall not be higher than the contractual reference rate in force on 27 October 2021, the date of entry into force of the Regulation, i.e. the date on or before 1 January 2022.

- In the case of non-subsidized mortgage loans granted at a fixed interest rate for a maximum period of five years, the interest payable by the customer shall be determined at the interest rate turnaround date for the period from 1 November 2022 to 30 June 2025, if the reference rate in the contractual interest rate variation index on the interest rate turnaround date is higher than the rate on 27 October 2021, the lower reference rate on 27 October 2021 shall be used for the calculation instead of the higher rate. The Mortgage bank regards the temporary reduction of the reference rate by regulation as a change in the interest cash flow of the loan, which results in a renegotiation or modification of the contractual cash flow of the financial instrument. In accordance with the above, the Mortgage bank determined the net present value of the affected loans by taking into account the cash flows under the regulations and recorded the difference between the recalculated net present value and the unadjusted value as a loss on contract modification. Loss amounts are presented within the statement of profit or loss under line item Impairment and losses on credit products - every financial year starting from the financial year 2021.

In calculating the original unadjusted net present value, the Mortgage bank made assumptions about the evolution of the benchmark interest rate over the period of the interest rate freeze. The contract modification loss amounts that result from the calculations are recognized when the measures are implemented and, unlike the payment moratoria, the loss value is not reviewed during the term of the measures because, unlike the payment moratorium, the post-modification cash flows for the interest rate freeze are known and do not contain uncertainty. As a consequence, contract modification losses recognised at the time of the measures are reversed through increased interest income in the profit and loss account during the period of the measures. Unamortised contract modification losses at year-end reduce the gross amount of customer receivables.

### Impact of interest rate freeze on the Mortgage bank's statement of profit and loss

Item description	2025	2024
Modification losses recognised on loans in connection with interest rate freeze	(50)	(62)
<b>Total</b>	<b>(50)</b>	<b>(62)</b>

## 6.2 Extra profit tax

In the framework of Government Decree 197/2022 (VI.4.), a new temporary tax - called the extra profit tax - was introduced in 2022 to preserve the balance of public finances.

When introduced, the extra tax for credit institutions is based on the net turnover determined on the basis of the annual accounts of the preceding tax year, in accordance with the Local Taxes Act. The special tax rate was 10% in 2022 and 8% for the first half of 2023.

Following its introduction, the basis and rate of the extra profit tax have been amended several times. The detailed rules for the extra profit tax payable in 2024 were laid down by the Government in Decrees 206/2023. (V.31.) and 183/2024. (VII. 8.). In 2024, the tax base was the pre-tax profit for 2022. The tax rate is 13% for the portion of the tax base not exceeding HUF 20 billion and 30% for the portion exceeding that amount. According to the decree, credit institutions may reduce their special tax payment obligation for 2024, which is due by December 10, if the Hungarian government bonds they own that expire after January 1, 2027, have a daily average yield (calculated at face value) between January 1, 2024, and November 30, 2024, of at least 1.5%. The reduction can be applied up to the limits specified in the decree and can be taken into account up to a maximum of the increase in the total government securities portfolio calculated using the same method. The reduction may be applied up to the limits specified in the decree and may be taken into account up to the increase in the total stock of government securities calculated using the same method.

Based on Government Decree 356/2024 (XI.21.) and the implementation of the rules in Act LIV of 2025, the basis for the extra profit tax in 2025 is the pre-tax profit determined on the basis of the 2023 annual report. The tax rate is 7% for the portion of the tax base not exceeding HUF 20 billion and 18% for the portion exceeding that amount. According to the decree, credit institutions may reduce their special tax payment obligation due by December 10, 2025, if the average daily balance of Hungarian government bonds owned by them and maturing after January 1, 2029, calculated at face value between January 1, 2025, and November 30, 2025, increases compared to the base period specified in the legislation (and if the total amount of government securities held by them increases by at least 10% compared to the base period specified in the legislation) calculated at face value, increases compared to the base period specified in the legislation (and provided that the daily average balance of the total government securities portfolio also increases).

Based on the legal requirements, the Mortgage bank had a tax liability of HUF 137 million in 2025 and HUF 76 million in 2024, which was recognized in general operating expenses.

The tax reduction option related to government securities purchases will also be available in 2026, subject to compliance with the statutory limits, provided that the portfolio of HUF-denominated government securities maturing after January 1, 2030 increases compared to the base periods specified in the law.

## 7 Net interest income

Interest and similar income	2025	2024
<b>Interest income calculated using the effective interest method</b>		
Interest income from banks	27,054	31,720
Interest income from customers	245	287
Interest income on securities at fair value through other comprehensive income	297	280
Interest income on securities at amortised cost	2,471	2,803
<b>Total</b>	<b>30,067</b>	<b>35,090</b>
<b>Other interest income</b>		
Interest income on hedge accounting	7,212	8,158
<b>Total</b>	<b>7,212</b>	<b>8,158</b>
<b>Total interest income</b>	<b>37,279</b>	<b>43,248</b>

Interest expense and similar charges	2025	2024
Interest expense to banks	(5,171)	(8,522)
Interest expense on hedge accounting	(10,388)	(13,318)
Interest expense to customers	-	(2)
Interest expense on issued bonds	(16,459)	(15,489)
<b>Total interest expense</b>	<b>(32,018)</b>	<b>(37,331)</b>
<b>Net interest income</b>	<b>5,261</b>	<b>5,917</b>

## 8 Net fee and commission expense

Fees and commission expense	2025	2024
Financial guarantee fees	(389)	(361)
Custody service fees	(37)	(24)
Mortgage bond issuance fees	(70)	(60)
Other financial services fees and commissions	(6)	(5)
<b>Total</b>	<b>(502)</b>	<b>(450)</b>
<b>Net fee and commission income / (expense)</b>	<b>(502)</b>	<b>(450)</b>

Financial guarantee fees are paid in connection with the guarantee agreement concluded between UniCredit Bank Hungary Zrt. and the Mortgage bank.

## 9 Net gain and loss on foreign exchange

Description	2025	2024
(Loss)/Gain on foreign exchange	(15)	10
<b>Total</b>	<b>(15)</b>	<b>10</b>

## 10 Net gain and loss on hedge accounting

Description	2025	2024
Net change in the fair value of hedging interest rate swaps and the hedged instruments	(23)	81
Result (CVA, DVA, FuVA, FVA) of hedging derivative instruments	(102)	21
<b>Total</b>	<b>(125)</b>	<b>102</b>

## 11 Personnel expenses

Description	2025	2024
Wages and personal payments	(109)	(97)
Statutory social-security contributions	(5)	(6)
Other employee allocations/benefits	(1)	(1)
<b>Total</b>	<b>(115)</b>	<b>(104)</b>

The number of employees (in full time equivalent) was 2 on 31 December 2025 (2024: 2 employees).

## 12 General operating expenses

Description	2025	2024
Tax expense	(9)	(12)
Special bank tax	(87)	(79)
Fees to authorities	(22)	(20)
Renting costs and operating expenses of property	(6)	(5)
Information technology costs	(124)	(47)
Extra profit tax	(137)	(76)
Audit fees and asset management fees	(93)	(83)
Fees of outsourced activities	(135)	(117)
Other administrative costs	(26)	(42)
<b>Total</b>	<b>(639)</b>	<b>(481)</b>

The fees charged by KPMG Hungária Kft. in 2025 for audit related services are HUF 17.3 million (2024: HUF 16.9 million), other assurance services are HUF 7.3 million (2024: HUF 7.4 million), and no other service fees were charged in any year (fees are net).

### 13 Other income and other expense

Other income	2025	2024
Other	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

Other expense	2025	2024
Other	(2)	(59)
<b>Total</b>	<b>(2)</b>	<b>(59)</b>
<b>Other result</b>	<b>-</b>	<b>(57)</b>

### 14 Taxation

The tax charge for the year is based on the profit for the year according to the statutory accounts of the Mortgage bank as adjusted for relevant taxation regulations.

The corporate income tax rate is 9% (also 9% in 2024), the local business tax rate is 2% of the tax base (also 2% in 2024), the innovation contribution is 0.3% of the tax base (also 0.3% in 2024). Details on current and deferred taxation are provided in Note 3.15.

The Mortgage bank's income tax expense for 2025 and 2024 is as follows:

Tax expense for the year	2025	2024
Current corporate tax expense	312	402
Current local business tax expense	105	117
Current innovation contribution	16	18
<b>Total</b>	<b>433</b>	<b>537</b>
Deferred tax charge	-	-
<b>Total income tax expense in statement of profit or loss</b>	<b>433</b>	<b>537</b>

Reconciliation of effective tax rate	2025		2024	
	(%)	(Million HUF)	(%)	(Million HUF)
<b>Profit before tax</b>		<b>3,592</b>		<b>4,638</b>
Expected income tax based on tax rates of income taxes	11.3	406	11.3	524
Effect of different tax base of local business tax and innovation contribution	1.1	38	0.7	28
Tax effects of income/expenses exempt from corporate tax	-	-	-	-
Movements in temporary differences during the year	-	-	-	-
Loss used by the corporate tax group in the current year Amount of loss per company	-	-	(0.1)	(3)
Tax base correction impact of local business tax and innovation tax	(0.3)	(11)	(0.3)	(12)
<b>Total</b>	<b>12.1</b>	<b>433</b>	<b>11.6</b>	<b>537</b>

Balances associated with taxation	2025			2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Current tax assets / (liabilities)	62	(2)	60	1	(222)	(221)
<b>Deferred tax assets / (liabilities)</b>						
Securities at fair value through other comprehensive income	5		5	-	(8)	(8)
Effect of items, increasing/(decreasing) the local tax base	1	-	1	1	-	1
Netting effect	-	-	-	(1)	1	-
<b>Total deferred tax assets / (liabilities)</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>
<b>Total tax assets / (liabilities)</b>	<b>68</b>	<b>(2)</b>	<b>66</b>	<b>1</b>	<b>(229)</b>	<b>(228)</b>
Securities at fair value through other comprehensive income - Local Business Tax and Innovation Contribution	1	-	1	-	(2)	(2)
<b>Total deferred tax assets / (liabilities) - Local Business Tax and Innovation Contribution</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(2)</b>	<b>(2)</b>
<b>Total tax assets / (liabilities) - Corporate Income Tax, Local Business Tax and Innovation Contribution combined</b>	<b>69</b>	<b>(2)</b>	<b>67</b>	<b>1</b>	<b>(231)</b>	<b>(230)</b>

<b>Movements in temporary differences during the year 2025</b>	<b>Opening balance</b>	<b>Recognised in the Statement of profit or loss</b>	<b>Recognised in OCI</b>	<b>Closing balance</b>
Securities at fair value through other comprehensive income	(8)	-	13	5
Securities at fair value through other comprehensive income - Local Business Tax and Innovation Contribution	(2)		3	1
Effect of items, increasing/(decreasing) the local tax base	1	-	-	1
<b>Total deferred tax assets / (liabilities)</b>	<b>(9)</b>	<b>-</b>	<b>16</b>	<b>7</b>

<b>Movements in temporary differences during the year 2024</b>	<b>Opening balance</b>	<b>Recognised in the Statement of profit or loss</b>	<b>Recognised in OCI</b>	<b>Closing balance</b>
Securities at fair value through other comprehensive income	(1)	-	(7)	(8)
Securities at fair value through other comprehensive income - Local Business Tax and Innovation Contribution	-	-	(2)	(2)
Effect of items, increasing/(decreasing) the local tax base	<u>1</u>	=	=	1
<b>Total deferred tax assets / (liabilities)</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>(9)</b>

The Mortgage Bank is subject to the global minimum tax under Pillar II tax legislation. The top-up tax also applies to the Mortgage Bank's activities in Hungary, where corporate income tax, local business tax and innovation contribution are considered covered taxes under Hungarian regulations. The base for local business tax and innovation contribution is significantly higher than that for corporate tax, therefore at the Hungarian group level (where only entities permitted under the regulations were taken into account) the effective tax rate calculated under the global minimum top-up tax system is above 15%. Therefore, the Mortgage Bank is not subject to the global minimum top-up tax on its profits related to its Hungarian activities for the year ending December 31, 2025.

## 15 Cash and cash equivalents

Description	2025	2024
Nostros at other banks	10,552	8,157
Impairment on cash and cash equivalents	(8)	(4)
<b>Total</b>	<b>10,544</b>	<b>8,153</b>

## 16 Hedging derivative instruments

Hedging derivative assets	2025	2024
Interest rate swaps	4,033	4,144
Valuation adjustments (FVA, CVA, FuVA)	(54)	(85)
<b>Total</b>	<b>3,979</b>	<b>4,059</b>

Hedging derivative liabilities	2025	2024
Interest rate swaps	10,975	15,090
Valuation adjustments (FVA, DVA, FuVA)	(106)	(239)
<b>Total</b>	<b>10,869</b>	<b>14,851</b>

Further details on hedging derivatives are disclosed in Note 33.

## 17 Loans and advances to banks

Description	2025	2024
Mortgage covered loans and other advances to other banks at amortised cost	338,128	350,355
Impairment on loans and advance to banks	(671)	(422)
<b>Total</b>	<b>337,457</b>	<b>349,933</b>

The main activity of the Mortgage bank is to provide mortgage-backed refinancing to commercial banks, demand for which is primarily generated by compliance with the required level of the Mortgage Coverage Ratio (JMM), a supervisory indicator introduced by the National Bank of Hungary. The Mortgage Bank presents the assets arising from refinanced loan portfolios mostly belonging to the collateral pool of issued mortgage bonds within Loans and advances to banks in the statement of financial position.

Further information on these assets is presented in Note 36.

## 18 Loans and advances to customers

Description	2025	2024
Loans and advances to customers at amortised cost	1,379	1,718
Provision for impairment and losses	14	41
<b>Total</b>	<b>1,393</b>	<b>1,759</b>

The Mortgage bank classifies loans and advances to customers at amortised cost.

The positive balance of provision for impairment and losses at 31 December 2025 is caused by the write-back of the initial impairment of POCI financial instruments (recognized in the gross value of the financial instruments) to an extent greater than normal impairment.

### 18.1 Analysis by industrial sector:

Description	2025	%	2024	%
Private clients	1,350	97.91	1,683	97.96
Agriculture	29	2.09	35	2.04
<b>Total</b>	<b>1,379</b>	<b>100.00</b>	<b>1,718</b>	<b>100.00</b>

The total amount is presented gross of provision for impairment losses.

Loans and advances to customers are presented in more details in Note 36.

## 19 Investment securities

Investment securities at fair value through other comprehensive income	2025	2024
Government bonds	6,512	6,369
<b>Total</b>	<b>6,512</b>	<b>6,369</b>

Investment securities at amortised cost	2025	2024
Government bonds at amortised cost	45,829	42,209
Impairment	(11)	(13)
<b>Total</b>	<b>45,818</b>	<b>42,196</b>
<b>Total investment securities</b>	<b>52,330</b>	<b>48,565</b>

The total market value of investments securities at amortised cost was HUF 45,766 million as at 31 December 2025 (2024: HUF 42,664 million). No sales of investment securities at amortised cost took place in 2025 and 2024.

## 20 Intangible assets

### Movement in intangible assets

2025	Acquisition cost at the beginning of the year	Accumulated amortisation at the beginning of the year	Additions	Net disposals	Other movement	Amortisation for the current year	Carrying amount at the end of the year
Software	739	(736)	11	-	-	(3)	11
Other intangible assets	-	-	-	-	-	-	-
<b>Total</b>	<b>739</b>	<b>(736)</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>11</b>

2024							
Software	739	(731)	-	-	(3)	(2)	3
Other intangible assets	-	-	-	-	-	-	-
<b>Total</b>	<b>739</b>	<b>(731)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(2)</b>	<b>3</b>

## 21 Other assets

Description	2025	2024
<b>Other financial assets</b>		
Trade receivables, advanced payments, other demands	-	8
Receivables from State Treasury	179	179
<b>Other financial assets total</b>	<b>179</b>	<b>187</b>
<b>Other non-financial assets</b>		
Accrued income and prepaid expenses	216	231
<b>Other non-financial assets total</b>	<b>216</b>	<b>231</b>
<b>Total</b>	<b>395</b>	<b>418</b>

Receivables from State Treasury are comprised of receivables stemming from interest subsidies related to subsidised loans.

## 22 Deposits from banks

Description	2025	2024
Deposits from other banks	69,831	95,385
<b>Total</b>	<b>69,831</b>	<b>95,385</b>

The Mortgage bank does not have past due debt.

## 23 Deposits from customers

Description	2025	2024
Ongoing cash equivalents, settlement accounts	121	113
<b>Total</b>	<b>121</b>	<b>113</b>

The above balances include customer transit accounts. Amounts included in customer transit accounts are held pending clarification and completion of transactions with customers undertaken in the ordinary course of business. Deposits from customers are presented at amortized cost.

## 24 Issued debt securities

Description	2025	2024
Issued mortgage bonds (*)	302,180	274,341
Issued bonds (**)	-	3,901
<b>Total</b>	<b>302,180</b>	<b>278,242</b>

The Mortgage bank measures the issued bonds at amortised cost partly adjusted for hedging gains/losses, partly at amortised cost.

(\*) *Development of the Mortgage bank's mortgage bond portfolio in 2025:*

Total mortgage bond volume at nominal value increased to HUF 304.85 billion by end- 2025 from HUF 281.13 billion at the end of 2024. The increase in carrying value in 2025 was also influenced by fair value hedge revaluation, contributed to its increase. At the end of 2025, the portfolio consisted of fixed-rate mortgage bonds with a nominal value of HUF 163.84 billion and variable-rate mortgage bonds with a nominal value of HUF 141.01 billion, all denominated in HUF.

At the end of 2025 the Mortgage bank had ten mortgage bond series (UCJBF 2027/A, UCJBV 2027/A, UCJBF 2028/A, UCJBF 2029/A, UCJBV 2029/A, UCJBG 2029/A – green certification, UCJBG 2030/A – green certification, UCJBG 2031/A – green certification, UCJBF 2031/A és UCJBF 2031/B). Fixed coupon mortgage bonds pay coupons between 3.25% and 7.50% on annual basis, while the variable-rate mortgage bonds pays coupons at 3-month BUBOR + 0.23% and +0.90%. The UCJBF 2025/A series matured on 24<sup>th</sup> June 2025. The Mortgage bank repaid all of its obligations regarding this series.

Gross mortgage bond issuance volume reached HUF 30.8 billion in 2025, while the maturing stock amounted to HUF 7.1 bn. The mortgage bonds were issued on public auctions, four times in total. Within gross issuance two auctions took place with funding purposes (UCJBG 2030/A and UCJBF 31/B), while two additional tender aimed at providing pricing instruments for subsidized HUF loans (UCJBF 2029/A and UCJBF 2031/A).

(\*\*) *Development of the Mortgage bank's unsecured bond portfolio in 2025:*

The Mortgage bank measures the issued unsecured bonds at amortised cost.

In 2025, on November 26, the Mortgage bank's bonds (UCJBK 2025/A and UCJBK 2025/B) matured, and all obligations were fully settled. No new bonds were issued during the year.

Reconciliation of the carrying amount of issued debt securities and the respective cash-flows	2025	2024
<b>1<sup>st</sup> January - Opening balance</b>	<b>278,242</b>	<b>262,079</b>
Cash inflow from mortgage bond issuance	30,426	38,160
Cash outflow from mortgage bond repayment	(11,105)	(20,000)
<b>Net cash-flow from financing activities</b>	<b>19,321</b>	<b>18,160</b>
Exchange rate difference	-	176
Effect of interest settlements	393	575
Changes in valuation adjustments	4,224	(2,748)
<b>Total other changes</b>	<b>4,617</b>	<b>(1,997)</b>
<b>31<sup>st</sup> December - Closing balance</b>	<b>302,180</b>	<b>278,242</b>

The Mortgage bank had no default on principal or interest payments or other defaults on issued bonds in 2025 and 2024.

## 25 Other liabilities

Description	2025	2024
Accrued expenses and prepaid income	280	101
Other taxes payable	10	9
<b>Total</b>	<b>290</b>	<b>110</b>

## 26 Share capital

Description	2025	2024
Authorised and issued share capital	3,000	3,000

Share capital consists of 3,000 ordinary shares with a par value of HUF 1,000,000 each. 100% of the issued shares are held by UniCredit Bank Hungary Zrt.

## 27 Statutory reserves

	General reserve	Tied-up reserve	Total
<b>Balance at 31 December 2023</b>	<b>2,289</b>	-	<b>2,289</b>
Appropriation from retained earnings	316	-	316
<b>Balance at 31 December 2024</b>	<b>2,605</b>	-	<b>2,605</b>

In accordance with paragraph 83 of Law CCXXXVII of 2013 on credit institutions and financial enterprises, such companies shall transfer 10% of their current year net profits to a so-called general reserve. This general reserve can be later used to offset operational losses under Hungarian regulations. Increases in the general reserve do not affect the current year statement of profit and loss as they are directly debited to retained earnings.

Net result for the year 2024 3,159

10% of the net result for the current year 316

Dividend of HUF 4,101 million was declared after the balance sheet date based on the 2024 results and has been paid on 28 October 2025. The information on dividend expected to be paid related to the financial year 2025 is provided in Note 41.

The equity correlation table of the Mortgage bank based on paragraph 114/B of Act on Accounting as at 31 December 2025:

31 December 2025	Share capital	Share premium	Retained Earnings and other reserve	Statutory reserve	Valuation reserve	Tied-up reserve	Net profit	Total
<b>Shareholder's equity elements as per IFRS</b>	<b>3,000</b>	<b>783</b>	<b>19,101</b>					<b>22,884</b>
Other comprehensive income	-	-	53		(53)	-	-	-
Net profit for the year	-	-	(3,159)	-	-	-	3,159	-
Statutory reserve	-	-	(2,605)	2,605	-	-	-	-
<b>Shareholder's equity elements as per Act C of 2000 on Accounting</b>	<b>3,000</b>	<b>783</b>	<b>13,390</b>	<b>2,605</b>	<b>53</b>	<b>-</b>	<b>3,159</b>	<b>22,884</b>

The equity correlation table of the Mortgage bank based on paragraph 114/B of Act on Accounting as at 31 December 2024:

31 December 2024	Share capital	Share premium	Retained Earnings and other reserve	Statutory reserve	Valuation reserve	Tied-up reserve	Net profit	Total
<b>Shareholder's equity elements as per IFRS</b>	<b>3,000</b>	<b>783</b>	<b>20,172</b>					<b>23,955</b>
Other comprehensive income	-	-	(76)		76			-
Net profit for the year	-	-	(4,101)	-	-	-	4,101	-
Statutory reserve	-	-	(2,289)	2,289	-	-	-	-
<b>Shareholder's equity elements as per Act C of 2000 on Accounting</b>	<b>3,000</b>	<b>783</b>	<b>13,706</b>	<b>2,289</b>	<b>76</b>	<b>-</b>	<b>4,101</b>	<b>23,955</b>

## 28 Other provisions

Provision movement on non-credit risk items	
	Other provisions
<b>Balance as at 1 January 2025</b>	<b>4</b>
Provisions made during the year	1
Provisions used during the year	(4)
Provisions released during the year	-
<b>Balance as at 31 December 2025</b>	<b>1</b>

The net balance of other provisions (made) and utilisation/release is shown in the income statement below:

Wages and personal payments	3
Statutory social-security contributions	-
<b>Total impact of movements in the result for the year</b>	<b>3</b>

## 29 Commitments and contingent liabilities

At 31 December 2025 and at 31 December 2024, the Mortgage bank had no any commitments and contingent liabilities.

## 30 Currency structure of assets and liabilities

The currency structure of assets and liabilities as at 31 December 2025 is as follows:

Currency	Assets	Liabilities and equity	Off balance sheet net	Total net FX exposure long / (short)
Euro	19,728	19,687	-	41
Swiss francs	10	9	-	1
Total foreign currency	19,738	19,696	-	42
Hungarian forint	386,440	386,482		(42)
<b>Total</b>	<b>406,178</b>	<b>406,178</b>	-	-

The currency structure of assets and liabilities as at 31 December 2024 is as follows:

Currency	Assets	Liabilities and equity	Off balance sheet net	Total net FX exposure long / (short)
Euro	25,967	25,795	-	172
Swiss francs	47	9	-	38
Total foreign currency	26,014	25,804	-	210
Hungarian forint	386,877	387,087	-	(210)
<b>Total</b>	<b>412,891</b>	<b>412,891</b>	-	-

### 31 Residual contractual maturities of financial assets and liabilities

Non-derivative assets as at	Carrying	Gross nominal inflow	Less than	1-3 months	3 months- 1	1 year -	More than 5
Cash and cash equivalents	10,544	10,544	10,544	-	-	-	-
Investment securities	52,330	60,670	259	299	5,944	54,168	-
Loans and advances to banks	337,457	350,760	3,374	17,048	18,521	147,265	164,552
Loans and advances to customers	1,393	1,785	13	69	208	802	694
<b>Total</b>	<b>401,724</b>	<b>423,759</b>	<b>14,190</b>	<b>17,416</b>	<b>24,673</b>	<b>202,234</b>	<b>165,246</b>

Non-derivative liabilities as at							
Deposits from banks	(69,831)	(74,327)	-	-	(31,528)	(42,798)	-
Deposits from customers	(121)	(121)	(121)	-	-	-	-
Issued debt securities	(302,180)	(360,794)	(2,522)	(1,500)	(13,429)	(302,584)	(40,760)
<b>Total</b>	<b>(372,132)</b>	<b>(435,241)</b>	<b>(2,643)</b>	<b>(1,500)</b>	<b>(44,957)</b>	<b>(345,382)</b>	<b>(40,760)</b>

Cash-flows from derivative positions as at 31 December 2025							
Risk management	(6,890)	(7,285)	(1,333)	(683)	(838)	(3,894)	(536)
<b>Total</b>	<b>(6,890)</b>	<b>(7,285)</b>	<b>(1,333)</b>	<b>(683)</b>	<b>(838)</b>	<b>(3,894)</b>	<b>(536)</b>
<b>Net (assets – liabilities)</b>	<b>22,702</b>	<b>(18,767)</b>	<b>10,214</b>	<b>15,232</b>	<b>(21,121)</b>	<b>(147,042)</b>	<b>123,950</b>

(\*) Gross cash flows include future flows of principal and interest. For interest rates not yet fixed, the interest is determined by forward yield curves, so that the rate of interest cash flows depends on the yield curve.

<b>Non-derivative assets as at 31 December 2024</b>	<b>Carrying amount</b>	<b>Gross nominal inflow /(outflow) (*)</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3 months- 1 year</b>	<b>1 year - 5 years</b>	<b>More than 5 years</b>
Cash and cash equivalents	8,153	8,153	8,153	-	-	-	-
Investment securities	48,565	59,642	254	299	1,934	50,460	6,695
Loans and advances to banks	349,933	368,265	3,673	7,251	32,641	148,064	176,636
Loans and advances to customers	1,759	2,346	42	64	273	987	980
<b>Total</b>	<b>408,410</b>	<b>438,406</b>	<b>12,122</b>	<b>7,614</b>	<b>34,848</b>	<b>199,511</b>	<b>184,311</b>

<b>Non-derivative liabilities as at 31 December 2024</b>							
Deposits from banks	(95,385)	(102,458)	-	(9,126)	(35,029)	(58,303)	-
Deposits from customers	(113)	(113)	(113)	-	-	-	-
Issued debt securities	(278,242)	(347,447)	(2,113)	(1,500)	(23,291)	(290,228)	(30,315)
<b>Total</b>	<b>(373,740)</b>	<b>(450,018)</b>	<b>(2,226)</b>	<b>(10,626)</b>	<b>(58,320)</b>	<b>(348,531)</b>	<b>(30,315)</b>

<b>Cash-flows from derivative positions as at 31 December 2024</b>							
Risk management	(10,792)	(12,251)	(1,133)	(754)	(1,208)	(8,150)	(1,006)
<b>Total</b>	<b>(10,792)</b>	<b>(12,251)</b>	<b>(1,133)</b>	<b>(754)</b>	<b>(1,208)</b>	<b>(8,150)</b>	<b>(1,006)</b>
<b>Net (assets – liabilities)</b>	<b>23,878</b>	<b>(23,863)</b>	<b>8,763</b>	<b>(3,766)</b>	<b>(24,680)</b>	<b>(157,170)</b>	<b>152,990</b>

(\*) Gross cash flows include future flows of principal and interest. For interest rates not yet fixed, the interest is determined by forward yield curves, so that the rate of interest cash flows depends on the yield curve.

### 32 Exposure to interest rate risk – non-trading portfolios

In the following table describing the interest rate gap position of the Mortgage bank on non-trading portfolios, fixed rate financial instruments are presented based on the maturity date and floating rate financial instruments are presented based on the next repricing date. In case of derivatives held for risk management purposes, the notional amounts are presented for the adequate representation of interest rate risk, carrying value is not populated.

31 December 2025	Carrying amount	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Cash and cash equivalents	10,544	10,544	-	-	-	-
Loans and advances to banks	337,457	(1,972)	253,131	22,799	33,395	30,104
Loans and advances to customers	1,393	58	973	171	166	25
Investment securities	52,330	17,455	12,008	2,766	20,101	-
<b>Total</b>	<b>401,724</b>	<b>26,085</b>	<b>266,112</b>	<b>25,736</b>	<b>53,662</b>	<b>30,129</b>
Deposits from banks	(69,831)	(224)	(989)	(44,901)	(23,717)	-
Deposits from customers	(121)	(121)	-	-	-	-
Issued debt securities	(302,180)	(138,343)	-	(2,515)	(129,796)	(31,526)
<b>Total</b>	<b>(372,132)</b>	<b>(138,688)</b>	<b>(989)</b>	<b>(47,416)</b>	<b>(153,513)</b>	<b>(31,526)</b>
Effect of derivatives held for risk management	-	(89,621)	(10,562)	(2,748)	75,815	27,116
<b>Total exposure to interest rate risk</b>	<b>29,592</b>	<b>(202,224)</b>	<b>254,561</b>	<b>(24,428)</b>	<b>(24,036)</b>	<b>25,719</b>

<b>31 December 2024</b>	<b>Carrying amount</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3 months to 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Cash and cash equivalents	8,153	8,153	-	-	-	-
Loans and advances to banks	349,933	13,814	249,092	22,275	61,398	3,354
Loans and advances to customers	1,759	12	1,251	222	227	47
Investment securities	48,565	16,092	9,873	2,773	15,678	4,149
<b>Total</b>	<b>408,410</b>	<b>38,071</b>	<b>260,216</b>	<b>25,270</b>	<b>77,303</b>	<b>7,550</b>
Deposits from banks	(95,385)	(60,172)	(35,213)	-	-	-
Deposits from customers	(113)	(113)	-	-	-	-
Issued debt securities	(278,242)	(118,125)	(468)	(6,632)	(124,817)	(28,200)
<b>Total</b>	<b>(373,740)</b>	<b>(178,410)</b>	<b>(35,681)</b>	<b>(6,632)</b>	<b>(124,817)</b>	<b>(28,200)</b>
Effect of derivatives held for risk management	-	(76,121)	(14,432)	1,431	67,968	21,154
<b>Total exposure to interest rate risk</b>	<b>34,670</b>	<b>(216,460)</b>	<b>210,103</b>	<b>20,069</b>	<b>20,454</b>	<b>504</b>

The re-pricing techniques and principles applied for qualification by the Mortgage bank are described in detail in Note 4. above.

### 33 Derivative financial instruments held for hedging purposes

The notional values of hedging derivative financial instruments of the Mortgage bank in the following tables are presented in accordance with how the notional values are represented in the Mortgage bank's accounting records. This means that in case of a swap instrument (interest rate swap – IRS) the notional value of both the pay and receive legs of the derivative financial instruments are presented summarized in absolute terms in order to reflect the different interest and value determination method of the pay/receive (fix/float) legs of the derivative financial instrument.

#### Maturity breakdown of nominal value as at 31 December 2025 and 31 December 2024

Hedging	Nominal value			
	2025			
	Less than 3 months	3 months to 1 year	Over 1 year	Total
<b>Risk exposure</b>				
<b>Interest rate derivatives</b>				
Fair value hedging derivative	-	8,000	336,300	344,300
<i>Interest rate swap (IRS)</i>	-	8,000	336,300	344,300
<i>IRS hedging investment securities</i>	-	8,000	37,000	45,000
<i>Average fixed rate (%)</i>	-	1.14	3.66	3.21
<i>IRS hedging loans</i>	-	-	30,000	30,000
<i>Average fixed rate (%)</i>	-	-	8.90	8.90
<i>IRS hedging an own-issue bond</i>	-	-	269,300	269,300
<i>Average fixed rate (%)</i>	-	-	4.00	4.00
Cash-flow hedging derivative	-	-	-	-
<i>Interest rate swap (IRS)</i>	-	-	-	-
<i>FRA</i>	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	8,000	336,300	344,300
Hedging	Nominal value			
	2024			
	Less than 3 months	3 months to 1 year	Over 1 year	Total
<b>Risk exposure</b>				
<b>Interest rate derivatives</b>				
Fair value hedging derivative	-	9,000	322,700	331,700
<i>Interest rate swap (IRS)</i>	-	9,000	322,700	331,700
<i>IRS hedging investment securities</i>	-	-	45,000	45,000
<i>Average fixed rate (%)</i>	-	-	3.21	3.21
<i>IRS hedging loans</i>	-	-	30,000	30,000
<i>Average fixed rate (%)</i>	-	-	8.90	8.90
<i>IRS hedging an own-issue bond</i>	-	9,000	247,700	256,700
<i>Average fixed rate (%)</i>	-	1.26	3.78	3.70
Cash-flow hedging derivative	-	-	-	-
<i>Interest rate swap (IRS)</i>	-	-	-	-
<i>FRA</i>	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	9,000	322,700	331,700

Fair value and related adjustments of derivative financial instruments held for hedging purposes as at 31 December 2025 and as at 31 December 2024:

	Fair value		FVA*		CVA/DVA**		FuVA***	
	2025		2025		2025		2025	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
<b>Risk exposure</b>								
<b>Interest rate derivatives</b>								
<b>Fair value hedging derivatives</b>	4,102	(10,975)	(69)	-	(21)	42	(33)	64
<i>Interest rate swaps</i>	4,102	(10,975)	(69)	-	(21)	42	(33)	64
<b>Cash-flow hedging derivatives</b>	-	-	-	-	-	-	-	-
<i>Interest rate swap</i>	-	-	-	-	-	-	-	-
<i>FRA</i>	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,102</b>	<b>(10,975)</b>	<b>(69)</b>	<b>-</b>	<b>(21)</b>	<b>42</b>	<b>(33)</b>	<b>64</b>

	Fair value		FVA*		CVA/DVA**		FuVA***	
	2024		2024		2024		2024	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
<b>Risk exposure</b>								
<b>Interest rate derivatives</b>								
<b>Fair value hedging derivatives</b>	4,211	(15,090)	(67)	-	4,211	(15,090)	(67)	-
<i>Interest rate swaps</i>	4,211	(15,090)	(67)	-	4,211	(15,090)	(67)	-
<b>Cash-flow hedging derivatives</b>	-	-	-	-	-	-	-	-
<i>Interest rate swap</i>	-	-	-	-	-	-	-	-
<i>FRA</i>	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,211</b>	<b>(15,090)</b>	<b>(67)</b>	<b>-</b>	<b>4,211</b>	<b>(15,090)</b>	<b>(67)</b>	<b>-</b>

\*Fair Value Adjustment; \*\*Credit/Debit Valuation Adjustment; \*\*\*Funding Valuation Adjustment

The following amounts have been recognised in connection with derivative financial instruments used for hedging purposes, hedged instruments and hedge ineffectiveness in 2025

2025 – Derivatives held for hedging purposes			
Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness for 2025	Ineffectiveness recognised in profit or loss*	Line item in profit or loss that includes hedge ineffectiveness
Hedging derivative assets	(104)	(9)	Net gain and loss on hedging instruments
Hedging derivative liabilities	4,162	(13)	Net gain and loss on hedging instruments

2025 – Hedged instruments				
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of hedged item**		Line item in the statement of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness for 2025	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
Assets	Liabilities			
(940)	-	Investment securities	840	-
928	-	Loans and advances to banks	(151)	-
-	7,881	Issued debt securities	(4,770)	-

\*Ineffectiveness amount recognised in the statement of profit and loss are calculated using fair values excluding valuation adjustments (CVA, DVA, FuVA). Net gain and loss on hedging instruments (Note 10) presented in the statement of profit and loss is the sum of hedging ineffectiveness shown in this table and of valuation adjustments such as CVA, DVA and FuVA.

\*\*Cumulative fair value hedge differences included in the carrying amount of hedged instruments are presented on an accrual basis for both assets and liabilities, i.e. positive numbers represent gains (increasing assets or decreasing liabilities) and negative numbers represent losses (decreasing assets or increasing liabilities).

The following amounts have been recognised in connection with derivative financial instruments used for hedging purposes, hedged instruments and hedge ineffectiveness in 2024.

2024 – Derivatives held for hedging purposes			
Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness for 2024	Ineffectiveness recognised in profit or loss*	Line item in profit or loss that includes hedge ineffectiveness
Hedging derivative assets	(2,065)	59	Net gain and loss on hedging instruments
Hedging derivative liabilities	831	21	Net gain and loss on hedging instruments

2024 – Hedged instruments				
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of hedged item**		Line item in the statement of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness for 2024	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
Assets	Liabilities			
(1,564)	-	Investment securities	(68)	-
1,080	-	Loans and advances to banks	(758)	-
-	12,651	Issued debt securities	2,140	-

\*Ineffectiveness amount recognised in the statement of profit and loss are calculated using fair values excluding valuation adjustments (CVA, DVA, FuVA). Net gain and loss on hedging instruments (Note 10) presented in the statement of profit and loss is the sum of hedging ineffectiveness shown in this table and of valuation adjustments such as CVA, DVA and FuVA.

\*\*Cumulative fair value hedge differences included in the carrying amount of hedged instruments are presented on an accrual basis for both assets and liabilities, i.e. positive numbers represent gains (increasing assets or decreasing liabilities) and negative numbers represent losses (decreasing assets or increasing liabilities).

## 34 Fair value information of financial instruments

### 34.1 Financial instruments measured at fair value – fair value hierarchy

The below tables provide a breakdown of financial instruments measured at fair value based on the level of inputs used for valuation purposes in the fair value hierarchy. The amounts in the tables are based on the statement of financial position.

31 December 2025	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
Hedging derivative financial assets					
Interest rate risk	16	-	3,979	-	3,979
Financial assets measured at fair value through other comprehensive income					
Investment securities	19	6,512	-	-	6,512
<b>Total financial assets measured at fair value</b>		<b>6,512</b>	<b>3,979</b>	<b>-</b>	<b>10,491</b>
<b>Financial liabilities measured at fair value</b>					
Hedging derivative financial liabilities					
Interest rate risk	16	-	10,869	-	10,869
<b>Total financial liabilities measured at fair value</b>		<b>-</b>	<b>10,869</b>	<b>-</b>	<b>10,869</b>

31 December 2024	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
Hedging derivative financial assets					
Interest rate risk	16	-	4,059	-	4,059
Financial assets measured at fair value through other comprehensive income					
Investment securities	19	6,369	-	-	6,369
<b>Total financial assets measured at fair value</b>		<b>6,369</b>	<b>4,059</b>	<b>-</b>	<b>10,428</b>
<b>Financial liabilities measured at fair value</b>					
Hedging derivative financial liabilities					
Interest rate risk	16	-	14,851	-	14,851
<b>Total financial liabilities measured at fair value</b>		<b>-</b>	<b>14,851</b>	<b>-</b>	<b>14,851</b>

The Mortgage bank uses the following valuation techniques and key inputs when determining the fair value of financial instruments:

Type of financial instrument	Fair value hierarchy	Valuation techniques and key inputs
Interest rate swap (SC IRS)	Level 2	Discounted cash flow method is used. The two future cash flows are estimated based on forward interest rate (from observable yield curves at the end of the reporting period) and the contractual interest rate and are both discounted. Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used for the valuation of derivatives as well.
Bonds	Level 1	Marked-to-market valuation based on quotation prices observed in active markets (e.g. Reuters, Bloomberg). Close-out fair value adjustments apply.
Issued bonds	Level 2	Marked-to-model model-based valuation using pricing curves which incorporate data from liquid issued bonds by local mortgage banks. Liquidity and close-out fair value adjustments apply.
Issued bonds	Level 3	Marked-to-model model-based valuation based on inputs relying on not observable market information (for example using significant valuation adjustments). Liquidity and close-out fair value adjustments apply.
Loans and advances to banks	Level 2	Discounted cash flow method is used. In estimating fair value, quoted prices for similar instruments are available in active markets, or quoted prices for identical or similar instruments are available in markets that are not active, or the valuation is based on a valuation model in which all significant inputs and significant value factors are observable directly or indirectly in an active market.
Loans and advances to banks	Level 3	Discounted cash flow method is used. In estimating fair value, the valuation is based on a valuation model in which one or more significant inputs and significant value factors is not observable in the markets (for example non-performing loans)

Type of financial instrument	Fair value hierarchy	Valuation techniques and key inputs
Loans and advances to customers	Level 2	Discounted cash flow method is used. In estimating fair value, quoted prices for similar instruments are available in active markets, or quoted prices for identical or similar instruments are available in markets that are not active, or the valuation is based on a valuation model in which all significant inputs and significant value factors are observable directly or indirectly in an active market.
Loans and advances to customers	Level 3	Discounted cash flow method is used. In estimating fair value, the valuation is based on a valuation model in which one or more significant inputs and significant value factors is not observable in the markets (for example non-performing loans)
Deposits from banks	Level 2	Discounted cash flow method is used. In estimating fair value, quoted prices for similar instruments are available in active markets, or quoted prices for identical or similar instruments are available in markets that are not active, or the valuation is based on a valuation model in which all significant inputs and significant value factors are observable directly or indirectly in an active market.
Deposits from banks	Level 3	Discounted cash flow method is used. In estimating fair value, the valuation is based on a valuation model in which one or more significant inputs and significant value factors is not observable in the markets.
Deposits from customers	Level 2	Discounted cash flow method is used. In estimating fair value, quoted prices for similar instruments are available in active markets, or quoted prices for identical or similar instruments are available in markets that are not active, or the valuation is based on a valuation model in which all significant inputs and significant value factors are observable directly or indirectly in an active market.
Deposits from customers	Level 3	Discounted cash flow method is used. Fair value is estimated using a valuation model in which one or more significant inputs or significant value drivers are not observable in the market.

## 34.2 Level 3

### 34.2.1 Level 3 fair value disclosures – Level 3 reconciliation

The Mortgage bank did not possess any financial instruments measured at fair value belonging to the Level 3 fair value hierarchy at the balance sheet dates of 31 December 2025 and 31 December 2024 nor at any point during the years 2025 and 2024.

### 34.2.2 Unobservable inputs used in determining Level 3 fair value

The Mortgage bank did not possess any financial instruments measured at fair value belonging to the Level 3 fair value hierarchy at the balance sheet dates of 31 December 2025 and 31 December 2024 nor at any point during the years 2025 and 2024.

### 34.3 Financial instruments not measured at fair value

The below tables provide a breakdown of financial instruments that are not measured at fair value based on the level of inputs used for valuation purposes in the fair value hierarchy.

31 December 2025	Note	Level 1	Level 2	Level 3	Total fair value	Carrying amount
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	15	-	10,544	-	10,544	<b>10,544</b>
Loans and advances to banks	17	-	143,847	187,568	331,415	<b>337,457</b>
Loans and advances to customers measured at amortized cost	18	-	159	1,206	1,365	<b>1,393</b>
Investment securities measured at amortized cost	19	45,766	-	-	45,766	<b>45,818</b>
<b>Total financial assets not measured at fair value</b>		<b>45,766</b>	<b>154,550</b>	<b>188,774</b>	<b>389,090</b>	<b>395,212</b>
<b>Financial liabilities not measured at fair value</b>						
Deposits from banks	22	-	69,965	-	69,965	<b>69,831</b>
Deposits from customers	23	-	121	-	121	<b>121</b>
Issued debt securities	24	-	300,783	-	300,783	<b>302,180</b>
<b>Total financial liabilities not measured at fair value</b>		<b>-</b>	<b>370,869</b>	<b>-</b>	<b>370,869</b>	<b>372,132</b>

31 December 2024	Note	Level 1	Level 2	Level 3	Total fair value	Carrying amount
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	15	-	8,157	-	8,157	8,153
Loans and advances to banks	17	-	275,896	74,647	350,543	349,933
Loans and advances to customers measured at amortized cost	18	-	278	1,415	1,693	1,759
Investment securities measured at amortized cost	19	42,664	-	-	42,664	42,196
<b>Total financial assets not measured at fair value</b>		<b>42,664</b>	<b>284,331</b>	<b>76,062</b>	<b>403,057</b>	<b>402,041</b>
<b>Financial liabilities not measured at fair value</b>						
Deposits from banks	22	-	95,661	-	95,661	<b>95,385</b>
Deposits from customers	23	-	113	-	113	<b>113</b>
Issued debt securities	24	-	278,533	3,907	282,440	<b>278,242</b>
<b>Total financial liabilities not measured at fair value</b>		<b>-</b>	<b>374,307</b>	<b>3,907</b>	<b>378,214</b>	<b>373,740</b>

The following description summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

*Loans:* Fair value is calculated based on discounted expected future principal and interest cash flows, expected future cash flows are estimated taking into account credit risk and any indication of impairment. Expected future cash flows are estimated on a single deal basis and discounted at a rate taking into account the risk-free rate and any potential risk factors that market participants also consider. The estimated fair values of loans also reflect changes in interest rates. For non-performing loans, the fair value calculation methodology is based on an estimate of expected loss, expected payback time and risk premium.

*Investments measured at amortised cost and derivatives:* Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs, where available. If a quoted market price is not available, fair value is estimated using pricing models or discounted cash flow techniques, where applicable.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

*Bank and customer deposits:* The estimated fair value of fixed-maturity deposits is based on discounted future cash flows using a rate consisting of the risk-free rate and own credit spread. For demand deposits and deposits with no defined maturities, fair value is deemed to be the amount payable on demand at the balance sheet date.

*Long-term debt:* The fair value is based on quoted market prices, if available. For debt instruments without quoted prices the fair value is estimated as the present value of future cash flows, discounted at market interest rates available at the balance sheet date.

## 35 Balances outstanding and transactions with related parties

### 35.1 Balances outstanding with related parties

The Mortgage bank had the following balances at 31 December 2025 and conducted the following transactions in 2025 with related parties:

<b>Assets – 31 December 2025</b>	<b>Balance with parent company</b>	<b>Balances with UniCredit subsidiaries</b>	<b>Balances with other related parties</b>
Cash and cash equivalents	10,544	-	-
Loans and advances to banks	261,087	-	-
Hedging derivative assets	3,979	-	-
<b>Total</b>	<b>275,610</b>	<b>-</b>	<b>-</b>

<b>Liabilities – 31 December 2025</b>			
Deposits from banks	69,831	-	-
Issued debt securities	73,334	-	-
Hedging derivative liabilities	10,869	-	-
Other liabilities	114	-	-
<b>Total</b>	<b>154,148</b>	<b>-</b>	<b>-</b>

<b>Statement of profit and loss – 2025</b>			
Interest income calculated using the effective interest method	20,656	-	-
Other interest income	7,212	-	-
Interest expense and similar charges	(20,465)	-	-
Fee and commission expense	(410)	-	-
Impairment and losses on credit products	(74)	-	-
Net gain and loss on hedging financial instruments (*)	3,956	-	-
General operating expenses	(332)	-	-
Tax expense	7	-	-
<b>Total</b>	<b>10,550</b>	<b>-</b>	<b>-</b>

The above balances and transactions are outstanding with: Direct parent company: UniCredit Bank Hungary Zrt., Indirect parent company: UniCredit S.p.A, UniCredit S.p.A Hungarian Branch Office.

(\*) Includes only the results of hedging IRS transactions, not the net results of all hedging transactions.

The Mortgage bank had the following balances at 31 December 2024 and conducted the following transactions in 2024 with related parties:

<b>Assets – 31 December 2024</b>	<b>Balance with parent company</b>	<b>Balances with UniCredit subsidiaries</b>	<b>Balances with other related parties</b>
Cash and cash equivalents	8,153	-	-
Loans and advances to banks	277,467	-	-
Hedging derivative assets	4,059	-	-
Other assets	2	-	-
<b>Total</b>	<b>289,681</b>	<b>-</b>	<b>-</b>

<b>Liabilities – 31 December 2024</b>			
Deposits from banks	95,385	-	-
Issued debt securities	71,821	-	-
Hedging derivative liabilities	14,851	-	-
Other liabilities	(72)	-	-
<b>Total</b>	<b>181,985</b>	<b>-</b>	<b>-</b>

<b>Statement of profit and loss – 2024</b>			
Interest income calculated using the effective interest method	25,672	-	-
Other interest income	8,159	-	-
Interest expense and similar charges	(27,570)	-	-
Fee and commission expense	(392)	-	-
Impairment and losses on credit products	(77)	-	-
Net gain and loss on hedging financial instruments (*)	(1,212)	-	-
General operating expenses	(292)	-	-
Other expenses	(57)	-	-
Tax expense	7	-	-
<b>Total</b>	<b>4,238</b>	<b>-</b>	<b>-</b>

The above balances and transactions are outstanding with: Direct parent company: UniCredit Bank Hungary Zrt., Indirect parent company: UniCredit S.p.A.

(\*) Includes only the results of hedging IRS transactions, not the net results of all hedging transactions.

## 35.2 Compensation of key management personnel

The remuneration of the Board of Directors, the Managing Directors, and the members of the Supervisory Board was the following:

<b>Description</b>	<b>2025</b>	<b>2024</b>
Short-term employee benefits	30	27
<b>Total</b>	<b>30</b>	<b>27</b>

No loans are granted for the key management personnel.

Apart from the above, the following qualify as related parties due to their key position:

Board of Directors: Tamási Attila (CEO), Dr Juhász Viktor (internal member), Csáky Attila (external member), Borbély Árpád (external member)

Supervisory Board: Tóth Balázs (Chief Executive Officer), Giacomo Volpi (Deputy Chief Executive Officer), Matteo Consalvi (Chief Financial Officer), Ivana Lonjak Dam (Head of Risk Management until 31.07.2025), Dujmovic Ivan (Head of Risk Management from 01.08.2025), Albert Hulshof (Head of Corporate Division until 30.09.2025), Toldi Balázs Gerğely (Head of Corporate Division from 01.10.2025), Vörös Réka (Head of Retail Division), Anschau János (Head of Operations Division).

## 36 Exposure to credit risk

### 36.1 Credit quality analysis of the Mortgage bank's exposures

The tables below provide detailed information on the credit quality of financial assets, loan commitments and financial guarantees by instrument type. Financial assets measured at amortized cost or at fair value through other comprehensive income are shown at gross carrying amount before any fair value adjustments, collateral adjustments or other credit quality adjustments in each credit quality category.

31 December 2025	Average PD	Stage 1	Stage 2	Stage 3	POCI*	Total
<b>Loans and advances to banks at amortised cost</b>						
- Investment grade	0.001-0.305%	318,499	4,696	-	-	323,195
- Standard monitoring	0.305-99.990%	66	13,939	-	-	14,005
- Impaired	100.00%	-	-	-	-	-
Gross carrying amount		318,565	18,635	-	-	337,200
Impairment amount		(302)	(369)	-	-	(671)
<b>Net carrying amount</b>		<b>318,263</b>	<b>18,266</b>	<b>-</b>	<b>-</b>	<b>336,529</b>
<b>Loans and advances to customers at amortised cost</b>						
- Investment grade	0.001-0.305%	980	182	-	-	1,162
- Standard monitoring	0.305-99.990%	23	24	-	-	47
- Impaired	100.00%	-	-	170	-	170
Gross carrying amount		1,003	206	170	-	1,379
Impairment amount		(5)	(10)	(125)	154	14
<b>Net carrying amount</b>		<b>998</b>	<b>196</b>	<b>45</b>	<b>154</b>	<b>1,393</b>

\*Impairment amounts presented for POCI instruments include HUF 9 million of extra impairment not related to the initial expected loss recognized for these instruments

31 December 2024	Average PD	Stage 1	Stage 2	Stage 3	POCI*	Total
<b>Loans and advances to banks at amortised cost</b>						
- Investment grade	0.001-0.305%	318,050	15,805	-	-	333,855
- Standard monitoring	0.305-99.990%	119	15,301	-	-	15,420
- Impaired	100.00%	-	-	-	-	-
Gross carrying amount		318,169	31,106	-	-	349,275
Impairment amount		(161)	(261)	-	-	(422)
<b>Net carrying amount</b>		<b>318,008</b>	<b>30,845</b>	<b>-</b>	<b>-</b>	<b>348,853</b>
<b>Loans and advances to customers at amortised cost</b>						
- Investment grade	0.001-0.305%	1,136	310	-	-	1,446
- Standard monitoring	0.305-99.990%	51	43	-	-	94
- Impaired	100.00%	-	-	178	-	178
Impairment amount		1,187	353	178	-	1,718
Loss provision amount		(5)	(16)	(159)	221	41
<b>Net carrying amount</b>		<b>1,182</b>	<b>337</b>	<b>19</b>	<b>221</b>	<b>1,759</b>

The 1-year PD of refinanced banks considerably increased due to climate-related and environmental risks and the update of forward-looking information (FLI) which together resulted the classification of some exposures as Stage 2.

\*Impairment amounts presented for POCI instruments include HUF 9 million of extra impairment not related to the initial expected loss recognized for these instruments.

31 December 2025	Average PD	Stage 1	Stage 2	Stage 3	Total
<b>Investment securities at amortised cost</b>					
- Investment grade	0.001-0.305%	46,769	-	-	46,769
- Speculative grade	0.305-99.990%	-	-	-	-
- Impaired	100.00%	-	-	-	-
Gross carrying amount		46,769	-	-	46,769
Impairment amount		(11)	-	-	(11)
<b>Net carrying amount</b>		<b>46,758</b>	<b>-</b>	<b>-</b>	<b>46,758</b>
<b>Investment securities at fair value through other comprehensive income</b>					
- Investment grade	0.001-0.305%	6,820	-	-	6,820
- Speculative grade	0.305-99.990%	-	-	-	-
- Impaired	100.00%	-	-	-	-
Gross carrying amount		6,820	-	-	6,820
Impairment amount		(3)	-	-	(3)
<b>Net carrying amount</b>		<b>6,817</b>	<b>-</b>	<b>-</b>	<b>6,817</b>

31 December 2024	Average PD	Stage 1	Stage 2	Stage 3	Total
<b>Investment securities at amortised cost</b>					
- Investment grade	0.001-0.305%	43,773	-	-	43,773
- Speculative grade	0.305-99.990%	-	-	-	-
- Impaired	100.00%	-	-	-	-
Gross carrying amount		43,773	-	-	43,773
Impairment amount		(13)	-	-	(13)
<b>Net carrying amount</b>		<b>43,760</b>	<b>-</b>	<b>-</b>	<b>43,760</b>
<b>Investment securities at fair value through other comprehensive income</b>					
- Investment grade	0.001-0.305%	6,749	-	-	6,749
- Speculative grade	0.305-99.990%	-	-	-	-
- Impaired	100.00%	-	-	-	-
Gross carrying amount		6,749	-	-	6,749
Impairment amount		(3)	-	-	(3)
<b>Net carrying amount</b>		<b>6,746</b>	<b>-</b>	<b>-</b>	<b>6,746</b>

At 31 December 2025 and at 31 December 2024, the Mortgage bank had no any commitments and contingent liabilities therefore Loss provision amount on Loan commitments, Financial guarantees is zero, it is not disclosed in tabular format.

### 36.2 Movement of loss provision

The tables below provide a breakdown of the movement of impairment for expected credit losses by financial instrument type. The figures presented for "Transfers" include the impairment balance at the end of the comparative period for transactions that Stage classification in the current year.

Loans and advances to banks at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Impairment amount as at 1 Jan 2025</b>	<b>(161)</b>	<b>(261)</b>	-	-	<b>(422)</b>
<b>Transfers</b>	(52)	52	-	-	-
Transfer to Stage 1	(52)	52	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Remeasurement of expected credit loss	(35)	(160)	-	-	<b>(195)</b>
Increase due to origination and purchase	(60)	-	-	-	<b>(60)</b>
Exposures derecognized in the current year	6	-	-	-	<b>6</b>
Write-offs	-	-	-	-	-
Unwinding effect	-	-	-	-	-
FX and other effects	-	-	-	-	-
<b>Impairment amount as at 31 Dec 2025</b>	<b>(302)</b>	<b>(369)</b>	-	-	<b>(671)</b>

Loans and advances to banks at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Impairment amount as at 1 Jan 2024</b>	<b>(78)</b>	-	-	-	<b>(78)</b>
<b>Transfers</b>	2	(2)	-	-	-
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	2	(2)	-	-	-
Transfer to Stage 3	-	-	-	-	-
Remeasurement of expected credit loss	(85)	(167)	-	-	(252)
Increase due to origination and purchase	(3)	(92)	-	-	(95)
Exposures derecognized in the current year	-	-	-	-	-
Write-offs	-	-	-	-	-
Unwinding effect	-	-	-	-	-
FX and other effects	3		-	-	3
<b>Impairment amount as at 31 Dec 2024</b>	<b>(161)</b>	<b>(261)</b>	-	-	<b>(422)</b>

<b>Loans and advances to customers at amortised cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI*</b>	<b>Total</b>
<b>Impairment amount as at 1 Jan 2025</b>	<b>(5)</b>	<b>(16)</b>	<b>(159)</b>	<b>221</b>	<b>41</b>
<b>Transfers</b>	(6)	(5)	11	-	-
Transfer to Stage 1	(6)	6	-	-	-
Transfer to Stage 2	-	(12)	12	-	-
Transfer to Stage 3	-	1	(1)	-	-
Remeasurement of expected credit loss	6	10	(7)	2	<b>11</b>
Increase due to origination and purchase	-	-	-	-	-
Exposures derecognized in the current year	-	1	32	(17)	<b>16</b>
Write-offs	-	-	-	(52)	<b>(52)</b>
Unwinding effect	-	-	(2)	-	<b>(2)</b>
FX and other effects	-	-	-	-	-
<b>Impairment amount as at 31 Dec 2025</b>	<b>(5)</b>	<b>(10)</b>	<b>(125)</b>	<b>154</b>	<b>14</b>

\*Impairment amounts presented for POCI instruments include HUF 9 million of extra impairment not related to the initial expected loss recognized for these instruments

<b>Loans and advances to customers at amortised cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI*</b>	<b>Total</b>
<b>Impairment amount as at 1 Jan 2024</b>	<b>(13)</b>	<b>(25)</b>	<b>(181)</b>	<b>149</b>	<b>(70)</b>
<b>Transfers</b>	(24)	1	23	-	-
Transfer to Stage 1	(25)	3	22	-	-
Transfer to Stage 2	1	(3)	2	-	-
Transfer to Stage 3	-	1	(1)	-	-
Remeasurement of expected credit loss	31	8	(14)	71	<b>96</b>
Increase due to origination and purchase	-	-	-	-	-
Exposures derecognized in the current year	2	-	13	-	<b>15</b>
Write-offs	-	-	-	-	-
Unwinding effect	-	-	-	-	-
FX and other effects	(1)	-	-	1	-
<b>Impairment amount as at 31 Dec 2024</b>	<b>(5)</b>	<b>(16)</b>	<b>(159)</b>	<b>221</b>	<b>41</b>

\*Impairment amounts presented for POCI instruments include HUF 9 million of extra impairment not related to the initial expected loss recognized for these instruments.

<b>Investment securities at amortised cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Impairment amount as at 1 Jan 2025</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Transfers</b>	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Remeasurement of expected credit loss	3	-	-	3
Increase due to origination and purchase	(1)	-	-	(1)
Exposures derecognized in the current year	-	-	-	-
FX and other effects	-	-	-	-
<b>Impairment amount as at 31 Dec 2025</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>(11)</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Impairment amount as at 1 Jan 2024</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>14</b>
<b>Transfers</b>	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Remeasurement of expected credit loss	1	-	-	1
Increase due to origination and purchase	-	-	-	-
Exposures derecognized in the current year	-	-	-	-
FX and other effects	-	-	-	-
<b>Impairment amount as at 31 Dec 2024</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>(13)</b>

<b>Investment securities at fair value through other comprehensive income</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Impairment amount as at 1 Jan 2025</b>	<b>(3)</b>	-	-	<b>(3)</b>
<b>Transfers</b>	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Remeasurement of expected credit loss	-	-	-	-
Increase due to origination and purchase	-	-	-	-
Exposures derecognized in the current year	-	-	-	-
FX and other effects	-	-	-	-
<b>Impairment amount as at 31 Dec 2025</b>	<b>(3)</b>	-	-	<b>(3)</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Impairment amount as at 1 Jan 2024</b>	<b>(2)</b>	-	-	<b>(2)</b>
<b>Transfers</b>	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Remeasurement of expected credit loss	(1)	-	-	(1)
Increase due to origination and purchase	-	-	-	-
Exposures derecognized in the current year	-	-	-	-
FX and other effects	-	-	-	-
<b>Impairment amount as at 31 Dec 2024</b>	<b>(3)</b>	-	-	<b>(3)</b>

### 36.3 Impaired (Stage 3 and POCI) assets\*

31 December 2025	Gross exposure	Impairment	Net carrying amount	Allocated collateral value*
<b>Impaired assets</b>	<b>170</b>	<b>(125)</b>	<b>45</b>	<b>113</b>
<b>Loans and advances to banks</b>	-	-	-	-
<b>Loans and advances to customers – private clients</b>	<b>170</b>	<b>(125)</b>	<b>45</b>	<b>113</b>
- Mortgage loans	123	(92)	31	113
- Consumer loans	-	-	-	-
- Current accounts, overdrafts	-	-	-	-
- Other loans	47	(33)	14	-
<b>Loans and advances to customers – legal entities</b>	-	-	-	-
- Large corporate	-	-	-	-
- SME corporate	-	-	-	-

31 December 2024	Gross exposure	Impairment	Net carrying amount	Allocated collateral value*
<b>Impaired assets</b>	<b>178</b>	<b>(159)</b>	<b>19</b>	<b>156</b>
Loans and advances to banks	-	-	-	-
<b>Loans and advances to customers – private clients</b>	<b>178</b>	<b>(159)</b>	<b>19</b>	<b>156</b>
- Mortgage loans	137	(125)	12	156
- Consumer loans	-	-	-	-
- Current accounts, overdrafts	-	-	-	-
- Other loans	41	(34)	7	-
<b>Loans and advances to customers – legal entities</b>	-	-	-	-
- Large corporate	-	-	-	-
- SME corporate	-	-	-	-

\*The collateral valuation methods and principles and the calculation method of the allocated collateral value are discussed in detail in Note 4.1.2.

### 36.4 Allocated collateral amounts of loans and advances to customers by collateral type\*

31 December 2025	Stage 1	Stage 2	Stage 3	Allocated collateral value
	12-month ECL	Lifetime ECL	Lifetime ECL	
- Guarantees	3	-	1	5
- Cash collateral	-	7	-	7
- Real estate	904	321	155	1,379
- Debt securities	-	-	-	-
- Equity instruments	-	-	-	-
- Other	-	-	-	-
<b>Total</b>	<b>907</b>	<b>328</b>	<b>156</b>	<b>1,391</b>

31 December 2024	Stage 1	Stage 2	Stage 3	Allocated collateral value
	12-month ECL	Lifetime ECL	Lifetime ECL	
- Guarantees	8	-	2	9
- Cash collateral	7	-	-	7
- Real estate	1,119	482	204	1,805
- Debt securities	-	-	-	-
- Equity instruments	-	-	-	-
- Other	-	-	-	-
<b>Total</b>	<b>1,134</b>	<b>482</b>	<b>206</b>	<b>1,821</b>

\*The collateral valuation methods and principles and the calculation method of the allocated collateral value are discussed in detail in Note 4.1.2.

### 36.5 Movement of impairment and loss provision, reconciliation of the opening and closing balances of impairment and loss provisions

Movement table of impairment for credit risk 2025	Cash and cash equivalents	Loans and advances to customers	Loans and advances to banks	Securities at fair value through OCI	Securities at amortised cost	Loan commitments and financial guarantees	Total
<b>Impairment / loss provision amount as at 1 January 2025</b>	(4)	41	(422)	(3)	(13)	-	<b>(401)</b>
Impairment / loss provision increase	(8)	(54)	(471)	(1)	(3)	-	<b>(537)</b>
Impairment / loss provision write-back	4	85	222	1	5	-	<b>317</b>
FX and other effects	-	(58)	-	-	-	-	<b>(58)</b>
<b>Impairment / loss provision amount as at 31 December 2025</b>	(8)	14	(671)	(3)	(11)	-	<b>(679)</b>
<i>Modification of contractual cash-flows*</i>	-	(50)	-	-	-	-	<b>(50)</b>
<b>Impairment and losses on credit products as per statement of profit and loss</b>	(4)	(19)	(249)	-	2	-	<b>(270)</b>

\*of which modification loss related to the payment moratoria and interest rate cap is further detailed in Note 6.2.

<b>Movement table of impairment for credit risk 2024</b>	<b>Cash and cash equivalents</b>	<b>Loans and advances to customers</b>	<b>Loans and advances to banks</b>	<b>Securities at fair value through OCI</b>	<b>Securities at amortised cost</b>	<b>Loan commitments and financial guarantees</b>	<b>Total</b>
<b>Impairment / loss provision amount as at 1 January 2024</b>	(2)	(70)	(78)	(2)	(14)	-	<b>(166)</b>
Impairment / loss provision increase	(4)	(49)	(372)	(1)	(2)	-	<b>(428)</b>
Impairment / loss provision write-back	-	166	28	-	2	-	<b>196</b>
FX and other effects	2	(6)	-	-	1	-	<b>(3)</b>
<b>Impairment / loss provision amount as at 31 December 2024</b>	(4)	41	(422)	(3)	(13)	-	<b>(401)</b>
<i>Modification of contractual cash-flows*</i>	-	(62)	-	-	-	-	<b>(62)</b>
<b>Impairment and losses on credit products as per statement of profit and loss</b>	(4)	55	(344)	(1)	-	-	<b>(294)</b>

\*of which modification loss related to the payment moratoria and interest rate cap is further detailed in Note 6.2.

## 37 Exposure to market risks

### Exposures to interest rate risk

The daily management of interest rate risk is based on BPV and VaR limits. BPV sensitivities are split to re-pricing time buckets and currencies, therefore changes in the certain parts of yield curve is visible. Both regular and ad-hoc sensitivity analyses are prepared with standard and occasional scenarios.

The displayed scenarios are: 200bp positive and negative shocks, parallel up and down shifts based on EBA and NBH guidelines written parametrizations (parallel movement of the yield curve across all maturities in equal measure), turns up and down (increase in short yields, decrease in long yields), and short rate shocks up and down. Currency-wise both HUF yield and all relevant foreign currency yield curve shocks are analyzed. However, almost the whole interest rate risk position is denominated in local currency. Regarding the methodology, the results reflect the 'flooring' impact, meaning that +/- shocks in the affected segments (e.g. customer positions) were calculated only to the extent of 'flooring'.

The scenarios below are immediate and permanent effects that are priced immediately in the market under a net present value approach and are reflected in the carrying amount of the corresponding accounting item in case of fair valuation; not only for the current period but also for the subsequent interest income.

2025		Income	Equity	Others*	Total
All yields	+200bp shock	51	(15)	(1,816)	<b>(1,781)</b>
	-200bp shock	(105)	10	1,010	<b>915</b>
	shift up	75	(21)	(2,709)	<b>(2,656)</b>
	shift down	(159)	17	1,532	<b>1,390</b>
	turn up	(158)	(43)	1,072	<b>871</b>
	turn down	96	19	(2,428)	<b>(2,314)</b>
	short rates shock up	117	14	(3,280)	<b>(3,149)</b>
	short rates shock down	(242)	(27)	1,890	<b>1,621</b>
<b>Worst of the above</b>		<b>(242)</b>	<b>(43)</b>	<b>(3,280)</b>	<b>(3,149)</b>

2024		Income	Equity	Others*	Total
All yields	+200bp shock	57	(18)	(1,772)	<b>(1,734)</b>
	-200bp shock	(115)	13	994	<b>891</b>
	shift up	84	(25)	(2,648)	<b>(2,589)</b>
	shift down	(173)	20	1,507	<b>1,354</b>
	turn up	(169)	(43)	1,111	<b>898</b>
	turn down	104	19	(2,464)	<b>(2,341)</b>
	short rates shock up	128	12	(3,286)	<b>(3,145)</b>
	short rates shock down	(260)	(25)	1,916	<b>1,631</b>
<b>Worst of the above</b>		<b>(260)</b>	<b>(43)</b>	<b>(3,286)</b>	<b>(3,145)</b>

\*Exposures measured at amortized cost

Fair value fluctuations for the HTCS portfolio are booked against equity. The revaluation effects booked against equity are transferred to the income statement when the cash flows are realised. The Mortgage bank enters into derivative contracts to mitigate fair value fluctuations, which are fair value hedges of the hedged item. Where the hedge is effective, both the hedged item and the hedging item are recognised in profit or loss. In turn, repricing of general interest positions and held-to-maturity bonds has no impact on either equity or the income statement (included in Other).

### FX Sensitivity

Year-end FX open position amounted to HUF 0.04 billion. The total open FX position is limited at EUR 2 million. Positions reported as they are managed and show the bank's overall risks including all on-balance and off-balance items, underlying and derivatives. All gains and losses related to change in market prices caused by exchange rate movements is recognized in profit and loss.

## 38 Summary of VaR position

The internal model based historical VaR (1 day, confidence interval of 99 %) during 2025 has moved in a range of HUF 241 million and HUF 358 million. The average VaR was HUF 298 million, decreased compared to last year.

In case of Mortgage bank, Equity risk is not applicable. Credit spread risk and interest rate risk components were the main drivers of VaR. The Mortgage bank holds only government bonds, own mortgage bonds and refinancing loans in its portfolio. Solely government bonds are reflected in Credit spread risk, as in the UniCredit group own issued mortgage bonds are considered free of credit spread (CPV).

FX risk and Vega risk are far below the other components but also contributed somewhat to the total market risk of the Bank.

### VaR as at 31 December 2025

Risk Category	Year-end	Average	Minimum	Maximum
Exchange rate risk	-	2	-	2
Interest rate risk	44	84	22	324
Credit spread	341	299	249	357
Vega risk	1	1	-	6
Equity risk	-	-	-	-
<b>Total VaR</b>	<b>342</b>	<b>298</b>	<b>241</b>	<b>358</b>

### VaR as at 31 December 2024

Risk Category	Year-end	Average	Minimum	Maximum
Exchange rate risk	2	2	2	3
Interest rate risk	116	217	90	415
Credit spread	275	365	278	532
Vega risk	5	9	3	24
Equity risk	-	-	-	-
<b>Total VaR</b>	<b>297</b>	<b>310</b>	<b>253</b>	<b>442</b>

In addition to VaR, risk positions of the Mortgage bank are limited through volume and sensitivity limits. As part of daily risk reporting, detailed "Market Risk Reports" are prepared for a number of portfolios, with updated and historical information made available to all risk-takers and the respective heads of departments.

### 39 Summary of interest sensitivity

As at the end of 2025 and 2024, the entire interest rate position of the Mortgage bank for currencies was composed as follows:

#### Basis point value for main currencies (BPV, million HUF)

As at 31 December 2025							Annual statistics		
Currency	Less than 3 months	3 months to 1 year	1 year to 3 years	3 years to 10 years	Over 10 years	Total	Maximum	Minimum	Absolute average
EUR	(0.00)	(0.00)	0.00	0.00	-	(0.00)	-	(0.51)	0.01
HUF	(4.30)	(3.07)	1.36	(2.63)	(0.00)	(8.65)	(0.29)	(18.55)	5.06
<b>Összesen (**)</b>	<b>(4.31)</b>	<b>(3.07)</b>	<b>1.36</b>	<b>(2.63)</b>	<b>0.00</b>	<b>(8.65)</b>			

As at 31 December 2024							Annual statistics		
Currency	Less than 3 months	3 months to 1 year	1 year to 3 years	3 years to 10 years	Over 10 years	Total	Maximum	Minimum	Absolute average
EUR	(0.00)	(0.00)	(0.00)	0.00	-	(0.00)	0.48	(0.02)	0.10
HUF	(3.73)	(2.29)	(2.68)	0.13	(0.00)	(8.59)	(2.02)	(15.22)	9.15
<b>Total (**)</b>	<b>(3.73)</b>	<b>(2.29)</b>	<b>(2.68)</b>	<b>0.13</b>	<b>(0.00)</b>	<b>(8.59)</b>			

(\*\*) The total amount includes the absolute value of all currencies.

In the last two years the Mortgage bank had positions only in HUF and EUR. The Mortgage bank holds only government bonds, own mortgage bonds and refinancing loans in its portfolio. Solely government bonds are reflected in Credit spread risk, as in the UniCredit group own issued mortgage bonds are considered free of credit spread (CPV).

## 40 Regulatory capital

The EU Regulation No 575/2013 (Capital Requirements Regulations - CRR) has introduced common reporting standards for institutions in relation to capital (COREP - Common Reporting) from 1 January 2014 and financial reporting (FINREP) from 30 September 2014.

The Mortgage bank implemented Basel IV from 1 January 2025. The Mortgage bank follows the instructions, requirements and methods according to the Hungarian Banking Law (Law CCXXXVII of 2013 on credit institutions and financial enterprises, Hpt.), to the Capital Requirements Regulations (EU No. 575/2013) and also to the national regulator and its parent bank.

The most significant risks to which the Mortgage bank is exposed are market interest rate, liquidity, foreign exchange rate and credit risks. Integrated and on-line systems ensure constant, timely monitoring of risk. The Mortgage bank's policies for managing each of the major financial risks are reviewed regularly by the respective business areas, internal audit, senior management and the Management Board.

The Mortgage bank applies the standard approach for calculating the credit risk exposure amount.

The Mortgage bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future business growth. The impact of the level of capital on shareholders' return respecting the regulatory requirements is also recognised and the Mortgage bank recognises the need to maintain a balance the higher returns that may be achieved through leverage with the benefits of a solid capital position and the security it provides.

Main part of COREP reporting templates is capital adequacy: an overview of regulatory capital and total risk exposure amount.

### Own funds components:

- **Common Equity Tier 1 (CET 1):** Ordinary share capital, Share premium, Other reserve, Retained earnings, P/L according to the statement of financial position, Accumulated other comprehensive income, Adjustments made due to prudential factors (in relation to intangible assets)
- **Additional Tier 1 (AT 1)**
- **Tier 2 capital (T 2):** Subordinated loan capital

The minimum regulatory capital requirement is at 8% of total risk exposure amount. On the top of this requirement the Mortgage bank complies with the capital buffer requirements set by the Hpt. and the national supervisor.

The National Bank of Hungary gave permission for the 0% risk weight calculation at the fully consolidated Hungarian group members of the Mortgage bank.

<b>Tier 1 Capital</b>	<b>2025</b>	<b>2024</b>
Ordinary share capital	3,000	3,000
Share premium	783	783
Retained earnings	3,391	13,706
<i>of which Profit or loss attributable to owners of the parent</i>	<i>3,159</i>	<i>4,101</i>
<i>of which proposed dividend related to financial year 2025/2024</i>	<i>(13,158)</i>	<i>(4,101)</i>
Accumulated other comprehensive income	(53)	76
Other reserves	2,605	2,289
Adjustments to CET1 due to prudential filters	(50)	(137)
Intangible assets (deduction according to CRR2 from 2020)	(2)	(3)
<b>Tier 1 Capital Total</b>	<b>9,674</b>	<b>19,714</b>

<b>Tier 2 Capital</b>	<b>2025</b>	<b>2024</b>
Qualifying subordinated liabilities	-	-
<b>Tier 2 Capital Total</b>	<b>-</b>	<b>-</b>
<b>Guarantee capital</b>	<b>9,674</b>	<b>19,714</b>

<b>RWA</b>	<b>2025</b>	<b>2024</b>
Credit risk	4,193	7,065
Operational risk	10,185	6,723
<b>Total RWA</b>	<b>14,378</b>	<b>13,788</b>
<b>Capital adequacy (%)</b>	67.28	142.98
<b>Guarantee capital for legal limits</b>	<b>9,674</b>	<b>19,714</b>

#### **41 Events after the reporting date**

All adjusting events after the balance sheet date have been taken into account in the preparation of the financial statements of the Mortgage bank. There were no material events that occurred after the balance sheet date that would impact the Mortgage bank's financial statements.

In 2026, dividend of HUF 13,158 million is expected to be paid related to the financial year 2025.

Budapest, 9 March 2026

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 Tamási Attila  
 Chairman - Chief Executive Officer

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 Dr. Juhász Viktor  
 Chief Operating Officer

## 5 Values of outstanding mortgage bonds and collateral, additional collateral

### Outstanding mortgage bonds and collateral as of 31 December 2025

Outstanding forint-denominated mortgage bonds not yet repaid	
➤ Nominal value (a)	HUF 304,847,870,000
➤ Interest (b)	HUF 57,869,969,565
<b>Total (a+b)</b>	<b>HUF 362,717,839,565</b>
Mortgage bonds in circulation denominated in foreign currency not yet repaid and converted into HUF at the official MNB exchange rate on the balance sheet date	
➤ Nominal value (c)	HUF 0
➤ Interest (d)	HUF 0
<b>Total (c+d)</b>	<b>HUF 0</b>
Flat-rate cost of mortgage bond termination	
➤ Nominal value (e)	HUF 304,847,870
➤ Interest (f)	HUF 0
<b>Total (e+f)</b>	<b>HUF 304,847,870</b>
Outstanding HUF-denominated mortgage bonds and FX-denominated mortgage bonds combined, not yet repaid	
➤ Nominal value (a+c+e)	HUF 305,152,717,870
➤ Interest (b+d+f)	HUF 57,869,969,565
<b>Total (a+c+e+b+d+f)</b>	<b>HUF 363,022,687,435</b>
Value of normal collateral available in HUF as certified by the auditor	
➤ Capital claim (g)	HUF 314,879,790,499
➤ Interest receivable (h)	HUF 179,984,773,460
<b>Total (g+h)</b>	<b>HUF 494,864,563,959</b>
Ordinary collateral available in foreign currency converted into HUF at the official MNB exchange rate on the reporting date	
➤ Capital claim (i)	HUF 5,212,146,902
➤ Interest receivable (j)	HUF 342,305,821
<b>Total (i+j)</b>	<b>HUF 5,554,452,723</b>
The combined value of normal collateral available in forint and foreign currency:	
➤ Capital claim (g+i)	HUF 320,091,937,401
➤ Interest receivable (h+j)	HUF 180,327,079,281
<b>Grand total (g+i+h+j)</b>	<b>HUF 500,419,016,682</b>
Value of additional collateral:	
➤ Capital claim (k)	HUF 26,238,810,000
➤ Interest receivable (l)	HUF 2,071,428,053
<b>Total (k+l)</b>	<b>HUF 28,310,238,053</b>
Liquidity buffer	
➤ Capital claim (m)	HUF 5,071,055,000
➤ Interest receivable (n)	HUF 0
<b>Total (m+n)</b>	<b>HUF 5,071,055,000</b>

### Additional collateral

The Mortgage Bank holds the full value of the additional collateral in government bonds. The government bonds are all dematerialised securities and are held at UniCredit Bank.

Description	Nominal value
Hungarian Government Bond 2026/E	HUF 3,060,000,000
Hungarian Government Bond 2027/A	HUF 10,100,000,000
Hungarian Government Bond 2027/B	HUF 10,578,810,000
Hungarian Government Bond 2030/A	HUF 2,500,000,000

### Stocks recorded as liquid assets

As of 31 December 2025, the Mortgage Bank's liquidity buffer of liquid assets consisted of government bonds.

Description	Nominal value	Market value
Hungarian Government Bond 2027/B	HUF 5,000,000,000	HUF 5,071,055,000

## 6 Enforcement auctions

In 2025, no auction of residential property took place in the enforcement procedure launched at the request of the Mortgage Bank.

## 7 Transferred properties

In 2025, no real estate was transferred to the Mortgage Bank to reduce or mitigate mortgage lending losses or as a result of liquidation or foreclosure.

## 8 Amount of mortgage loan repayments

As of 31 December 2025, the annual mortgage loan repayments amounted to HUF 50,851,523,343 in principal and HUF 26,206,546,061 in interest payments.

## 9 Representations and warranties

We, the undersigned, hereby declare that the Annual Report, prepared to the best of our knowledge and in accordance with the applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Mortgage Bank, and the Management Report gives a true and fair view of the position, development and performance of the Mortgage Bank, together with a description of the principal risks and uncertainty factors.

.....  
**Attila Tamási**

Chairman and CEO

.....  
**Dr. Viktor Juhász**

Head of Operations,  
Internal Board Member

# Annex I UniCredit Jelzálogbank Zrt. Corporate Governance Statement for 2025

## Introduction

UniCredit Jelzálogbank Zrt. (hereinafter referred to as the “Company”) publishes a corporate governance statement in its Annual Report pursuant to Article 95/B of Act C of 2000 on Accounting.

In this context, it informs the public that the Company belongs to the UniCredit Group (“UniCredit” or “UniCredit Bank”). As a member of UniCredit Bank, the Company is obliged to comply with the guidelines issued by UniCredit S.p.A, (the “Holding Company”) (the “Holding Guidelines”), in addition to the requirements of the applicable laws. The Holding Guidelines are a set of rules governing transparent governance, the organisational model and leadership responsibility for the main processes within UniCredit Bank, issued by the Holding Company in the exercise of its right to supervise and govern UniCredit Bank, in accordance with the guidelines issued by the Bank of Italy to maintain the stability of UniCredit Bank.

By Resolution No. 11/2008 dated 7 April 2008, the sole Shareholder of the Company, UniCredit Bank Hungary Zrt., introduced a new corporate governance system by amending the Articles of Association, establishing a so-called “Supervisory Board with operative decision-making powers”. According to the Articles of Association of the Company, the Supervisory Board is responsible for the election, recall and the establishment of the remuneration of the members of the Board of Directors, and certain final decisions – as defined in the Articles of Association – are subject to the prior approval of the Supervisory Board.

## Description of the functioning of the Board of Directors and the Supervisory Board

### Description of the functioning of the Board of Directors

The Board of Directors is the Company’s legal representative and managing body, representing the Company in dealings with third parties, before courts and other authorities.

The Board of Directors, under the supervision of the Supervisory Board, manages and directs the Company’s business activities and financial operations in accordance with Hungarian law – in particular, Act V of 2013 on the Civil Code (hereinafter: “Civil Code”) and Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter: “Credit Institutions Act”) –, the Articles of Association, as well as the “Group Managerial Golden Rules” issued by UniCredit SpA and adopted by Board of Directors’ Resolution No. 32/2020 (VI.29.) and other guidelines of UniCredit SpA, and ensures the conditions for effective operation.

The organisation and functioning of the Board of Directors are governed by the Articles of Association and the Rules of Procedure of the Board of Directors. The Board of Directors is responsible for establishing the Rules of Procedure of the Board of Directors, and the Supervisory Board is responsible for approving them. The current Rules of Procedure of the Board of Directors were approved by the Supervisory Board by its Resolution No. 12/2020 (10.13.).

The Articles of Association are available on the Company’s official website ([www.jelzalogbank.hu](http://www.jelzalogbank.hu)). The Board of Directors’ rules of procedure will be made available to the investor upon request within 7 working days of the request.

The Board of Directors consists of at least three and no more than eleven members. The members of the Board of Directors are elected by the Supervisory Board for a maximum term of three years. The Board of Directors shall, with the prior approval of the Supervisory Board, elect the Chairperson of the Board of Directors and may elect the Vice-Chairperson from among its members. As required by the Credit Institutions Act, in 2025, two members of the Board of Directors were employed by the Company (internal members).

The Board of Directors meets at least once a month in ordinary session. The Chairperson of the Board of Directors shall notify the members of the Board of Directors and other invited persons of the place, date and agenda of each meeting at least five days before the date of the meeting. Meetings are convened in writing, by fax or e-mail.

The quorum of the Board of Directors is constituted when a majority of its members (all three members in the case of three members) are present or participate in the adoption of resolutions by video conference. In the event of a tied vote, the Chairperson has the casting vote. The Board of Directors adopts its resolutions by a simple majority of the votes of the members present.

The minutes of the Board of Directors’ meetings shall be drawn up in two languages (English and Hungarian), and shall always include the place and date of the meeting, the names of the participants, the agenda, the proposals and motions made, the objections raised, the decisions taken and the objections to those decisions, and the content of the Board of Directors’ resolutions. The names of the members of the Board of Directors who voted against a resolution or abstained from voting shall be recorded in the minutes. The minutes shall be certified by the Chairperson of the Board and two other members present.

The Board of Directors may adopt resolutions outside a meeting. A resolution made outside a meeting is adopted if all members of the Board of Directors have participated in the decision-making. A resolution made outside the meeting shall be recorded in the minutes of the next meeting of the Board of Directors.

The CEO is an employee of the Company and the Company’s number one executive employee. The Chief Executive Officer manages and oversees the Company’s day-to-day operations under an employment contract, and performs their duties as a member of the Board of Directors under a corporate legal relationship. Accordingly, their employment relationship is governed by the Labour Code, their election as a member of the Board of Directors and membership of the Board of Directors by the Credit Institutions Act and the provisions of the Civil Code on mandates. The division of responsibilities between the Board of Directors and the CEO is such that the day-to-day work of the Company is directed and controlled by the CEO within the framework of the law and the Company’s Articles of Association, and in accordance with the decisions of the Shareholder and the Board of Directors. The CEO is responsible for deciding on all matters that are not the exclusive responsibility of the Shareholder, the Supervisory Board or the Board of Directors. This division of responsibilities is without prejudice to the statutory responsibilities of the Board of Directors and the members of the Board of Directors.

The CEO exercises the rights of the employer in relation to the employees of the Company. The Company's organisational structure is set out in the Company's Bylaws, which are approved by the Supervisory Board.

### **Description of the functioning of the Supervisory Board**

The Supervisory Board consists of at least three and no more than nine members. The members of the Supervisory Board are elected by the Shareholder for a maximum term of three years.

The members of the Supervisory Board must act in a personal capacity, without representation.

The Supervisory Board elects the Chairperson and the Deputy Chairperson of the Supervisory Board from among its members. If the term of office of the Chairperson or Deputy Chairperson of the Supervisory Board ends during or before the expiry of the term of office, the Supervisory Board shall hold a new election for the remainder of the term of office of the Chairperson or Deputy Chairperson of the Supervisory Board who has ceased to hold office.

The Supervisory Board meets as often as necessary, but at least four times a year.

The meetings of the Supervisory Board shall be convened by the Chairperson or, if the Chairperson is prevented from attending, by their Deputy, or, if the Deputy is also prevented from attending, by a member authorised by the Chairperson, subject to a period of at least one week in advance. Any member of the Supervisory Board may request the convening of a meeting, stating the reason and the purpose, from the Chairperson, who shall immediately arrange for the convening of the meeting of the Supervisory Board. If the Chairperson does not comply with the request, the member shall be entitled to convene the meeting themselves.

The Supervisory Board shall have a quorum if two thirds of its members but at least three members are present or, in the case of video-conferencing, participate in the decision-making. Anyone who abstains from voting for reasons of conflict of interest or for any other reason shall also be deemed to have taken part in passing a resolution.

The Supervisory Board shall take its decisions by a simple majority of the votes of those present, unless more stringent requirements are laid down by law. In the event of a tied vote, the Chairperson has the casting vote.

A "per rollam" resolution may only be passed in urgent cases and requires the unanimous vote of all members of the Supervisory Board to be valid.

The bilingual minutes of the Supervisory Board meetings are signed by the Chairperson of the meeting at any given time and authenticated by two other members.

### **Introduction of the members of the Board of Directors, Supervisory Board**

#### **Board of Directors**

**As at 31 December 2025, the Board of Directors of the Company was composed of the following persons:**

- Attila Tamási (Internal Board Member, Chairman of the Board of Directors)
- dr. Viktor Juhász (Internal Board Member)
- Attila István Csáky (External Board Member)
- Árpád Borbély (External Board Member)

#### **Supervisory Board**

As of 31 December 2025, the Supervisory Board of the Company was composed of the following persons:

- Giacomo Volpi (Chairperson)
- Balázs Tóth
- Matteo Consalvi
- Réka Vörös
- János Anschau
- Ivan Dujmovic
- Balázs Gergely Toldi

### **Presentation of the work of the Board of Directors and the Supervisory Board in 2025**

#### **Presentation of the Board of Directors' activities in 2025**

##### **Summary of the tasks carried out by the Board of Directors**

The Board met 12 times in 2025, and 11 extra-meeting resolutions were adopted.

All meetings were duly convened and a quorum was present. The agenda of the meetings included written reports, briefings and other presentations prepared with the assistance of the management and the head of the department concerned. The Board of Directors

discussed the issues on the agenda of its meetings subject to due diligence, and the members of the Board of Directors regularly supplemented and clarified the motions with their professional comments and contributions, and, where appropriate, made proposals for amendments.

As in previous years, the Board of Directors discussed the management's report on the current business and financial situation of the Company as a standing agenda item at its 2025 meetings, in the framework of which it continuously monitored the Company's operations and financial standing.

In all cases, the Board of Directors found the proposals for amendments to the rules under its responsibility to be justified, and adopted them as presented in the motions. The Board also found the information presented by the management on other issues, in addition to the additions made at the meeting, satisfactory in all cases.

#### **Cooperation of the Board of Directors with other organisations**

The Board of Directors continues to maintain a cooperative and fair relationship with the Supervisory Board. Members of the Board of Directors are invited to attend the meetings of the Supervisory Board. Consultations and exchanges of views between the chairpersons and members of the two bodies were also regular between meetings.

#### **Presentation of the Supervisory Board's activities in 2025**

##### **Summary of the tasks carried out by the Supervisory Board**

In 2025, the Supervisory Board met 5 times, with 3 resolutions adopted outside a meeting.

The rules of procedure of the Supervisory Board is made available to the investor, upon request, within 7 working days of the submission of the request.

The Supervisory Board regularly discusses the report on the Company's business activities and the status reports on priority projects (e.g. the issuance programme), reviews the Company's operating environment and sets strategic goals.

The Supervisory Board, through the Internal Audit Department, continuously monitored and oversaw the Company's lawful operation to ensure that the requirements were met.

##### **The functioning of the Supervisory Board**

All meetings were duly convened and a quorum was present without exception. The agenda of the meetings includes written reports and motions. There was no formal allocation of tasks between the Board members.

The duties listed in Section 62(3b) of Act CXX of 2001 on the Capital Market (Capital Markets Act) and those specified in Section 3:291 of the Civil Code are performed by the Company's Supervisory Board in accordance with Section 62(3) of the Capital Markets Act. The Supervisory Board's rules of procedure have been supplemented by a list of the tasks that the Supervisory Board performs in connection with the duties falling within the remit of the Audit Committee. The amendment of the current Rules of Procedure was approved by the Shareholder by Resolution No. 6/2018 (X.30.).

#### **Cooperation of the Supervisory Board with other organisations**

The Supervisory Board's working relationship with the Board of Directors and the Company's auditor is continuous, objective and effective.

The Chairman of the Board of Directors and the members of the Board of Directors attended the meetings of the Supervisory Board, provided the members of the Board with adequate information and answered any questions raised.

The Board of Directors and the Chairperson of the Supervisory Board held consultations and exchanged views between meetings as well.

#### **Presentation of the internal controls system, assessment of its operation in 2025**

##### **Summary of risk management principles**

The Company carries out its risk management activities in accordance with UniCredit Bank's risk management guidelines and the Hungarian legislative requirements.

Risk management consolidated with UniCredit Bank Zrt. includes:

- debtor and partner ratings,
- the preparation of risk reports with a standardised structure,
- the monitoring of outstanding debts,
- the regulation of decision-making powers,
- debt rating, impairment and provisioning,
- recovery activities,
- valuation of collateral,
- operational risk management,

- market risk management.

The Company applies the standard methodology for credit and operational risk management.

### **Risk management organisation**

The Mortgage Bank has a risk management function that is independent of the business areas, under the direct supervision of the CEO.

Mortgage risk management includes the following activities:

- credit risk management
- real estate property valuation
- operational risk management

Certain activities (e.g. operational risk management controlling, private and corporate collection and work-out activities, market risk management) have been outsourced to UniCredit Bank Hungary Zrt.

### **Monitoring, feedback**

**The Company's internal control system includes:**

- controls built into the process,
- managerial control,
- the independent internal audit organisation,
- the managerial information system.

### **Control built into the process:**

In-process control means that the next stage of the workflow may only be carried out after a documented check, ensuring that the next stage of work can start without errors. In addition to ensuring safe operation, in-process controls also protect the interests of workers by minimising the possibility of errors when operating correctly.

### **Managerial control:**

The purpose of managerial control is to ensure that the activities in the area under the control of the manager comply with legal requirements, internal instructions and decisions, guaranteeing at the same time the quality and effectiveness of the work of the area under the manager's supervision and control.

In order to increase control efficiency, the Company has already implemented the principle of ensuring the prevention of conflicts of interest in its organisational structure. Accordingly:

- in order to optimise the mitigation of risks in the business, the Company has also separated the risk management and operations area from the sales area at an organisational level, which ensures that safety aspects are applied in a fair and consistent manner in risk-taking decisions and operations.
- the Company, by applying this principle, creates the organisational conditions for the independent operation and evaluation of certain functions and reduces the risk of misusing internal information generated in the course of business operations.

### **The independent internal audit organisation:**

The essence of an independent internal audit is that Internal Audit cannot perform any other function in the Company to avoid incompatibility and conflicts of interest.

Independent internal audit in the Company is implemented by an internal audit organisation directly managed by the Supervisory Board. In addition to the Supervisory Board, Internal Audit liaises with and conducts joint audits with UniCredit Bank's internal audit function.

The Chief Executive Officer may assign additional audit tasks to the internal audit unit beyond those specified in the annual plan only with the consent of the Supervisory Board and the head of the internal audit unit, or with their subsequent notification. In these cases, the investigation procedure may differ from the general procedure.

### **The managerial information system:**

This system includes all the information received by the management and the system that collects and processes the information and delivers it to the target persons. The aim of the system is to enable the manager to react in due time to changes and unfavourable developments.

A basic requirement for the proper functioning of a management information system is that the manager concerned has timely access to all relevant information on the processes, risks and problems of the area they manage. The managerial information system thus also includes regular workshops and meetings, which are always the task and responsibility of the manager concerned.

### **Internal audit in 2025**

The 2025 audits carried out by Internal Audit did not identify any risks that could seriously jeopardise the Company's operations; the discrepancies identified during the audits are being corrected and were rectified on time.

## **The Auditor**

The Company's auditor is **KPMG Hungária Könyvvizsgáló, Adó- és Közgazdasági Tanácsadó Kft.**

Registered office: H-1134 Budapest, Váci út 31.

Name of the person who performed the audit: Zsuzsanna Csáki (mother's name: Zsuzsanna Kerekes)

Address: 2364 Ócsa, Táncsics Mihály utca 5.

Audit services fee: **HUF 17,250,000** net

Other assurance services fee: **HUF 7,310,980** net

## **Presentation of the Company's disclosure policy, insider trading policy**

### **Disclosure principles of the Company**

Regular, reliable and comparable information is essential for investors in mortgage bonds and other financial and capital market participants to assess the Company's performance.

The Company's disclosure policy is to comply with all disclosure obligations in the form and within the time limits prescribed by law. As an issuer of publicly traded debt securities, the Company observes the provisions set out in Chapter V of the Capital Markets Act, in Decree No. 24/2008 (VIII. 15.) of the Minister of Finance on the detailed rules regarding extraordinary disclosures, as well as in Sections 18 and 19 of Act XXX of 1997 on Mortgage Credit Institutions and Mortgage Bonds (MBCI Act) and the provisions of the Credit Institutions Act.

The Company shall ensure that the information disclosed is clear, understandable and accurate.

### **The Company's insider trading policy**

The Company has developed its principles for the conclusion of transactions by persons who are considered insiders for the purposes of securities (mortgage bonds) issued by the Company and admitted to trading on a regulated market taking into account the applicable legal rules.

It is forbidden to enter into a transaction or to give an order to enter into a transaction in a security issued by the Company using insider trading information, or to pass on insider trading information to other persons for trading purposes.

### **Ownership of the Company, Shareholder, decision-making**

The Company belongs to UniCredit Bank. The sole Shareholder of the Company is UniCredit Bank Hungary Zrt. Accordingly, there is no general meeting of the Company, the Shareholder shall adopt decisions in writing, within the powers of the general meeting as defined in the Civil Code and the Articles of Association of the Company, which shall be notified to the members of the Board of Directors. In 2025, 7 shareholder resolutions were adopted during the year.

### **Remuneration statement**

Members of the Board of Directors and the Supervisory Board of UniCredit Jelzálogbank Zrt. shall not receive any remuneration or reimbursement of expenses in connection with the performance of their duties in this capacity. The remuneration guidelines and remuneration policy of UniCredit Bank Hungary Zrt. are automatically applied in UniCredit Jelzálogbank Zrt., primarily because of the dual employment of the staff concerned.

### **Miscellaneous**

The policy pursuant to Section 95/B(2)(h) of Act C of 2000 on Accounting has not been implemented at UniCredit Jelzálogbank Zrt. due to the size of the organisation.