

Erste Bank Hungary Zrt.

SEPARATE FINANCIAL STATEMENTS
IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION
FOR THE YEAR ENDED
31 DECEMBER 2025

Separate Financial Statements 2025 IFRS

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I. Separate Statement of Profit or Loss

in HUF million	Notes	2024	2025
Net interest income	2)	171,768	178,067
Interest income		280,893	265,607
Other similar income		96,522	85,336
Interest expenses		(137,683)	(118,805)
Other similar expenses		(67,964)	(54,071)
Net fee and commission income	3)	100,659	120,929
Fee and commission income		120,702	143,691
Fee and commission expenses		(20,043)	(22,762)
Dividend income	4)	21,796	15,521
Net trading result	5)	22,688	20,285
Foreign exchange transactions		(38,039)	68,199
Gains/loss from financial instruments held for trading		60,727	(47,914)
Gains/losses from financial instruments measured at fair value through profit or loss	6)	7,195	3,959
Rental income from investment properties & other operating leases	7)	63	72
Personnel expenses	8)	(50,251)	(52,773)
Other administrative expenses	8)	(44,281)	(48,633)
Depreciation and amortisation	8)	(12,546)	(14,513)
Gains/losses from derecognition of financial assets measured at amortised cost	9)	(2,816)	(1,230)
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	10)	(16,381)	81
Impairment result from financial instruments	11)	5,886	(538)
Other operating result	12)	(54,062)	(67,391)
Other operating income	12)	10,320	5,068
Other operating expense	12)	(64,382)	(72,459)
Pre-tax result from continuing operations		149,718	153,836
Taxes on income	13)	(20,369)	(19,937)
Net result for the period		129,349	133,899

II. Separate Statement of Other Comprehensive Income

in HUF million	2024	2025
Net result for the period	129,349	133,899
Other comprehensive income		
Items that may be reclassified to profit or loss		
Fair value reserve of debt instruments	(197)	(2,593)
Gain/loss during the period	1,681	(3,177)
Reclassification adjustments	(1,775)	(81)
Credit loss allowances	(103)	665
Deferred taxes relating to items that may be reclassified	17	233
Gain/loss during the period	17	233
Total other comprehensive income	(180)	(2,360)
Total comprehensive income	129,169	131,539

Date: Budapest, April 10 2026

Radován Jelasity
Chairman and CEO

Manfred Schmid
Chief Financial Officer

III. Separate Statement of Financial Position

in HUF million	Notes	2024	2025
Assets			
Cash and cash equivalents	14)	673,283	364,205
Financial assets held for trading		96,855	207,485
Derivatives	19)	67,100	42,340
Other financial assets held for trading	20)	29,755	165,145
Pledged as collateral	26)	-	-
Non-trading financial assets at fair value through profit or loss	21)	449,089	589,262
Equity instruments	21)	4,213	5,905
Debt securities	21)	545	219
Loans and advances to customers	21)	444,331	583,138
Financial assets at fair value through other comprehensive income	18)	362,528	558,113
Pledged as collateral	26)	15,705	-
Debt securities	18)	362,528	558,113
Financial assets at amortised cost	15)	3,169,437	3,241,879
Pledged as collateral	26)	26,721	12,665
Debt securities	15)	1,039,630	948,088
Loans and advances to banks	15)	281,277	335,458
Loans and advances to customers	15)	1,848,530	1,958,333
Finance lease receivables	38)	34,078	37,772
Property and equipment	38)	30,969	34,943
Investment properties	38)	191	189
Intangible assets	38)	30,304	32,567
Investments in associates and joint ventures		102,955	104,232
Deferred tax assets	13)	364	977
Trade and other receivables	16)	13,701	11,759
Other assets	37)	47,228	46,796
Total assets		5,010,982	5,230,179

in HUF million	Notes	2024	2025
Liabilities			
Financial liabilities held for trading		54,797	40,975
Derivatives	19)	54,797	40,975
Financial liabilities at amortised cost	17)	4,226,807	4,464,649
Deposits from banks	17)	637,885	597,248
Deposits from customers	17)	3,187,141	3,527,689
Debt securities issued	17)	401,781	338,898
Other financial liabilities		-	814
Lease liabilities	38)	19,197	14,288
Provisions	40)	8,368	8,643
Current tax liabilities	13)	11,618	5,788
Other liabilities	39)	79,177	67,815
Total equity	42)	611,018	628,021
Equity attributable to owners of the parent		611,018	628,021
Subscribed capital		146,000	146,000
Additional paid-in capital		117,492	117,492
Retained earnings		288,365	307,728
Other reserves		(73)	(2,433)
Additional equity instruments (AT1)		59,234	59,234
Total liabilities and equity		5,010,982	5,230,179

Date: Budapest, April 10 2026

Radován Jelasity
Chairman and CEO

Manfred Schmid
Chief Financial Officer

IV. Separate Statement of Changes in Equity

in HUF million	Subscribed capital ¹⁾	Additional paid-in capital	Retained earnings	Fair value reserve ²⁾	Deferred tax	Additional equity instruments ¹⁾	Attributable to owners of the parent	Total equity
Total equity at 01 January 2025	146,000	117,492	288,365	(79)	6	59,234	611,018	611,018
Dividends ³⁾			(114,536)				(114,536)	(114,536)
Total comprehensive income	-	-	133,899	(2,593)	233		131,539	131,539
of which: Net profit / (loss) for the year			133,899				133,899	133,899
of which: Other comprehensive income			-	(2,593)	233		(2,360)	(2,360)
Total equity at 31 December 2025	146,000	117,492	307,728	(2,672)	239	59,234	628,021	628,021

in HUF million	Subscribed capital ¹⁾	Additional paid-in capital	Retained earnings	Fair value reserve ²⁾	Deferred tax	Additional equity instruments ¹⁾	Attributable to owners of the parent	Total equity
Total equity at 01 January 2024	146,000	117,492	254,016	118	(11)	0	517,615	517,615
Dividends ³⁾			(95,000)				(95,000)	(95,000)
Capital increases/decreases			-			59,234	59,234	59,234
Total comprehensive income	-	-	129,349	(197)	17		129,169	129,169
of which: Net profit / (loss) for the year			129,349				129,349	129,349
of which: Other comprehensive income			-	(197)	17		(180)	(180)
Total equity at 31 December 2024	146,000	117,492	288,365	(79)	6	59,234	611,018	611,018

1) See details in Note 42) Total equity, section Subscribed capital and additional paid-in capital.

2) All items are to reclassify subsequently into profit and loss, in both years.

3) Erste Bank paid a dividend that amounted to 110,000 million forint to its owners (0.75 forint per share). An additional HUF 4,536 million was disbursed as interest on the AT1 capital instrument (additional equity instrument). The management board of Erste Bank Hungary Zrt. will propose a 2025 dividend of 120,000 million forint (0.82 forint per share) to the 2025 Annual General Meeting.

V. Separate Statement of Cash Flows

in HUF million	Notes	2024	2025
Net result for the period		129,349	133,899
Income tax adjustment	13	20,369	19,937
Income tax adjusted result for the period		149,718	153,836
Non-cash adjustments for items in net profit for the year			
Depreciation, amortisation and net impairment of non-financial assets	36	4,909	16,453
from which regarding right-of-use assets - Land and buildings Leasing	36	2,441	(327)
Net allocation of credit loss allowances and other provisions		(7,718)	(1,686)
Modification gain/loss on loans and advances	11	5,747	4,610
Gains/losses from measurement and derecognition of financial assets and financial liabilities		(19,197)	(1,149)
Revaluation of subordinated liabilities and debt securities issued	17	8,505	(12,770)
Revaluation of derivatives		(12,071)	11,181
Other adjustments		(3,819)	(296)
from which regarding Finance lease liabilities under IFRS 16		1,220	(2,031)
Changes in assets and liabilities from operating activities after adjustment for non-cash components			
Financial assets - held for trading	19, 20	7,808	(135,645)
Non-trading financial assets at fair value through profit or loss	21		
Equity instruments		(2,077)	(1,692)
Debt securities		269	326
Loans and advances to customers		(58,045)	(138,807)
Financial assets at fair value through other comprehensive income	18		
Debt securities		16,905	(4,877)
Financial assets at amortised costs	15		
Debt securities		2,392	1,876
Loans and advances to banks		68,783	(54,181)
Loans and advances to customers		(39,027)	(112,058)
Finance lease receivables		(417)	(3,524)
Other assets from operating activities		(1,348)	2,282
Financial liabilities - held for trading		(331)	12
Financial liabilities measured at amortised cost	17		
Deposits from banks		(98,067)	(44,863)
Deposits from customers		109,733	340,548
Debt securities issued		909	13,443
Other financial liabilities		(3,880)	814
Other liabilities from operating activities	39	26,224	(11,362)
Lease liabilities	38	364	397
Payments for taxes on income		(9,977)	(26,986)
Cash flow from operating activities		146,292	(4,118)

in HUF million	Notes	2024	2025
Proceeds of disposal			
Financial assets at fair value through other comprehensive income - Debt instruments	18	27,764	520
Financial assets at amortised costs - Debt securities	15	172,179	147,039
Property and equipment, intangible assets and investment properties	36	180	106
Investments in subsidiaries	B	-	-
Acquisition of			
Financial assets at fair value through other comprehensive income - Debt instruments		(142,589)	(194,563)
Financial assets at amortised costs - Debt securities		(115,704)	(55,922)
Property and equipment, intangible assets and investment properties		(16,368)	(17,270)
Investments in subsidiaries		(42,000)	(5,800)
Cash flow from investing activities		(116,538)	(125,890)
Capital increases	42	59,234	-
Dividends paid to equity holders of the parent		(95,000)	(114,536)
Subordinated loan repayment		(70,749)	-
Repayment of Debt securities issued		(14,674)	(230,526)
Proceeds from Debt securities issued	17	163,485	171,195
Lease liabilities repayment		(4,102)	(4,307)
Cash flow from financing activities		38,194	(178,172)
Cash and cash balances at beginning of period		604,510	673,283
Cash flow from operating activities		146,292	(4,118)
Cash flow from investing activities		(116,538)	(125,890)
Cash flow from financing activities		38,194	(178,172)
Effect of currency translation		825	(897)
Cash and cash balances at end of period		673,283	364,205
Cash flows related to interest and dividends (included in cash flow from operating activities)			
Interest received	2	379,718	320,060
Dividends received	4	21,796	15,521
Interest paid		(203,023)	(165,759)

Notes to the Separate Financial Statements

A. GENERAL INFORMATION

Erste Bank Hungary Zrt. (referred to as 'Bank' or 'Erste Bank') is a member of Erste Group, the largest privately owned Austrian banking group, listed on the Vienna, Prague and Bucharest Stock Exchanges (Erste Group Bank AG). The Bank with its fully owned subsidiaries forms Erste Hungary. The Bank is a limited liability company, incorporated and domiciled in Hungary. The registered office of the Bank is 24-26. Népfürdő utca, 1138 Budapest, Hungary.

The annual financial statement, that is prepared as separate financial statement, is published and available on the following website:

<https://www.erstebank.hu/hu>

The Bank prepares its consolidated financial statement under IFRS that is published and available on the following website:

<https://www.erstebank.hu/hu>

The separate financial statements are prepared in English and Hungarian. In case of divergence between the language versions, the Hungarian version shall prevail.

As of 31 December 2025, the direct parent of the Bank– owning 100% of the shares (in 2024 100%)– was Erste Group Bank AG, whose registered office at that date was Am Belvedere 1, 1100 Vienna, Austria. The Consolidated Financial Statements of Erste Group are prepared by the ultimate parent of Erste Group 'Erste Group Bank AG' and are available after their completion at the Court of Registry of Vienna, Marxergasse 1a, 1030 Vienna, Austria.

Erste österreichische Spar-Casse Privatstiftung

Erste österreichische Spar-Casse Privatstiftung (Erste Stiftung) has significant influence over Erste Group Bank AG not only due to its shareholding of the subscribed capital (6.01% in 2025 and 5.94% in 2024), but also due to the significant liabilities Erste Group Bank AG has toward Erste Stiftung. Therefore, Erste Stiftung has indirectly significant influence over Erste Hungary.

The ownership structure of Erste Bank Hungary Zrt. is the following:

Owner	2025		2024	
	Number of shares	Ownership share	Number of shares	Ownership share
Erste Group Bank AG	146,000,000,000	100 %	146,000,000,000	100 %
Total	146,000,000,000	100 %	146,000,000,000	100 %

Erste Bank's activity

The Bank with its subsidiaries offers a complete range of banking and other financial services to customers, such as savings accounts, asset management, consumer credit and mortgage lending, building society services, investment banking, securities and derivatives trading, portfolio management, project finance, foreign trade financing, corporate finance, capital market and money market services, foreign exchange trading and leasing. Erste Bank concentrates its activity in the Hungarian market.

Erste Banks's separate financial statements are legally required to be audited in order to ensure independent control and review of the accounts.

B. ACQUISITIONS, MERGERS AND DISPOSALS

2025

There were no changes in the structure of the Erste Hungary Group during the 2025 financial year.

2024

Selling of Z3 Kft.

Z3 Kft. the subsidiary which holds the ownership of the former headquarter building of Commerzbank has been reclassified into 'Assets held for sale' as a disposal group of assets in June 2024, as the bank has already been in a matured negotiation with the potential buyer, including official price offer. After closing all the contractual administration processes, the sale has been finalised in July 2024 leading to the derecognition of the investment.

Foundation of Erste Tower Kft.

In November 2024 Erste Bank Hungary Zrt. founded Erste Tower Kft.. The new subsidiary acquired the leased headquarter building of Erste Bank Hungary Zrt. from Erste Nyíltvégű Ingatlan Befektetési Alap. The deal was concluded at market price and the leasing contract with Erste Bank Hungary Zrt. was transferred to the new subsidiary.

C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS

2025

In 2025, the Hungarian economy showed a mixed performance: after a moderate decline at the beginning of the year, gradual stabilisation followed in the second half. Monetary policy remained characterised by caution due to persistent inflationary risks, with the central bank keeping the base rate unchanged at 6.5% throughout the year.

During 2025, the government introduced several new fiscal and regulatory measures that materially affected the operation of the banking sector. These included the launch of the 'Otthon Start' subsidised housing loan programme, the expansion of preferential corporate loan schemes, and the repeated extension of the interest rate stop regulations.

i) Measures launched in the previous years

(Retail) Interest stop extension

The Hungarian Government launched 24 December 2021 a legal act effecting materially the financial sector, referred as 'Interest stop'. It was an interest rate freeze for retail repricing/floating rate mortgage loans, at the interest rate level contractually valid 27 October (fix rate). Originally the period in scope was 1 January 2021 – 30 June 2022, which the government subsequently extended several times in the following years. After the 2024 extension valid until 30 June 2025, the interest rate stop was prolonged twice more in 2025: first until 31 December 2025, and then in November until 30 June 2026.

The cap-system logic is as follows:

- repricing date falls 2021 (27 October – 31 December):
the fix rate is to apply from 1 January 2022
- repricing date after 1 January 2022:
the fix rate is to apply from the repricing date.

Erste Bank, as effect of contractual modification in the meaning of IFRS9, accounted its losses as 'Modification loss'.

In case the relevant deals are classified in stage1, the modification loss is presented in the line item 'Net interest income', 'Interest income', while the non-stage1 classified deals related modification loss is presented in the line item 'Impairment result from financial instruments', in line with the accounting policies detailed in Financial instruments – Material accounting policies, Derecognition of financial instruments including treatment of contractual modifications, ii. Derecognition criteria with respect to contractual modifications of financial assets.

The total modification loss in 2025 amounted to 4.6 billion forint, based on expert estimations (of which 3.9 billion forint is related to Stage 1 deals, 0.3 billion forint to Stage 2 deals, 0.1 billion forint to Stage 3 deals and 0.3 billion forint to POCI deals), amortised in 'Net interest income' over the lifetime of the loans.

(Government decree: '170/2025. (VI.26.)' and '364/2025. (XI.26.) Korm.rendelet')

ii) New supportive measures effecting banking products' profitability and new subsidised products

1. 'Otthon Start' housing loan programme

With Government Decree 227/2025. (VII.31.), the Government launched the new 'Otthon Start' housing loan programme effective from 1 September 2025. The programme provides state-subsidised, fixed-rate loans with an interest rate capped at 3%, available for retail customers for the purchase or construction of residential property. The maximum loan amount is 50 million forint, with a maximum maturity of 25 years. A minimum 10% own contribution is required, and the programme can be used only once. Eligibility criteria are strict, particularly regarding previous property ownership and social security contribution history. The value of the real estate is also capped: purchase price may not exceed 100 million forint for flats and 150 million forint for houses, with a maximum price per square meter of 1,5 million forint. The loan can be combined with other subsidised or market-priced housing loan schemes.

The accounting characteristics of the scheme are detailed in chapter Financial instruments – Material accounting policies; Business model assessment and SPPI test.

(Government decree: '227/2025. (VII.31.) Korm.rendelet')

2. New subsidised loans for SMEs

In October 2025, the Government launched a new loan programme with a fixed 3% interest rate for small and medium-sized enterprises under the Széchenyi Card Programme. Under this decision, all main constructions of the programme — both liquidity and investment loans — became available at a uniform fixed annual rate of 3%. The objective is to provide stable and predictable financing for domestic micro-, small- and medium-sized enterprises, enabling them to strengthen liquidity and implement development projects.

The available constructions — such as overdraft facilities, liquidity loans, the tourism card, investment loans and leasing options — typically provide 1 to 250 million forint for liquidity purposes, while investment-type products may offer financing up to 500 million forint.

iii) Sectoral levies and taxes

1. Extra profit tax

Published 4 June 2022, the so called 'extra profit tax' was imposed to certain sectors, including banking. In 2025, it was already regulated at the legislative level: in Act LIV of 2025.

2025:

The tax rate will be 7% for the part of the tax base determined by the regulation not exceeding 20 billion forint, and 18% for amounts above this.

The tax base is the modified pre-tax profit of 2023. The tax calculated in this way can be reduced by 50% if the daily average balance of government securities for the period from January 1, 2023, to April 30, 2023, or for the period from September 1, 2024, to November 30, 2024 — whichever is higher — increases in the period from January 1, 2025, to November 30, 2025. The calculated tax can be reduced by 10% of the increase. The securities subject to the regulation are government bonds issued at auction, denominated in forint, and which mature after 1 January 2029.

Erste Hungary presented the extra profit tax in line item 'Other operating result', subitem 'Other operating expense', of 11.1 billion forint, in which the possible reduction of government securities was accounted for to the maximum extent, at 50%.

Outlook for the year 2026:

Following a mid-year tax law-change in 2025, the bank windfall tax (extra profit tax) rates for 2026 will be 10% on the portion of the tax base not exceeding HUF 20 billion and 30% on the portion exceeding that amount.

In 2026, the tax base will be the adjusted pre-tax profit from the 2024 fiscal year. However, following the 2025 mid-year amendment, the tax calculated this way can now only be reduced by a maximum of 30%.

(Related law: Act LIV of 2025 - on certain tax obligations and the amendment of certain tax laws)

2. Financial transaction tax

During the year 2024, there was a significant change in the Hungarian financial transaction tax (FTT). Effective from August 1, 2024, the FTT rate was generally increased from 0.3% to 0.45%, and from 0.6% to 0.9% in the case of cash withdrawals. In the case of transactions where the payable FTT is capped, the limit cap increased from the previous 10,000 forint to 20,000 forint. The legislation also included a relief: in the case of transactions where a part of the amount (20,000 forint) is exempted from FTT, the exempted amount was increased to 50,000 forint.

Effective from October 1, 2024, a new, so-called supplementary transaction tax (SFTT) obligation was also introduced, which must be paid in addition to the FTT in the case of transactions that include a foreign exchange conversion. The range of transactions subject to SFTT is essentially the same as those subject to FTT (with the exception that SFTT does not apply to bank card transactions, however, transfers between a client's own accounts and transactions of certain financial companies – which are exempted from FTT - are in scope). The SFTT rate is uniformly 0.45% per transaction, and the upper payment limit of 20,000 forint and exemption until 50,000 forint applies to them as well. Similarly to the FTT, Erste Hungary presented the new burden in line item 'Other operating result', subitem 'Other operating expense'.

The new rules were first introduced by §15 and §15/A of Government Decree 197/2022. (VI. 4.) on extra-profit taxes and were later transposed into Act CXVI of 2012 on Financial Transaction Tax.

From July 20, 2025, a financial transaction duty must also be paid on operations involving electronic money.

3. Global minimum tax (GMT)

Based on the Hungarian Act LXXXIV of 2023 on Global Minimum Tax ("GMT Act"), in the financial year 2025 EBH and the Hungarian Erste entities (as part of the multinational Erste Group) fell within the scope of the GMT Act.

Based on the GMT Act, in the event that the effective tax rate payable by Erste's Hungarian entities does not reach 15%, the difference between the effective tax rate and 15% must be paid to the Hungarian tax authority.

With respect to year 2025, the effective tax rate amounted to 13.61%, based on a simplified calculation, i.e. the difference to be paid amounted to 1.39%. The calculation was based on the pre-tax profit (modified with the amount of received dividends, as well as the amounts based on the substance-based income exclusion temporary rule, according to § 28 of the GMT Act). Corporation tax, local business tax and innovation contribution were taken into account as covered taxes.

The amount of the GMT thus amounted to 2.31 billion forint. From this amount the share of EBH is 1,79 billion forint, that is presented in line item "Taxes on income".

iv) Monetary policy

The National Bank of Hungary followed a cautious and conservative monetary policy stance in 2025. Throughout the year, it kept the base rate unchanged at 6.5%, and did not modify the conditions of overnight standings facilities: the overnight (O/N) deposit rate remained at 5.5%, while the interest on reserve accounts stayed at 6.5%. The only significant regulatory change occurred in August 2025, when the central bank reduced the mandatory reserve ratio from 10% to 8%, thereby slightly improving the liquidity position of the banking system.

2024

In 2024, the Hungarian government introduced several legislative, regulatory and tax changes impacting the banking sector. These changes focused on monetary policy adjustments, consumer protection, and fiscal measures affecting financial institutions. The National Bank of Hungary continued its monetary easing cycle throughout the year but adopted a cautious approach due to global economic uncertainty.

i) Measures launched in previous years

(Retail) Interest stop extension

The Hungarian Government launched 24 December 2021 a legal act effecting materially the financial sector, referred as 'Interest stop'. It was an interest rate freeze for retail repricing/floating rate mortgage loans, at the interest rate level contractually valid 27 October (fix rate). Originally the period in scope was 1 January 2021 – 30 June 2022, that was twice extended in 2022 and twice in 2023 to 30 June 2024. The measure was extended twice again in 2024 with the last extension valid from 2 December 2024, to 30 June 2025.

The cap-system logic is as follows:

- repricing date falls 2021 (27 October – 31 December):
the fix rate is to apply from 1 January 2022

- repricing date after January 1, 2022:
the fix rate is to apply from the repricing date.

Erste Bank, as effect of contractual modification in the meaning of IFRS9, accounted its losses as 'Modification loss'.

In case the relevant deals are classified in stage1, the modification loss is presented in the line item 'Net interest income', 'Interest income', while the non-stage1 classified deals related modification loss is presented in the line item 'Impairment result from financial instruments', in line with the accounting policies detailed in Financial instruments – Material accounting policies, Derecognition of financial instruments including treatment of contractual modifications, ii. Derecognition criteria with respect to contractual modifications of financial assets.

The total modification loss in 2024 amounted to 5.7 billion forint, based on expert estimations (of which 4.7 billion forint is related to Stage 1 deals and 0.4 billion forint to Stage 2 deals), amortised in 'Net interest income' over the lifetime of the loans.

(Government decree: '130/2024. (VI.20.)' and '374/2024. (XII.2.) Korm.rendelet')

ii) New supportive measures effecting banking products' profitability and new subsidised products

1. New voluntary interest rate caps

The Hungarian government announced on 29 January 2024 that based on the banking sector voluntary commitment, from 1 February to 1 May 2024, the interest margin for newly contracted forint-based, variable-rate corporate loan contracts will be 0% above BUBOR for 6 months from the date of disbursement of the loan.

From January 2025 the government introduced a new voluntary interest rate cap as part of the 'New Economic Policy Action Plan'. If certain conditions are met, banks will voluntarily apply a 5% interest rate cap on newly granted housing loans, but this cap will only be available to first-time home buyers for green home loans, and will include a square meter limit and a house price cap.

2. New 'CSOK Plus' loan product

On 25 October 2023, the government announced the CSOK Plus family support plan, effective from 1 January 2024. The CSOK Plus subsidized housing loan is available in communities with over 5,000 inhabitants, offering 15 million, 30 million, or 50 million forint loans based on the number of children. Unlike the previous CSOK product, only married couples are eligible, and the loan is available for unborn children offering subsidy or preferential conditions. The interest paid is fixed at 3% until maturity, with a duration of 10 to 25 years. In the first year, only the capital needs to be repaid, and a one-year loan moratorium can be requested upon the birth of a child. For each subsequent child, 10 million forint debt will be forgiven from the capital. The loan becomes a market-priced loan if childbirth dependent conditions are not met during the term.

The accounting characteristic of the scheme is detailed in chapter Financial instruments – Material accounting policies; Business model assessment and SPPI test part.

(Government decree: '518/2023. (XI.30.) Korm.rendelet')

3. New state-subsidized loans for blue-collar workers

As part of the 'New Economic Policy Action Plan' the government announced a new free-use state-subsidized loan available from January 2025 for young individuals aged 17-25 who are ineligible for student loans and are employed in Hungary for a minimum of 20 hours per week, as well as for entrepreneurs with an average income who have been operating a business in Hungary for at least five years. The program offers an interest-free, state-guaranteed loan facility of up to 4 million forint, with a term of 10 years. Additionally, the scheme provides support for childbearing, with repayments suspended for two years following the birth of the first and second child, half of the outstanding debt waived for the second child, and the entire debt waived for the third child.

The accounting characteristic of the scheme is detailed in chapter Financial instruments – Material accounting policies; Business model assessment and SPPI test part.

(Government decree: '1311/2024. (X.21.) Korm.rendelet')

iii) Sectoral levies and taxes

1. Extra profit tax

Published 4 June 2022, the so called 'extra profit tax' was imposed to certain sectors, including banking, as a new tax type valid for tax years 2022, 2023 and extended to 2024.

The tax for 2024 is determined as follows:

The applicable tax base is the modified pre-tax profit of year 2022. The tax rate is 13% on the tax base not exceeding 20 billion forint and 30% above that. The calculated tax amount can be reduced by 50% if the following condition is met: the daily average balance between 1 January 2023 and 30 April 2023 of certain government securities held by the financial institution increase from 1 January 2024 to 30 November 2024. The calculated tax can be reduced by 10% of this increase. The securities that are in scope of the regulation are Hungarian Government Bonds maturing after 1 January 2027, denominated in forint and issued at auction.

Erste Bank presented the extra profit tax in line item 'Other operating result', subitem 'Other operating expense', of 19.9 billion forint.

(Government decree: '197/2022. (VI. 4.) Korm.rendelet'; '183/2024. (VII. 8.) Korm.rendelet'; '356/2024. (XI. 21.) Korm.rendelet')

2. Financial transaction tax

During the year 2024, there was a significant change in the Hungarian financial transaction tax (FTT). Effective from August 1, 2024, the FTT rate was generally increased from 0.3% to 0.45%, and from 0.6% to 0.9% in the case of cash withdrawals. In the case of transactions where the payable FTT is capped, the limit cap increased from the previous 10,000 forint to 20,000 forint. The legislation also included a relief: in the case of transactions where a part of the amount (20,000 forint) is exempted from FTT, the exempted amount was increased to 50,000 forint.

Effective from October 1, 2024, a new, so-called supplementary transaction tax (SFTT) obligation was also introduced, which must be paid in addition to the FTT in the case of transactions that include a foreign exchange conversion. The range of transactions subject to SFTT is essentially the same as those subject to FTT (with the exception that SFTT does not apply to bank card transactions, however, transfers between a client's own accounts and transactions of certain financial companies – which are exempted from FTT - are in scope). The SFTT rate is uniformly 0.45% per transaction, and the upper payment limit of 20,000 forint and exemption until 50,000 forint applies to them as well. Similarly to the FTT, Erste Bank presented the new burden in line item 'Other operating result', subitem 'Other operating expense'.

The new rules were first introduced by §15 and §15/A of Government Decree 197/2022. (VI. 4.) on extra-profit taxes and were later transposed into Act CXVI of 2012 on Financial Transaction Tax.

3. Global minimum tax (GMT)

Based on the Hungarian Act LXXXIV of 2023 on Global Minimum Tax ("GMT Act"), in the financial year 2024 EBH and the Hungarian Erste entities (as part of the multinational Erste Group) fell within the scope of the GMT Act.

Based on the GMT Act, in the event that the effective tax rate payable by Erste's Hungarian entities does not reach 15%, the difference between the effective tax rate and 15% must be paid to the Hungarian tax authority.

With respect to year 2024, the effective tax rate amounted to 13.37%, based on a simplified calculation, i.e. the difference to be paid amounted to 1.63%. The calculation was based on the pre-tax profit (modified with the amount of received dividends, as well as the amounts based on the substance-based income exclusion temporary rule, according to § 28 of the GMT Act). Corporation tax, local business tax and innovation contribution were taken into account as covered taxes.

The amount of the GMT thus amounted to 2.5 billion forint, which was booked for the year 2024 in line item "Taxes on income".

iv) Monetary policy

The National Bank of Hungary continued the monetary easing cycle started in 2023 but adopted a more cautious approach in the second half of the year due to global economic uncertainty and rising inflationary risks.

- The base rate decreased starting from January from level of 10.75% to 6.5% until September.
- The published overnight (O/N) rate also decreased in several steps starting from January from the level of 9.75% to 5.5% until September.
- The interest rate on the compulsory reserve decreased starting from January from the level of 10.75% to 6.5% until September. The separate interest rate remunerated on optional reserves cancelled from January.

From October 2024 the central bank paused further rate cuts, keeping the base rate at 6.5%, due to rising inflationary risks.

D. MATERIAL ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The separate financial statements of Erste Bank for the financial year of 2025 and the comparable data for 2024 were prepared in compliance with applicable International Financial Reporting Standards and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) and with their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC, formerly Standing Interpretations Committee or SIC) as adopted by the European Union.

The Bank prepares consolidated financial statements according to the same accounting framework as the separate financial statements. The Bank's separate and consolidated financial statements are approved and published on the same day.

In accordance with the applicable measurement models prescribed or permitted under IFRS, the separate financial statements have been prepared on a cost (or amortised cost) basis, except for financial assets measured at fair value through other comprehensive income, financial assets and liabilities measured at fair value through profit or loss.

Accounting policies are consistent with those applied in 2024.

The separate financial statements have been prepared on a going concern basis.

Except as otherwise indicated, all amounts are stated in millions of Hungarian forint (HUF). The tables in this report may contain rounding differences.

The separate financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on **10 April 2026**.

b) Foreign currency translation

The separate financial statements are presented in Hungarian forint (HUF) which is the functional currency of the parent entity. The functional currency is the currency of the primary business environment in which an entity operates.

For foreign currency translation, exchange rates quoted by the National Bank of Hungary are used.

Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded at the functional currency exchange rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange as of the balance sheet date. All resulting foreign exchange differences that arise are recognised in the statement of income under the line item 'Net trading result'. Valuation differences arising from cash flow hedges are recognised in equity and do not give rise to valuation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions, i. e. they do not give rise to exchange differences. Non-monetary items that are measured at fair value (such as equity investments) in a foreign currency are translated using the exchange rates at the date when the fair value is measured, thus the exchange differences are part of the fair value gains or losses.

c) Material accounting judgements, assumptions and estimates

The separate financial statements contain amounts that have been determined on the basis of judgements and by the use of estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities. The most significant uses of judgements, assumptions and estimates are described in the notes of the respective assets and liabilities and relate in particular to:

- SPPI assessment of financial instruments (Chapter Financial instruments – Material accounting policies)

- Business model assessment of financial instruments (Chapter Financial instruments – Material accounting policies)
- Fair value of financial instruments (Note 22) Fair value of financial instruments)
- Impairment of financial instruments (Chapter Financial instruments – Material accounting policies, Note 30) Credit risk)
- Provisions (Note 40) Provisions)

d) Application of amended and new IFRS/IAS

The accounting policies adopted are consistent with those used in the previous financial year except for standards and interpretations that became effective for financial years beginning after 01 January 2025. As regards new standards and interpretations and their amendments, only those that are relevant for the business of Erste Bank are listed below.

Effective standards and interpretations

The following amendments of standards have become mandatory for the financial year 2024 and have been endorsed by the EU:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The amendments to IAS 21 were issued in August 2023 and become effective for annual periods beginning on or after 1 January 2025. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Application of these amendments did not have a significant impact on Erste Bank's financial statements.

Standards and interpretations not yet effective

The standards and amendments shown below were issued by the IASB but are not yet effective.

IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 was issued in April 2024 and become effective for annual periods beginning on or after 1 January 2027. The standard replaces IAS 1. It sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

Application of IFRS 18 will result in adjustments in the structure of the consolidated statement of income of Erste Bank driven by a new mandatory subtotal 'Operating profit or loss'. New disclosures in the area of management-defined performance measures will be provided.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments. The amendments to IFRS 7 and IFRS 9 were issued in May 2024 and become effective for annual periods beginning on or after 1 January 2026. Erste Bank revised its original intention to early apply these amendments in 2025 and will apply them in 2026.

The amendments to IFRS 9 permit an entity to deem a financial liability that will be settled using an electronic payment system to be discharged before the settlement date. Further, they bring clarifications for classification of financial assets in the areas of contractual terms which are consistent with a basic lending agreement, assets with non-recourse features and contractually linked instruments. The amendments to IFRS 7 bring new disclosure requirements for investment in equity instruments measured at fair value through other comprehensive income and for contractual terms that could change the timing or amount of contractual cash flows.

The amendments to IFRS 9 will result in a different SPPI assessment of financial assets whose interest is adjusted based on meeting certain ESG-linked targets by the borrowers. Erste Bank will no longer assess them based on whether the effect of adjustments is de-minimis but whether the adjusted cash flows could be significantly different from the contractual cash flows without such a contingent feature. The new assessment is not expected to change the measurement of the affected financial assets. Other amendments to IFRS 9 are not expected to have a significant impact on Erste Bank's financial statements. Amendments to IFRS 7 will result in new disclosures.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7. The amendments were issued in December 2024 and become effective for annual periods beginning on or after 1 January 2026. The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Application of these amendments is not expected to have a significant impact on Erste Bank's financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 19 was issued in May 2024 and become effective for annual periods beginning on or after 1 January 2027. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Erste Bank is currently assessing the impact of the amendments on its financial statements.

Annual Improvements Volume 11. In July 2024 the IASB issued a set of amendments to various standards. The amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 are effective for annual periods beginning on or after 1 January 2026. Application of these amendments is not expected to have a significant impact on Erste Bank's financial statements.

Performance / Return

1) Segment reporting

The segment reporting of Erste Bank follows the presentation and measurement requirements of IFRS 8. For management purposes, the bank is organised into four operating segments based on products and services as follows:

Retail

The Retail segment is constituted by the branch network where Erste Bank sells products mainly to private and micro customers (up to 1 million euro turnover). The Retail business line at Erste Bank is divided into 4 regions and 97 branches in 2025 (4 regions and 98 branches in 2024).

Corporates

The Corporates segment comprises business done with corporate customers of different turnover size (small and medium-sized enterprises, Large Corporate customers) as well as commercial real estate and public sector business.

Small and medium-sized enterprises (SME) are clients which are under the responsibility of the local corporate commercial centre network, mainly consisting of companies with an annual turnover from 1 million euro to 50 million euro.

The consolidated annual turnover of Large Corporate clients is above 50 million euro.

Commercial Real Estate (CRE) covers for example investors in real estate for the purpose of generating income from the rental of individual properties or portfolios of properties, developers of individual properties or portfolios of properties for the purpose of generating capital gains through sale, asset management services.

Public Sector consists of three sets of customers: public sector, public corporations and non-profit sector. Most of the local governments are in Public Sector as well.

Group Markets (GM)

The Group Markets (GM) segment comprises trading and markets services as well as customer business with financial institutions. It includes all activities related to the trading books of Erste Bank, including the execution of trade, market making and short-term liquidity management. In addition, it comprises business connected with servicing financial institutions as clients including custody, depository services, commercial business (loans, cash management, trade & export finance).

Asset/Liability Management & Local Corporate Center

The Asset/Liability Management & Local Corporate Center (ALM & LCC) segment comprises on the one side the management of bank assets and liabilities in the light of uncertainty of cash flows, cost of funds and return on investments in order to determine the optimal trade-off between risk, return and liquidity. Furthermore, it comprises funding transactions, hedging activities, investments into securities other than held for trading purpose, management of own issues and FX positions. The Corporate Center includes the reconciliations to the accounting result.

Transactions between operating segments are on an arm's length basis.

Business Segments 2025

	Retail	Corporates	Group Markets	ALM & LCC	Total group
in HUF million	2025	2025	2025	2025	2025
Net interest income	116,455	41,979	8,907	10,726	178,067
Net fee and commission income	85,358	31,501	6,114	(2,045)	120,929
Dividend income	–	–	–	15,521	15,521
Net trading result	9,593	6,938	3,455	300	20,285
Gains/losses from financial instruments at FVPL	2,351	(8)	–	1,616	3,959
Rental income from investment properties & other operating leases	–	–	–	72	72
General administrative expenses	(91,247)	(17,972)	(4,023)	(2,676)	(115,919)
thereof personal expenses	(39,088)	(10,183)	(1,917)	(1,586)	(52,773)
thereof depreciation and amortisation	(12,845)	(1,220)	(410)	(38)	(14,513)
Gains/losses from derecognition of financial assets at AC	–	3	–	(1,232)	(1,230)
Other gains/losses from derecognition of financial instruments not at FVPL	–	–	–	81	81
Impairment result from financial instruments	(1,659)	1,130	33	(42)	(538)
Other operating result	(35,569)	(24,798)	(2,115)	(4,909)	(67,391)
Levies on banking activities	(36,779)	(24,420)	(1,959)	(2,262)	(65,420)
Pre-tax result from continuing operations	85,281	38,774	12,371	17,411	153,836
Taxes on income	(12,538)	(5,578)	(1,558)	(264)	(19,937)
Net result for the period	72,744	33,196	10,813	17,147	133,899
Operating income	213,757	80,411	18,476	26,188	338,833
Operating expenses	(91,247)	(17,972)	(4,023)	(2,676)	(115,919)
Operating result	122,510	62,438	14,453	23,512	222,914
Cost/income ratio	43%	22%	22%	10%	34%
Return on allocated capital	56%	22%	40%	11%	29%
Total assets (eop)	1,549,528	1,086,163	736,239	1,858,249	5,230,179
Total liabilities (eop)	1,804,772	1,283,537	543,154	970,696	4,602,158
Impairment gain / (loss)	127	1,130	33	(3,768)	(2,478)
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	(407)	292	93	(1,828)	(1,850)
Net impairment loss on commitments and guarantees given	534	838	(60)	–	1,312
Net impairment on investments in subsidiaries, joint ventures and associates	–	–	–	(4,523)	(4,523)
Net impairment on other non-financial assets	–	–	–	2,584	2,584

* Cost/income ratio = -Operating expenses/Operating income

Business Segments 2024

	Retail	Corporates	Group Markets	ALM & LCC	Total group
in HUF million	2024	2024	2024	2024	2024
Net interest income	107,653	49,869	7,845	6,401	171,768
Net fee and commission income	72,993	24,027	4,751	(1,112)	100,659
Dividend income	–	–	–	21,796	21,796
Net trading result	8,572	7,558	9,493	(2,935)	22,688
Gains/losses from financial instruments at FVPL	5,499	(1)	–	1,697	7,195
Rental income from investment properties & other operating leases	–	–	–	63	63
General administrative expenses	(85,268)	(16,334)	(3,338)	(2,138)	(107,078)
thereof personal expenses	(37,201)	(10,054)	(1,582)	(1,414)	(50,251)
thereof depreciation and amortisation	(11,181)	(1,040)	(291)	(34)	(12,546)
Gains/losses from derecognition of financial assets at AC	–	–	–	(2,816)	(2,816)
Other gains/losses from derecognition of financial instruments not at FVPL	–	–	–	(16,381)	(16,381)
Impairment result from financial instruments	2,399	5,102	319	(1,934)	5,886
Other operating result	(36,087)	(22,921)	(3,732)	8,678	(54,062)
Levies on banking activities	(35,793)	(22,462)	(3,537)	(136)	(61,928)
Pre-tax result from continuing operations	75,761	47,300	15,338	11,319	149,718
Taxes on income	(10,823)	(6,030)	(1,810)	(1,706)	(20,369)
Net result for the period	64,938	41,270	13,528	9,613	129,349
Operating income	194,717	81,453	22,089	25,910	324,169
Operating expenses	(85,268)	(16,334)	(3,338)	(2,138)	(107,078)
Operating result	109,449	65,119	18,751	23,772	217,091
Cost/income ratio	43.79%	20.05%	15.11%	8.25%	33.03%
Return on allocated capital	41.92%	25.85%	37.56%	6.50%	25.95%
Total assets (eop)	1,303,277	1,080,709	577,279	2,049,717	5,010,982
Total liabilities (eop)	1,584,575	1,256,318	437,665	1,121,406	4,399,964
Impairment gain / (loss)	2,331	5,102	319	2,571	10,323
Net impairment loss on financial assets AC/FVOCI and finance lease receivables	2,395	4,876	46	(1,934)	5,383
Net impairment loss on commitments and guarantees given	4	226	273	–	503
Net impairment on investments in subsidiaries, joint ventures and associates	–	–	–	4,613	4,613
Net impairment on other non-financial assets	(68)	–	–	(108)	(176)

* Cost/income ratio = -Operating expenses/Operating income

Geographical segmentation is not applied as Hungary is in the focus of Erste Bank's business activity (above 95% of the revenues are realised domestic). The revenues are not concentrated by clients, no client above 10% of total revenues. Interest income realized on government securities exceeds 10% of total interest income; however, we consider this to be investment income arising from treasury and liquidity management activities, and for the purposes of IFRS 8 disclosures on major customers, it does not qualify as revenue from customer relationships.

2) Net interest income

Net interest income is broken down into line items of interest income, other similar income, interest expenses and other similar expenses. The distinguishing factor is whether the EIR method is mandatorily applied for recognition of interest income or expense in accordance with IFRS 9.

'Interest income' relates to interest revenue from financial assets measured at amortised cost and at fair value through other comprehensive income. It is calculated using the EIR method as discussed in chapter 'Financial instruments – Material accounting policies'.

'Other similar income' captures interest-like sources of income resulting from non-derivative financial assets measured at fair value through profit or loss, held-for-trading derivatives finance lease receivables and negative interest on financial liabilities.

‘Interest expenses’ relates to interest expense from financial liabilities measured at amortised cost calculated using effective interest rate as discussed in chapter ‘Financial instruments’ Material accounting policies’.

‘Other similar expenses’ capture interest-like sources of expense resulting from non-derivative financial liabilities measured at fair value through profit or loss, held-for-trading derivatives, lease liabilities, negative interest on financial assets, provisions recognised under IFRS 9 and IAS 37 (unwinding of the time value of the money effect due to passage of time) and net defined liability (net interest cost on severance payment, pension and jubilee obligations) under IAS 19.

Interest income also includes modification gains and losses recognised on financial assets in Stage 1 Further, the unamortised balance of the origination fees/transaction costs upon derecognition of assets in Stage 1 and 2 considered in the effective interest rate is presented as interest income at the derecognition date.

in HUF million	2024	2025
Financial assets at AC ¹⁾	264,893	237,430
Financial assets at FVOCI	16,000	28,177
Interest income	280,893	265,607
Non-trading financial assets at FVPL	30,165	40,857
Financial assets HFT	64,322	42,266
of which: Derivatives	54,178	38,059
Other assets - Finance lease receivables	125	54
Negative interest from financial liabilities	1,910	2,159
Other similar income	96,522	85,336
Interest and other similar income	377,415	350,943
Financial liabilities at AC ¹⁾	(137,683)	(118,805)
Interest expenses	(137,683)	(118,805)
Financial liabilities HFT	(67,547)	(53,626)
of which: Derivatives	(67,547)	(53,626)
Other liabilities	(383)	(406)
Negative Interest from financial assets	(34)	(39)
Other similar expenses	(67,964)	(54,071)
Interest and other similar expenses	(205,647)	(172,876)
Net interest income	171,768	178,067

1) The decrease of ‘Interest income’ and ‘Interest expenses’ of AC assets and liabilities is due to the changes in the interest environment started in the 2023 and continued in 2024. The interest rate reduction implemented in 2024 had a partial impact on both fiscal years 2024 and 2025. Its full-year effect was realized in 2025, which accounts for the decrease in interest income/expense observed between 2024 and 2025. No interest rate reduction was implemented in 2025. Please see details in C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS.

The interest income related to the non-performing portfolio was 1,140 million forint in 2025 and 1,170 million forint in 2024.

Modification losses of financial instruments allocated to Stage 1 in the amount of 3,899 million forint is reported in line item ‘Financial assets at AC’ in 2025, and 4,713 million forint in 2024. Background of interest stop extensions (2024 and 2025) related modification loss recognised described in C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS.

3) Net fee and commission income

Erste Bank earns fee and commission income from a diverse range of services that it provides to its customers.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commitment fees, premiums received for financial guarantee and other fees from lending business, commission income from asset management, custody and other management and advisory fees as well as fees from insurance brokerage, building society brokerage and foreign exchange transactions. Services provided over a period of time also include certain payment services like periodic card fees and other fees like fee for bank account management or mobile banking. Erste Hungary has no insurance product in its own product portfolio but offers it for client as an agent of insurance companies

Fee income earned from providing transaction services, such as arranging the acquisition of shares or other securities or the purchase or sale of businesses, is recognised upon completion of the underlying transaction. Transaction based services also include certain payment services like withdrawal fees.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statement may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then Erste Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. For example, loan servicing fees agreed in a loan contract that are not integral to the effective interest rate of a financial instrument are included in the fee and commission income.

in HUF million	2024		2025	
	Income	Expenses	Income	Expenses
Securities	30,470	(155)	35,207	(101)
Issues	—	(68)	—	(63)
Transfer orders	30,209	(87)	34,755	(38)
Other	261	—	452	—
Custody	4,826	(744)	617	(770)
Payment services	73,428	(13,828)	87,107	(15,397)
Card business	24,892	(10,229)	28,330	(11,508)
Other	48,536	(3,599)	58,777	(3,889)
Customer resources distributed but not managed	8,289	(10)	8,471	—
Insurance products	7,347	(10)	7,903	—
Other	942	—	568	—
Lending business	3,008	(5,305)	6,883	(6,494)
Guarantees given, guarantees received	1,095	(69)	1,196	(352)
Loan commitments given, loan commitments received	583	—	1,537	—
Other lending business	1,330	(5,236)	4,150	(6,142)
Other	681	(1)	5,406	—
Total fee and commission income and expenses	120,702	(20,043)	143,691	(22,762)
Net fee and commission income	100,659		120,929	

Asset management and custody transaction fees relate to income earned on activities in which Erste Bank holds or invests assets on behalf of its customers.

Net fee and commission income above include income of 87,108 million forint (73,428 million forint in 2024) relating to financial assets and financial liabilities not measured at FVPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

4) Dividend income

Dividend income is recognised when the right to receive the payment is established. This line item includes dividends from all shares and other equity investments, i.e. from those that are held for trading, non-trading equity instruments at FVPL and at FVOCI.

in HUF million	2024	2025
Non-trading financial assets at FVPL	14	16
Financial assets at cost	21,782	15,505
Dividend income	21,796	15,521

5) Net trading result

Results arising from trading activities include all gains and losses from changes in the fair value (clean price, excluding interest) of financial assets and financial liabilities classified as held for trading, including all derivatives that are not designated as hedging instruments, as well as gains and losses arising on their derecognition.

Net trading income also comprises all foreign exchange gains and losses arising on monetary assets and liabilities.

The accounting policy for recognition of foreign exchange gains and losses is described in the chapter D) MATERIAL ACCOUNTING POLICIES, b) Foreign currency translations.

in HUF million	2024	2025
Securities and derivatives trading	60,727	(47,914)
Foreign exchange transactions	(38,039)	68,199
Net trading result	22,688	20,285

Trading result decreased -2.4 billion forint YoY driven by lower ALM derivatives result in line with yield movements (IRS revaluation result and closure).

6) Gains/losses from financial instruments measured at fair value through profit or loss

Changes in fair value (clean price) of non-trading financial assets at fair value through profit or loss, including gains and losses on their derecognition, are presented under this line item.

in HUF million	2024	2025
Result from measurement/sale of financial assets mandatorily at FVPL ¹⁾	7,195	3,959
Gains/losses from financial instruments measured at FVPL	7,195	3,959

1) FV result decreased by HUF -3.2bn YoY, which was due to the movement of long-term market yields.

The 'Result from measurement/sale of financial assets mandatorily at FVPL' includes the Fair value change of baby loan product. For further information please see part 'Material accounting judgements, assumptions and estimates - SPPI assessment' of the Financial Instruments – Material accounting policies chapter. For the sensitivity analysis please see note Sensitivity analysis using reasonably possible alternatives per product type of note 22) Fair value of financial instruments.

7) Rental income from investment properties & other operating leases

Rental income from investment properties and other operating leases is recognised on a straight-line basis over the lease term.

in HUF million	2024	2025
Investment properties	63	72
Rental income from investment properties & other operating leases	63	72

The relating depreciation was 6 million forint in 2025 (6 million in 2024).

8) General administrative expenses

Personnel expenses

Personnel expenses include wages and salaries, bonuses, statutory and voluntary social security contributions, staff-related taxes and levies. They also include service costs for severance payments. Furthermore, restructuring provisions expenses may be part of personnel expenses.

Information about remuneration of management including performance-linked remuneration and about variable remuneration of employees, and share-based payments to the management board and to employees can be found in Note 43) Related party transactions and principal shareholders.

Other administrative expenses

Other administrative expenses include primarily information technology expenses, expenses for office space, office operating expenses, advertising and marketing, and expenditures for legal and other consultants. Furthermore, the line item contains deposit insurance contributions expenses. Restructuring provisions expenses may also be presented in other administrative expenses.

Depreciation and amortisation

This line item comprises depreciation of property and equipment, depreciation of investment property and amortisation of intangible assets. In the line item 'Depreciation and amortisation', also the depreciation of right-of-use assets according to IFRS 16 is disclosed. Annual useful life assessment for intangible, tangible assets, investment properties, and right-of-use assets were performed, no material difference were identified.

General administrative expenses

in HUF million	2024	2025
Personnel expenses	(50,251)	(52,773)
Wages and salaries	(41,634)	(42,749)
Compulsory social security	(6,075)	(6,386)
Long-term employee provisions	(213)	19
Other personnel expenses	(2,329)	(3,657)
Other administrative expenses	(44,281)	(48,633)
Deposit insurance contribution	(938)	(800)
IT expenses ¹⁾	(26,394)	(30,290)
Expenses for office space	(5,127)	(4,671)
Office operating expenses	(2,801)	(3,290)
Advertising/marketing	(3,512)	(3,568)
Legal and consulting costs	(2,298)	(2,484)
Sundry administrative expenses	(3,211)	(3,530)
Depreciation and amortisation	(12,546)	(14,513)
Software and other intangible assets	(6,677)	(7,744)
Owner occupied real estate	(1,086)	(1,128)
Right-of use assets	(2,441)	(2,802)
Investment properties	(5)	(6)
Customer relationships	(105)	-
Office furniture and equipment and sundry property and equipment	(2,232)	(2,833)
General administrative expenses	(107,078)	(115,919)

1) This line item mainly consist of services regarding IT infrastructure and applications, as well as regular software royalties.

Average number of employees during the financial year (weighted according to the length of employment)

in Full Time Employee	2024 year end	2024 average	2025 year end	2025 average
Erste Bank	3,145	3,119	3,208	3,183

9) Gains/losses from derecognition of financial assets measured at amortised cost

This line item includes selling and other derecognition gains or losses on financial assets measured at amortised cost. However, if such gains/losses relate to derecognition of financial assets in Stage 3, they are included in the line item 'Impairment result from financial instruments'.

in HUF million	2024	2025
Losses from sale of financial assets at AC	(2,816)	(1,230)
Gains/losses from derecognition of financial assets measured at amortised cost	(2,816)	(1,230)

The gross carrying amount of the financial assets (at AC) sold in 2025 was 14 billion forint 93 billion forint in 2024). All sales are considered to be compliant with the held to collect contractual cash flows business model, as described in part 'Business model assessment' in chapter 'Financial instruments – Material accounting policies'.

10) Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

This line item includes selling and other derecognition gains or losses on financial assets at FVOCI, financial liabilities measured at amortised cost and other financial instruments not measured at FVPL, such as finance lease receivables or financial guarantees. However, if such gains/losses relate to financial assets in Stage 3 they are included in the line item 'Impairment result from financial instruments'.

in HUF million	2024	2025
From sale of financial assets at FVOCI ¹⁾	1,775	81
From repurchase of liabilities measured at AC ²⁾	(18,156)	—
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	(16,381)	81

1) In 2025 total GCA of government bonds were sold 5 billion forint from the FVOCI portfolio.

2) In 2024 18.2 billion forint loss is related to breakage cost of repo transactions.

11) Impairment result from financial instruments

Net impairment losses on financial instruments comprise impairment losses and reversals of impairment on all kinds of financial instruments, to which the IFRS 9 expected credit loss impairment model applies. The impairment result also includes recoveries on written-off financial assets. Modification gains and losses recognised on financial assets in Stage 2 and Stage 3 and POCI assets are also presented as the impairment result. Moreover, gains/losses from derecognition of financial assets in Stage 3 and POCI assets are included as part of the impairment result.

in HUF million	2024	2025
Financial assets at FVOCI	112	(660)
Financial assets at AC	5,065	(1,360)
Net allocation to credit loss allowances	6,098	(647)
Modification gains or losses	(1,033)	(713)
Finance lease	206	170
Net allocation to credit loss allowances	208	170
Modification gains or losses	(2)	-
Net allocation of credit loss allowances for loan commitments and financial guarantees given	503	1,312
Impairment result from financial instruments	5,886	(538)

Modification losses recognised in 2025 are related to the interest stop extension (contractual modification in the meaning of IFRS9), described in C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS chapter. Additional information can be found in part 'Effect on Expected Credit Loss' of the Risk management section.

Reconciliation of the annual movement in credit loss allowances against the impairment result from financial instruments for the year

in HUF million	CLA changes			Total
	through P&L-NIR	through P&L-Outside NIR	outside P&L	
Opening balance of credit loss allowances (total) 2025.01.01.				(63,529)
Net impairment gain/(loss) for the period	1,516	-	-	1,516
Income from upgrade on loans previously subject to FX settlement (reclassified to other operating result) ¹⁾	(1,786)	-	-	(1,786)
(Increase) due to passage of time (UWC)	-	(2,388)	-	(2,388)
CLA decreases due to sales	-	-	4,935	4,935
CLA decreases due to write-offs	-	-	646	646
Other CLA changes	-	665	-	665
Closing balance of credit loss allowances (total) 2025.12.31.				(58,155)
Impairment gain/(loss) from POCI without CLA	445	-	-	
MGLs attributable to financial assets in Stages 2, 3, POCI	(713)	-	-	
Impairment result from financial instruments	(538)			

in HUF million	CLA changes			
	through P&L-NIR	through P&L-Outside NIR	outside P&L	Total
Opening balance of credit loss allowances (total) 2024.01.01.				(74,569)
Net impairment gain/(loss) for the period	8,269	-	-	8,269
Income from upgrade on loans previously subject to FX settlement (reclassified to other operating result) ¹⁾	(2,090)	-	-	(2,090)
(Increase) due to passage of time (UWC)	-	(1,234)	-	(1,234)
CLA decreases due to sales	-	-	3,206	3,206
CLA decreases due to write-offs	-	-	1,661	1,661
Other CLA changes	-	(862)	-	(862)
Closing balance of credit loss allowances (total) 2024.12.31.				(63,529)
Impairment gain/(loss) from POCI without CLA	742	-	-	
MGLs attributable to financial assets in Stages 2, 3, POCI	(1,035)	-	-	
Impairment result from financial instruments	5,886			

(where NIR is for Net impairment result and MGL is for modification gain/loss).

1) This line include the income from upgrade on loans previously subject to FX settlements, which is presented in the income statement in line item 'Other operating result', subitem 'Other operating income'. For details see Note 12) Other operating result.

For information about GCA of financial assets at amortised cost refer to part Note 31) Development of credit loss allowances.

12) Other operating result

Other operating result reflects all other income and expenses not directly attributable to Erste Bank's ordinary activities.

It includes expenses for allocations to and income from release of provisions in scope of IAS 37. Further, impairment losses or any reversal of impairment losses as well as results on the sale of property and equipment and intangible assets are presented as other operating result.

In addition, other operating result encompasses the following: resolution fund contributions, expenses for other taxes; as well as selling gains and losses on equity investments accounted for using the equity method; and gains or losses from derecognition of subsidiaries.

Furthermore, levies on banking activities are considered as part of the other operating result. Erste Bank recognises a liability or a provision for the levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

in HUF million	2024	2025
Other operating expenses	(64,382)	(72,459)
(Allocation)/release to other provisions ¹⁾	(1,437)	(1,766)
(Allocation)/release to provisions for commitments and guarantees given	-	(123)
Levies on banking activities	(61,928)	(65,422)
Banking tax ²⁾	(28,227)	(18,987)
Financial transaction tax ³⁾	(33,701)	(46,435)
Other taxes	(48)	(46)
(Allocation)/release of impairment on investments in subsidiaries ⁴⁾	-	(4,523)
Recovery and resolution fund contributions ⁵⁾	(793)	(579)
Impairment of properties/movables/other intangible assets other than goodwill	(176)	-
Other operating income	10,320	5,068
Result from sales of properties/movables/other intangible assets other than goodwill	107	108
Result from sales of other assets ⁶⁾	140	35
(Allocation)/release of impairment on investments in subsidiaries	7,813	-
Reversal of impairment of properties/movables/other intangible assets other than goodwill ⁷⁾	-	2,584
Income from upgrade on loans previously subject to FX settlement ⁸⁾	2,090	1,786
Result from other operating income	170	555
Other operating result	(54,062)	(67,391)

1) 1,622 million forint allocation is related to legal issues and litigations (1,437 million forint allocation in 2024). Please see the details in 40) Provisions.

2) Banking Tax 7.9 billion forint, (2024: 7.6 billion forint)

The rates are uniformly based on statutory reported financial data of the second fiscal year before the tax year. For credit institutions the tax rates are 0.15% of adjusted total asset value for the first 50 billion forint; and 0.2% for the amount exceeds 50 billion forint.

As the banking tax is payable based on second preceding tax year to the actual tax year non net income measures it does not meet the definition of income tax under IFRS and is therefore presented as an operating expense in the income statement.

A surtax was levied on financial institutions in the year 2020, referred as pandemic banking tax. The base of the tax (alike banking tax) is the adjusted balance sheet total exceeding 50 billion forint of the second tax year preceding the given tax year, the measure is 0.19%. Legal act prescribed the payment in three installments during 2020, and also provided a deduction right from the banking tax, in five equal installments originally in the period of 2021-2025. However, based on the amendment introduced by Government Decree 52/2024, this reduction could not be applied in 2024; therefore, the deduction can be utilized until 2026.

As in IFRS terms the deduction possibility is valued as virtually certain, Erste Bank recognised a receivable of 0.8 billion forint as of 31 December 2025 (1.7 billion forint in 2024) against the payment, in the total amount of the levy. Please see line item 'Other assets', in Note 37).

Published 4 June 2022, the so called 'extra profit tax' was imposed to certain sectors, including banking, as a new tax type. 11.1 billion forint expense was recognised in 2025 (2024: 19.9 billion HUF) related to this newly launched burden. Please see the details in part C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS.

3) The significant increase is due to the higher tax rate from July 2024 and the new type of financial transaction tax on FX conversions. Please see the details in part C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS.

4) The total yearly impairment recognized in 2025 arises from the Bank's shareholding in Erste Ingatlan Kft.

5) In the line 'Recovery and resolution fund contributions' contributions to the national resolution funds in amount of (579) million forint ((793) million forint in 2024) are disclosed. The contributions are based on the European Recovery and Resolution Directive and are paid on the basis of the Hungarian Resolution Act based on it. As a consequence, banks are required to contribute annually to a resolution fund, which in a first step is installed on a national level. According to these regulations, until 31 December 2024 the available financial means of the resolution funds shall reach at least 1% of the amount of covered deposits of all the credit institutions authorised within the European Union. Therefore, the resolution funds have to be built over a period of 10 years, during which the contributions shall be spread out as even as possible until the target level is reached.

6) Result from sales of other assets relates to income earned on repossessed assets, especially repossessed cars sales. Erste Bank realised 35 million forint gain in 2025 (140 million forint gain 2024).

7) In 2025 Erste Bank reversed the impairment (3.1 billion forint) booked on the Right of use asset of the leased HQ building of the Bank in 2023. As the building subsequently became the property of one of Erste Bank's subsidiaries (Erste Tower Ltd.), the impairment triggers no longer exist. This change enabled the Bank to undertake substantial refurbishment works on the building.

8) FX portfolio subject to legally obliged conversion into forint were derecognised and recognised as new loans. There was no impairment presented at recognition, so upgrade of clients out of positive change in CF expectation was recognised as increase of exposure in 'Loans and receivables to customers' in statement of financial position and in 'Other operating result' in income statement.

Legally obliged conversion was based on Conversion law of 2014:LXXVII (passed November 2014) that introduced the concept of a compulsory conversion of foreign currency denominated consumer loans in-scope into forint, at a rate fixed by the law. This law was further amended by FX car loan, financial leasing and unsecured loan conversion law CXLV of 2015 (passed 6 October 2015) to widened the loans subject to the compulsory conversion. In scope are foreign currency denominated consumer mortgage loans, real estate leasing, car loans agreements. The effective conversion date for the first law was 1 February 2015, while the second law was 1 January 2016.

13) Taxes on income

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period. However, they are recognised in other comprehensive income or directly in equity if they arise from a transaction or event which itself is recognised in OCI or equity.

Pillar 2

In December 2022, the EU-wide minimum taxation system Pillar 2 was adopted as an EU directive and is also relevant for Erste Bank. The legislation is effective for Erste Bank's financial year beginning 1 January 2024. For details, please see chapter C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS under Global Minimum Tax part.

Accounting judgements, assumptions and estimates

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. For this purpose a planning period of 5 years is used.

Taxes on income are made up of current taxes on income calculated in each company based on the results reported for tax purposes, prior period taxes, and the change in deferred taxes.

in HUF million	2024	2025
Current tax expense / income		
Current period taxes	(20,377)	(20,969)
of which local business tax (2%)	(6,294)	(6,831)
of which local innovation tax (0.3%)	(944)	(1,025)
of which Global minimum tax	(2,500)	(1,792)
Prior period taxes	79	652
Deferred tax expense / income		
Current period deferred tax benefit / (expense)	(71)	380
Total	(20,369)	(19,937)

Deferred tax related to 'Fair Value reserve' has been recognised in other comprehensive income in the amount of 233 million forint in 2025 and 17 million forint in 2024.

The following table reconciles income taxes as reported in the income statement.

in HUF million	2024	2025
Profit before tax	149,718	153,836
At statutory income tax rate	(13,475)	(13,845)
Income not subject to tax	4,152	3,788
Non tax deductible expenses	(1,314)	(1,256)
Local business and innovation tax	(7,238)	(7,856)
Current period deferred tax benefit / (expense)	(71)	380
Global minimum tax	(2,500)	(1,792)
Other	77	644
Total tax expense	(20,369)	(19,937)

Non-tax deductible expenses are mainly arising from different accounting and tax depreciation schedule and provisioning. Income not subject to tax is also related to different accounting and tax depreciation schedule, provisioning (provision usage) and dividend received.

Tax assets and liabilities

Major components of deferred tax assets and deferred tax liabilities

in HUF million	Tax assets		Tax liabilities		Net variance 2025		
	2024	2025	2024	2025	Total	through profit or loss	through other comprehensive income
Temporary differences related to the following items:							
Trading Assets / Liabilities and Designation at fair value through Profit or Loss	—	—	(82)	—	82	82	—
Financial assets at fair value through other comprehensive income	6	239	—	—	233	—	233
Property and equipment (useful life in tax law different)	714	392	—	—	(322)	(322)	—
Other provisions (tax valuation different)	—	333	(288)	—	621	621	—
Other	14	13	—	—	(1)	(1)	—
Effect of netting gross deferred tax position	(370)	—	370	—	—	—	—
Deferred taxes	364	977	—	—	613	380	233
Current taxes	—	—	(11,618)	(5,788)	(20,317)	(20,317)	—
Total taxes	364	977	(11,618)	(5,788)	(19,704)	(19,937)	233

Erste Bank allocated 977 million forint deferred tax asset at the nominal corporate income tax rate of 9% on consolidated level as of 31 December 2025 in relation to other temporary differences.

Financial instruments – Material accounting policies

Accounting and measurement methods for financial instruments

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IFRS 9, all financial assets and liabilities – which also include derivative

financial instruments – have to be recognised on the balance sheet and measured in accordance with their assigned categories.

Regular way (spot) purchases and sales of financial assets and of financial liabilities are recognised at the settlement date, which is the date that an asset is delivered.

Measurement of financial assets and financial liabilities is subject to two primary measurement methods at amortised cost and fair value.

i. Amortised cost and effective interest rate

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. For financial assets the amount is adjusted for any loss allowance.

The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before adjusting for any loss allowance) or to the amortised cost of the financial liability. The estimated cash flows consider all the contractual terms of the financial instrument but disregard the expected credit losses. The calculation includes transaction costs, origination fees that are an integral part of the EIR and all other premiums and discounts to the par amount.

ii. Fair value

Details on valuation techniques applied for fair value measurement and on the fair value hierarchy are disclosed in part Note 22) 'Fair value of financial instruments'.

Classification and subsequent measurement of financial assets

In accordance with IFRS 9, the classification and subsequent measurement of financial assets depend on the following two criteria:

- The business model for managing the financial assets; and
- The cash flow characteristics of the financial asset

For further details refer to part 'Material accounting judgements, assumptions and estimates' in this chapter

Application of these criteria leads to classification of financial assets into three measurement categories described in the respective note.

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Classification and subsequent measurement of financial liabilities under IFRS 9

Financial liabilities are classified as measured at amortised cost unless they are measured at fair value through profit or loss. Interest expense is calculated by applying the EIR to the amortised cost of a financial liability. Further details on financial liabilities at amortised cost are in the respective notes: Note 17) Financial liabilities at amortised costs.

Impairment of financial instruments under IFRS 9

Erste Bank recognises loss allowances for impairment on its debt instrument financial assets, other than those measured at FVPL, its lease receivables, and its off-balance credit risk exposures arising from financial guarantees and certain loan commitments.

The amount of the impairment loss is recognised as a loss allowance. For the purpose of the measurement of the amount of expected credit loss and recognition of interest income, Erste Bank distinguishes between three stages of impairment.

Stage 1 relates to financial instruments for which no significant increase in credit risk has been recorded since their initial recognition or which are subject to the 'low credit risk exemption' allowed by IFRS 9. The impairment is measured in the amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Interest income is recognised by EIR applied to the gross carrying amount of the financial asset.

Financial instruments in Stage 2 are subject to significant increase in credit risk since their initial recognition (and the 'low credit risk exemption' does not apply). Stage 2 also includes trade receivables without significant financing component to which the 'simplified approach' is applied mandatorily based on IFRS 9 requirements. The impairment is measured in the amount of the lifetime expected credit loss. Interest income is recognised by EIR applied to the gross carrying amount of the financial asset (as for Stage 1). In the case of drawings by non-defaulted customers on previously committed credit lines, the whole exposure (on-balance and off-balance) is categorised as either Stage 1 or Stage 2, depending on the development of credit risk between the commitment date and the drawing date. Interest income is calculated by applying the EIR to the gross carrying amount of the financial asset.

Financial instruments in Stage 3 are credit-impaired. In respect of applying the 'credit-impaired' concept of IFRS 9, Erste Bank adopted the approach of aligning it with the regulatory concept of 'default' in accordance with guidelines of the European Banking Authority EBA/GL/2016/07 and Commission Delegated Regulation (EU) 2018/171. Erste Group generally applies a customer view for the default definition, which leads to Stage 3 classification of all transactions with the customer even if the customer defaults only on one of several transactions ('pulling effect'). On the other hand, an upgrade to a non-defaulted rating grade implies that all the transactions with the customer cease to be impaired. The impairment of financial instruments in Stage 3 is measured in the amount of the lifetime expected credit loss. Interest income is calculated by EIR applied to the amortised cost (i.e. the net carrying amount) of the financial asset. From a balance sheet perspective, interest is accrued based on the financial assets' gross carrying amount. The difference between the interest accrued on the assets and the interest income recognised is reflected through the allowance account (without impacting the impairment loss).

For financial assets that are credit-impaired at initial recognition (purchased or originated credit-impaired financial assets 'POCI') POCI lifetime expected credit losses are initially reflected in the credit-adjusted EIR. As a result, no loss allowance is recognised at inception. Subsequently, only adverse changes in lifetime expected credit losses after the initial recognition are recognised as loss allowance, whilst favourable changes are recognised as impairment gains increasing the gross carrying amount of the POCI financial assets. No impairment stages are distinguished for the POCI financial assets.

Measurement of expected credit losses reflects cash flows expected from collateral and those financial guarantees held by Erste Group which are considered as integral to the contractual terms of financial assets whose risk is guaranteed. Erste Group considers as integral those guarantees which are entered into at or close to the inception of the guaranteed financial assets. If the bank has in a loan contract an option to require provision of a guarantee, it is also considered as integral. Premiums paid for integral financial guarantees and other credit enhancements are considered in the EIR of the related financial assets.

Reimbursement assets from financial guarantees which are not considered integral are recognised as reimbursement assets under 'Other assets' in the balance sheet. In the statement of income they reduce the impairment loss incurred on guaranteed financial assets under 'Impairment result from financial instruments'. A precondition for this treatment is that it must be virtually certain that the guarantee would reimburse the bank for the loss. Premiums paid for non-integral financial guarantees are presented in the statement of income under the line item 'Fee and commission expense' under 'Net fee and commission income'. Typical example of non-integral guarantees in the business of Erste Bank are synthetic securitisations of loan portfolios. Synthetic securitisations are undertaken with the aim of reducing risk-weighted assets for regulatory own funds requirement purposes. More details on synthetic securitisations are provided in Note 30) Credit risk: credit risk review and monitoring.

More detailed information about identification of significant increases in credit risk including collective assessment and estimation techniques used to measure 12-month and lifetime expected credit losses is provided in Note 30) Credit risk. For further information on the definition of default refer to chapter Measurement of expected credit loss in Note 30).

For financial assets measured at amortised cost, the net carrying amount of the financial asset presented on the balance sheet is the difference between the gross carrying amount and the cumulative loss allowance. However, for financial assets measured at FVOCI, the loss allowance is recognised in the accumulated OCI, specifically under 'Fair value reserve' in the statement of changes in equity. Loss allowances for loan commitments and financial guarantees are presented under the balance sheet line item 'Provisions'.

Information about the development of the expected credit loss of the respective financial instruments is provided in chapter Measurement of expected credit loss in Note 30) Credit risk. Measurement of expected credit loss

In the statement of income, impairment losses and their reversals (gains) on all kinds of financial instruments are presented in the line item 'Impairment result from financial instruments'.

Derecognition of financial instruments including treatment of contractual modifications

i. Derecognition of financial assets

The difference between the carrying amount of the derecognised asset and the consideration received is presented in the statement of income in the line 'Gains/losses from derecognition of financial assets measured at amortised cost' or, for financial assets at FVOCI, in the line 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'. For financial assets measured at FVPL the derecognition gains or losses are recognised together with the measurement result in the lines 'Net trading result' or 'Gains/losses from financial instruments measured at fair value through profit or loss'.

ii. Derecognition criteria with respect to contractual modifications of financial assets

In the normal course of running its lending business and in agreement with the respective debtors, Erste Bank may renegotiate or otherwise modify some terms or conditions of the underlying contracts. This can involve either market-driven commercial renegotiations or contractual changes aimed at alleviating or preventing borrower's financial difficulty. For the purpose of capturing the economic substance and financial effect of such contractual modifications, Erste Bank has developed a set of criteria to assess whether or not the modified terms are substantially different from the original terms and thus the financial asset has to be derecognized.

Commercial interest rate adjustments fulfilling specific conditions do not trigger the modification significance assessment. Instead, they result in a recalculation of the EIR of related loans. Such interest rate adjustments relate to performing non-forborne financial assets for which a prepayment/early termination option and a sufficiently competitive refinancing market exist. Furthermore, the costs that the debtor would incur in case of prepayment/early termination would have to be assessed as low. Such conditions introduce an implicit floating rate element to the contract. This kind of interest rate adjustments rarely applies to loan assets in Stage 2.

Substantial modifications lead to derecognition of the original financial asset and initial recognition of the modified financial asset as a new financial instrument. They include following events:

- change of the contractual counterparty (unless this is a formal change such as changes in legal name);
- change in the currency of the contract (unless the change results from exercising an embedded option in the original contract with pre-agreed conditions of the change, or if the new currency is pegged to the original currency);
- introduction of a non-SPPI contractual feature (unless it is intended to improve recoveries from debtors by granting concessions supporting them to recover from financial difficulties); or
- removal of a non-SPPI contractual feature.

Some derecognition criteria distinguish whether contractual modifications are applied to debtors facing financial difficulties. Application of certain modifications to debtors in financial difficulties is not considered as substantial since they are aimed at improving the prospects of the bank to recover the claims by tailoring the repayment schedules to specific financial conditions of those debtors. On the other hand, such contractual modifications applied to performing debtors may be considered as substantial enough to warrant the derecognition, as further detailed below.

From this perspective, the following criteria lead to derecognition unless they are considered as forbearance measures, they are applied to customers in default or they trigger default:

-
- repayment schedule changed in a way that the weighted remaining maturity of the assets is modified by more than 100% and at least two years compared to the original asset;
- change in timing/amount of contractual cash flows resulting in the present value of the modified cash flows (discounted at pre-modification effective interest rate) being different by more than 10% of the gross carrying amount of the asset immediately before the modification (cumulative assessment considering all modifications occurring over the last twelve months), or
- altering a floating interest rate into a fixed interest rate or vice versa for the entire remaining life of the financial asset.

If contractual modifications that qualify as forbearance measures are applied to customers in default or trigger default are so significant that they are qualitatively assessed as an extinguishment of original contractual rights, they result in derecognition. Examples of such modifications are:

- a new agreement with materially different terms signed up as part of distressed restructuring following a standstill agreement suspending the rights of the original assets;
- consolidation of multiple original loans into one with substantially different terms; or
- transformation of a revolving loan into non-revolving.

Contractual modifications leading to derecognition of the related original assets result in the initial recognition of new financial assets. If the debtor is in default or the significant modification leads to the default, then the new asset will be treated as POCI. The difference between the carrying amount of the derecognised asset and initial fair value of the new POCI asset is presented in the statement of income in the line 'Impairment result from financial instruments'.

If the debtor is not in default or the significant modification does not lead to default, the new asset recognised after derecognition of the original asset will be in Stage 1. For loans measured at amortised cost, the unamortised balance of the origination fees/transaction costs considered in the effective interest rate is presented in the line 'Net interest income' at the derecognition date. The release of the credit loss allowance attached to the original asset at the date of that significant modification as well as the credit loss allowance recognised for the new asset are presented in the line 'Impairment result from financial instruments'. The remaining difference is presented in the line 'Gains/losses from derecognition of financial assets measured at amortised cost'.

For debt instrument assets not measured at FVPL that are subject to contractual modifications that do not result in derecognition, the gross carrying amount of the asset is adjusted against recognising a modification gain or loss in profit or loss. The modification gain or loss equals the difference between the gross carrying amount before the modification and the present value of the cash flows based on the modified terms discounted with the original effective interest rate. In the statement of income, the modification gain or loss is presented in the line 'Interest income' under 'Net interest income' if the modification relates to financial assets in Stage 1. For financial assets in Stage 2 and 3 and POCI financial assets, the modification gain or loss is presented in the line 'Impairment result from financial instruments'. However, to the extent that the contractual modification involves the bank giving up its rights of collecting cash flows in respect of an outstanding amount of the asset, such as waiving (part of) principal or accrued interest amount, it is treated as a write-off.

iii. Write-offs

Erste Bank writes off a financial asset or a part of it when it has no reasonable expectations of recovering the respective cash flows. When performing the write-off, the gross carrying amount of the asset is reduced simultaneously with the related loss allowance balance.

Erste Bank has specified criteria for writing off the unrecoverable balances in its loan business. Write-off can result from forbearance measures whereby the bank contractually waives part of the existing balance in order to help the customers overcome financial difficulties and thus improve the prospects of recovering the remaining loan balance (normally this relates to going concern scenarios for corporate customers). For more information on Forbearance please refer to chapter Restructuring, renegotiation and forbearance in Note 32).

In gone concern scenarios with corporate customers, write-offs of the unrecoverable exposure parts are triggered by enforcement activities such as filing or termination of legal proceedings (bankruptcy, liquidation, court case). Other write-off triggers may result from decisions about no enforcement due to worthlessness of the claim/collateral or generally from assessment that the receivable is economically lost. For retail customers, the non-recoverability and the timing and amounts of write-off crystallise during the collection process when it becomes evident that the amount due cannot be collected, e.g. due to ongoing bankruptcy proceedings. Residual uncollectable balances are written off after the collection process.

iv. Derecognition of financial liabilities

In the statement of income, the difference between the carrying amount of the derecognised financial liability and the consideration paid is presented in the line 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss', 'Gains/losses from financial instruments measured at fair value through profit or loss' and 'Net trading result' depending on the measurement category of the derecognised financial liability.

Material accounting judgements, assumptions and estimates

i. SPPI assessment

The assessment of whether the contractual cash flows of financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) is subject to the application of significant judgements which rely on the guidance in IFRS 9. These judgements are crucial in the IFRS 9 classification and measurement process as they determine whether the

asset must be measured at FVPL or, depending on the business model assessment, at amortised cost or at FVOCI. When taking into consideration specific features of financial assets in the business of Erste Bank, the most significant area of judgement is the benchmark test for loans with interest mismatches features.

The most critical area of SPPI judgements in the business of Erste Bank comprises retail loans with a government subsidy element granted to the customer priced in a way that contractual cash flow characteristics contain a leverage. Qualitative benchmark test proved that the leverage identified increases the variability of contractual cash flows with the result that they do not have the economic characteristics of interest.

Portfolio mandatorily valued at fair value through profit or loss (FVPL):

- From 2018

Lending business portfolio subject of government subsidy scheme referring as 'CSOK' falls under the mandatorily FVPL valuation as failed at SPPI test due to leverage within the government defined reference rate of AKK multiplied by 130%. The subsidiary scheme is published in the legal act of "16/2016. (II. 10.) Korm. rendelet az új lakások építéséhez, vásárlásához kapcsolódó lakáscélú támogatásról".

- From 2019

Lending business portfolio subject of government subsidy scheme referring as 'baby loan' falls under the mandatorily FVPL valuation as failed at SPPI test due to leverage within the government defined reference rate of AKK multiplied by 130%.

The subsidiary scheme is published in the legal act of „44/2019. (III. 12.) Korm. rendelet a babaváró támogatásról”. These loans are presented in Note 21) Non-trading financial assets at fair value through profit or loss.

- From 2024

Lending business portfolio subject of government subsidy scheme referring as 'CSOK Plus' falls under the mandatorily FVPL valuation as failed at SPPI test due to leverage within the government defined reference rate of AKK multiplied by 110%. The subsidiary scheme is published in the legal act of '518/2023. (XI. 30.) Korm. a családok otthonteremtését támogató kedvezményes CSOK Plusz hitelprogramról'.

- From 2025

Lending business portfolio subject of government subsidy scheme referring as 'Munkáshitel' falls under the mandatorily FVPL valuation as failed at SPPI test due to leverage within the government defined reference rate of AKK multiplied by 110%. The subsidiary scheme is published in the legal act of '372/2024. (XI. 29.) Korm. a munkáshitel részletszabályairól'.

Lending business portfolio subject of government subsidy scheme referring as 'Otthon Start' falls under the mandatorily FVPL valuation as failed at SPPI test due to leverage within the government defined reference rate of AKK multiplied by 110%. The subsidiary scheme is published in the legal act of '227/2025. (VII. 31.) Korm. az Otthon Start program keretében biztosított FIX 3%-os lakáshitelről'.

ii. Business model assessment

For each SPPI-compliant financial asset at initial recognition, Erste Bank must assess whether it is part of a business model where the assets are held in order to collect contractual cash flows, to both collect the contractual cash flows and sell the assets, or they are held in other business models. As a consequence, the critical aspect in distinguishing the business models is frequency and significance of sales of assets in the respective business model. Since asset allocation to business models is based on the initial assessment, it may happen that in subsequent periods cash flows are realised differently than originally expected, and a different measurement method may seem to be appropriate. In accordance with IFRS 9, such subsequent changes do not generally lead to reclassifications or prior period error corrections in respect of existing financial assets. The new information on how cash flows are realised may, however, indicate that the business model, and thus the measurement method changes for newly acquired or newly originated financial assets.

At Erste Bank, certain sales or other derecognition events are considered as not contradicting the held to collect contractual cash flows business model. Examples are sales due to increases in credit risk, sales close to assets' maturity, infrequent sales triggered by a non-recurring event (such as changes in regulatory or tax environment, major internal reorganisation or a business combination, severe liquidity crisis, etc.) or derecognitions resulting from replacements of bonds based on an issuer's offer. Other kinds of sales carried out in the 'held to collect' business model are assessed retrospectively, and if they exceed certain quantitative thresholds, or whenever it is considered necessary with regard to new expectations, Erste Bank performs a prospective test. If the outcome was that the carrying amount of assets expected to be sold over the expected life of the current business model portfolio, for reasons other than the cases above,

exceeds 10% of the carrying amount of the portfolio, any new acquisitions or originations of assets would be classified in a different business model.

Erste Bank applies a specific case of its general classification described above in the following case:

The Hungarian Government launched its Growth Bond Program (NKP) aiming increasing the corporate bond market liquidity, scoping in Hungarian resident non-financial corporations, bearing a pre-defined risk rating. In the frame of the program the National Bank of Hungary (NBH) purchasing as well at secondary market, from the IPO purchaser, up to an estimated 1,550 billion forint as announced in the program info published at NBH official website (<https://www.mnb.hu/monetaris-politika/novekedesi-kotvenyprogram-nkp>)

Given this latter characteristic of the program, as a purchaser of these bonds Erste Bank applies business model by the following

- classifies into the HTC (held to collect) portfolio the bonds to keep in order to collect the contractual cash flows
- classifies into HtCS (held to collect or sale) portfolio the bonds that are assumed to be purchased by NBH or by other market players.

Beside this general logic, as the corporate bond market in Hungary is in a pre-mature phase and the participating issuer corporations show a wide range of variety from size and activity point of view, Erste Bank applies an individual assessment to define the business model on individual basis.

iii. Impairment of financial instruments

The expected credit loss impairment model is inherently based on judgement since it requires assessment of significant increases in credit risk and measurement of expected credit losses without providing detailed guidance. In respect of significant increases in credit risk, Erste Bank has determined specific assessment rules consisting of qualitative information and quantitative thresholds. Another area of complexity relates to establishing groups of similar assets when credit risk deterioration has to be assessed on a collective basis before specific information is available at individual instrument level. Measurement of expected credit losses involves complex models relying on historical statistics of probabilities of default and loss rates in case of defaults, their extrapolations in case of insufficient observations, individual estimates of credit-adjusted cash flows and probabilities of various scenarios including forward-looking information. In addition, the life of the instruments has to be modelled in respect of behavioural life of revolving credit facilities.

Detailed disclosures about identification of significant increases in credit risk including collective assessment, estimation techniques used to measure 12-month and lifetime expected credit losses are provided in Note 30) Credit risk. For further information on the definition of default refer to chapter Measurement of expected credit loss Classification in Note 29). The development of loan loss provisions is described in Note 31) Development of credit loss allowances.

Financial instruments held at amortised cost

Financial assets are measured at amortised cost if they are held in a business model whose objective is to collect contractual cash flows, and their contractual cash flows are SPPI.

On the balance sheet, these assets are carried at amortised cost, i.e. the gross carrying amount net of the credit loss allowance. They are presented under the line 'Financial assets at amortised cost', 'Trade and other receivables' and 'Cash and cash equivalents'.

Interest income on these assets is calculated by effective interest method and is included under the line 'Interest income' under 'Net interest income' in the statement of income. Impairment gains or losses are included in the line 'Impairment result from financial instruments'. Gains and losses from derecognition (such as sales) of the assets are reported under the line item 'Gains/losses from derecognition of financial assets measured at amortised cost'.

At Erste Bank, financial assets at amortised cost constitute the largest measurement category, which includes the vast majority of loan business to customers (except for certain loans measured at fair value through profit or loss), interbank lending business (including reverse repo transactions), deposits with central banks, amounts in the course of settlement, trade and other receivables.

For description of financial liabilities at measured amortised cost refer to Note 17) Financial liabilities at amortised costs.

14) Cash and cash equivalents

Cash equivalents include only claims (deposits) against central banks and credit institutions that are repayable on demand. Repayable on demand means that they may be withdrawn at any time or with a term of notice of only one business day or 24 hours.

The Bank calculates its mandatory reserve requirement based on the rules set out in Decree No. 10/2005 (VI.11.) of the National Bank of Hungary. The reserve base includes deposits, borrowings, issued debt securities and repo transactions with an original maturity of up to two years, excluding funds obtained from the central bank or from other reserve-subject credit institutions. The reserve requirement must be met on a daily basis. The mandatory reserve ratio was reduced from 10% to 8% with effect from 1 August 2025.

Based on the monthly average balance of the underlying liabilities, the reserve requirement amounted to 294 billion forint at 31 December 2025 compared to 340.3 billion forint at the end of 2024. The mandatory reserve balances are included within the 'Cash equivalents at central banks'.

in HUF million	2024	2025
Cash on hand	27,056	27,549
Cash balances at central banks	636,109	322,784
Other demand deposits at credit institutions	10,118	13,872
Cash and cash equivalents	673,283	364,205

15) Financial assets at amortised cost

The line item 'Financial Assets at amortised cost' is further broken down into 'Debt securities', 'Loans and advances to banks' and 'Loans and advances to Customers'. For details regarding the development of credit loss allowances please refer to Note 31.

Debt securities

Investments in debt securities measured at amortised cost may be acquired with different business objectives (such as fulfilling internal/external liquidity risk requirements and efficient placement of the structural liquidity surplus, strategic positions decided by the board of directors, initiation and fostering of client relationships, substitution of loan business or other yield generating activities). Their common attribute is that significant and frequent sales of such securities are not expected. For a description of what sales are considered as compliant with the held to collect contractual cash flows business model, see paragraph 'Business model assessment' in chapter 'Financial instruments - Material accounting policies'.

Gross carrying amounts and credit loss allowances per impairment buckets

in HUF million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
2025									
General governments	596,502	-	-	596,502	(152)	-	-	(152)	596,350
Credit institutions	281,453	-	-	281,453	(204)	-	-	(204)	281,249
Other financial corporations	5,819	-	-	5,819	(5)	-	-	(5)	5,814
Non-financial corporations	60,901	3,945	1,380	66,226	(80)	(178)	(1,293)	(1,551)	64,675
Total	944,675	3,945	1,380	950,000	(441)	(178)	(1,293)	(1,912)	948,088

in HUF million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
2024									
General governments	660,691	-	-	660,691	(168)	-	-	(168)	660,523
Credit institutions	309,377	-	-	309,377	(220)	-	-	(220)	309,157
Other financial corporations	5,759	-	-	5,759	(5)	-	-	(5)	5,754
Non-financial corporations	57,664	6,852	1,373	65,889	(72)	(335)	(1,286)	(1,693)	64,196
Total	1,033,491	6,852	1,373	1,041,716	(465)	(335)	(1,286)	(2,086)	1,039,630

There were no purchased or originated credit-impaired (POCI) debt securities at AC as of 31 December 2025.

For information about development of credit loss allowances refer to Note 31) Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – debt securities'.

Loans and advances to banks

Gross carrying amounts and credit loss allowances per impairment buckets

in HUF million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
2025									
Credit institutions	335,699	-	-	335,699	(242)	-	-	(242)	335,457
Total	335,699	-	-	335,699	(242)	-	-	(242)	335,457

in HUF million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
2024									
Credit institutions	281,479	-	-	281,479	(202)	-	-	(202)	281,277
Total	281,479	-	-	281,479	(202)	-	-	(202)	281,277

There are no purchased or originated credit-impaired (POCI) AC loans and advances to banks at 31 December 2025.

For information about development of credit loss allowances refer to Note 31) Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – loans and advances to banks'.

Loans and advances to customers

Gross carrying amounts and credit loss allowances per impairment buckets

in HUF million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As of 31 December 2025											
General governments	105,679	80	-	3	105,762	(33)	(1)	-	-	(34)	105,728
Other financial corporations	141,063	1,174	7	-	142,244	(1,149)	(9)	(5)	-	(1,163)	141,081
Non-financial corporations	678,673	106,260	12,504	2,315	799,752	(3,259)	(3,868)	(6,279)	(1,470)	(14,876)	784,876
Households	751,201	179,655	22,643	6,559	960,058	(2,732)	(12,597)	(17,186)	(895)	(33,410)	926,648
Total	1,676,616	287,169	35,154	8,877	2,007,816	(7,173)	(16,475)	(23,470)	(2,365)	(49,483)	1,958,333

in HUF million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As of 31 December 2024											
General governments	137,397	108	-	5	137,510	(48)	(1)	-	-	(49)	137,461
Other financial corporations	124,557	422	12	-	124,991	(1,323)	(3)	(9)	-	(1,335)	123,656
Non-financial corporations	609,745	154,145	12,234	1,951	778,075	(3,384)	(4,361)	(7,030)	(446)	(15,221)	762,854
Households	574,774	253,694	25,171	8,130	861,769	(2,950)	(13,878)	(18,559)	(1,823)	(37,210)	824,559
Total	1,446,473	408,369	37,417	10,086	1,902,345	(7,705)	(18,243)	(25,598)	(2,269)	(53,815)	1,848,530

Modifications of financial assets at amortised cost

Impact modifications that are not substantial and do not result in derecognitions

in HUF million	2024		2025	
	Amortised cost before the modification	Net modification gains/losses	Amortised cost before the modification	Net modification gains/losses
Loans and advances				
Non-financial corporations		7,339	34	77
Households		25,339	1,001	18,348
Total		32,678	1,035	18,425

Modification loss on non-Stage 1 loans caused risk cost creation due to the interest rate stop extensions in 2024 and 2025. Please see details in Note 30) Credit Risk and C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS.

As at 31 December 2025, the total GCA of Erste Bank Hungary's debt instruments measured at AC were 30 billion forint, which were impacted by non-substantial contractual modifications while they were assigned to Stage 2 or 3 and re-assigned to Stage 1 during the year.

For information about development of credit loss allowances refer to Note 31) Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – loans and advances to customers'.

16) Trade and other receivables

Trade receivables arise largely from fees which are not part of the effective interest rate.

Gross carrying amounts and credit loss allowances per impairment buckets

in HUF million	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
2025											
General governments	1	-	-	-	1	-	-	-	-	-	1
Credit institutions	460	-	-	-	460	-	-	-	-	-	460
Other financial corporations	10,360	536	-	-	10,896	(30)	(7)	-	-	(37)	10,858
Non-financial corporations	146	20	27	-	193	(1)	(2)	(17)	-	(20)	173
Households	197	48	79	12	336	(1)	(9)	(58)	(2)	(70)	268
Total	11,164	604	106	12	11,886	(32)	(18)	(75)	(2)	(127)	11,759

in HUF million	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
2024											
General governments	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	10,405	-	-	-	10,405	(2)	-	-	-	(2)	10,403
Other financial corporations	3,308	-	-	-	3,308	(36)	-	-	-	(36)	3,272
Non-financial corporations	26	-	-	-	26	-	-	-	-	0	26
Total	13,739	-	-	-	13,739	(38)	-	-	-	(38)	13,701

There are no purchased or originated credit-impaired (POCI) Trade and other receivables as of 31 December 2025.

For information about development of credit loss allowances refer to Note 31) Development of credit loss allowances, part 'Financial instruments held at amortised cost': table 'Movement in credit loss allowances – trade and other receivables'.

17) Financial liabilities at amortised costs

For presentation on the balance sheet, the line item 'Financial liabilities measured at amortised cost' is used. The liabilities are further broken down into 'Deposits from banks', 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'.

Interest expenses incurred are reported in the line item 'Interest expenses' in the statement of income. Gains and losses from derecognition (mainly repurchase) are reported under the line item 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

Deposits from banks

in HUF million	2024	2025
Overnight deposit	161,802	136,866
Term deposit	439,318	454,747
Repurchase agreement	36,765	5,635
Total	637,885	597,248

Deposits from customers

in HUF million	2024	2025
Demand deposits	2,725,983	2,835,999
Saving deposits	164,732	198,306
Non-financial corporations	1,459	1,254
Households	163,273	197,052
Non-saving deposits	2,561,251	2,637,693
General governments	25,407	28,203
Other financial corporations	399,198	391,210
Non-financial corporations	966,955	889,996
Households	1,169,691	1,328,284
Term deposits	457,831	685,331
Deposits with agreed maturity	457,831	685,331
Non-saving deposits	457,831	685,331
General governments	5,510	17,487
Other financial corporations	138,946	202,024
Non-financial corporations	260,570	398,253
Households	52,805	67,567
Repurchase agreement	3,327	6,359
Other financial corporations	3,327	6,359
Deposits from customers	3,187,141	3,527,689
General governments	30,917	45,690
Other financial corporations	541,471	599,593
Non-financial corporations	1,228,984	1,289,503
Households	1,385,769	1,592,903

Debt securities issued

in HUF million	2024	2025
Subordinated debt securities issued	69,836	65,608
Other debt securities issued	331,945	273,290
Bonds	331,126	273,290
Certificate of deposits	819	–
Total	401,781	338,898

The issued bonds serve MREL compliance. Part of this portfolio is Retail related MREL bonds. Erste Bank started issuing MREL bonds to Retail clients in HUF, EUR and USD currencies in December 2022. Since then, the portfolio has been continuously built up through monthly issuances. The line item also includes MREL bonds issued under Multi Issuer EMTN Programme (MIP). There was no MREL bonds portfolio at the end of 2025 (145 billion forint in 2024).

In the annual separated financial statements, the balance of certificates of deposit previously presented under “Other debt securities issued” has been reclassified to the “Other financial liabilities” category in 2025 (in 2025 776 million forint, in 2024 780 million forint).

Subordinated Liabilities

Issued subordinated capital and supplementary capital are reported in the item Financial liabilities at amortised costs. Securitized and non-securitized assets are subordinated if the claims can only be satisfied after the claims of other, non-subordinated creditors in the event of liquidation or bankruptcy. Supplementary capital is defined in accordance with Art. 63 of Regulation (EU) No 575/2013 (CRR). Corresponding instruments have an original maturity of at least five years, are of a subordinated nature and may not, among other things, contain any incentive for early repayment, grant the holder the right to accelerate repayment or include interest or dividend payments that are influenced in their amount by the creditworthiness of the issuer.

Material subordinated liabilities

ID / ISIN	Notional amount 2024			Notional amount 2025		Origination date	Maturity date	Interest conditions
	in thousand EUR	in million HUF		in thousand EUR	in million HUF			
11403	170,000	69,715		170,000	65,518	22 June 2021	22 June 2030	3M EURIBOR+ 1,85%, quarterly*
HU0000364831	170,000	69,715		170,000	65,518	18 Dec 2024	18 Dec 2034	3M EURIBOR+ 2,36%, quarterly*
Total	340,000	139,430		340,000	131,036			

Erste Hungary did not issue any new subordinated debt securities in 2025, the instrument identified as ID 11403 is recognised as a financial liability at amortised cost and presented under liabilities to credit institutions.

Financial assets at fair value through other comprehensive income

18) Financial assets at fair value through other comprehensive income – debt instruments

Debt instrument financial assets are measured at fair value through other comprehensive income (FVOCI) if their contractual cash flows are SPPI-compliant and they are held within a business model whose objective is achieved by both to collect contractual cash flows and sell the assets. On the balance sheet, they are included as ‘Debt securities’ under the line ‘Financial asset at fair value through other comprehensive income’.

Interest income on these assets is calculated using the effective interest method and is included in the line ‘Interest income’ under ‘Net interest income’ in the statement of income. Impairment gains and losses are recognised in profit or loss in the line ‘Impairment result from financial instruments’ with opposite entry in OCI rather than against the asset value. As a result, the measurement impact recognised in profit or loss is the same as for financial assets measured at amortised cost.

The difference between the fair value at which the assets are carried in the balance sheet and the amortised cost component is recognised as accumulated OCI in equity specifically under 'Fair value reserve' in the statement of changes in equity. The change for the period is reported as OCI in the statement of comprehensive income in the line 'Fair value reserve of debt instruments'. When the financial asset is derecognised, the amount previously accumulated in OCI is reclassified to profit or loss and reported under the line 'Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss'.

Erste Bank classifies certain investments in debt securities as measured at FVOCI. They are part of 'held to collect and sell' business models. Similarly, to debt instruments, assets measured at amortised cost, they relate to various business objectives such as fulfilling internal/external liquidity risk requirements and efficient placement of the structural liquidity surplus, strategic positions decided by the board of directors, initiation and fostering of client relationships, substitution of loan business or other yield-enhancement activities. The common attribute for investments in debt instruments at FVOCI is that an active yield optimisation via sales is integral to achieving the objectives. The sales are carried out in order to optimise the liquidity position or to realise the fair value gains or losses. As a result, the business objectives are achieved through both collecting contractual cash flows and sales of the securities.

Debt instruments

Gross carrying amounts and credit loss allowances per impairment buckets

in HUF million	Gross carrying amount				Credit loss allowances				Amortised cost	Accumulated OCI changes	Fair value
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total			
2025											
General governments	531,319	-	-	531,319	(135)	-	-	(135)	531,184	(2,515)	528,669
Credit institutions	20,533	-	-	20,533	(23)	-	-	(23)	20,510	251	20,761
Non-financial corporations	8,744	48	920	9,712	(9)	(1)	(612)	(622)	9,090	(407)	8,683
Total	560,596	48	920	561,564	(167)	(1)	(612)	(780)	560,784	(2,671)	558,113

in HUF million	Gross carrying amount				Credit loss allowances				Amortised cost	Accumulated OCI changes	Fair value
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total			
2024											
General governments	347,923	-	-	347,923	(89)	-	-	(89)	347,834	626	348,460
Credit institutions	10,576	-	-	10,576	(10)	-	-	(10)	10,566	139	10,705
Non-financial corporations	3,257	48	915	4,220	(1)	(1)	(13)	(15)	4,205	(842)	3,363
Total	361,756	48	915	362,719	(100)	(1)	(13)	(114)	362,605	(77)	362,528

There are no purchased or originated credit-impaired (POCI) debt securities at FVOCI as of 31 December 2025.

As defined in IFRS 9, the gross carrying amount of debt instruments at FVOCI equals the amortised cost before deducting any credit loss allowances. The accumulated OCI changes combine the effects of credit loss allowances booked in other comprehensive income and fair value accounting through other comprehensive income, as required by IFRS9 in respect of debt instruments measured at FVOCI.

For information about the development of credit loss allowances refer to Note 31) Development of credit loss allowances., part 'Financial assets at fair value through other comprehensive income – debt instruments': table 'Movement in credit loss allowances – debt instrument financial assets'.

Financial instruments at fair value through profit or loss

There are various reasons for assigning the fair value through profit or loss (FVPL) measurement category to financial assets:

FVPL measurement relates to financial assets that are part of residual business models, i.e. they are neither held to collect contractual cash flows nor held to either collect contractual cash flows or sell the assets. These financial assets are generally expected to be sold before their maturity, or they are managed, and their performance is evaluated on a fair value basis. In the business of Erste Bank, such business models are typical of assets that are held for trading (i.e. financial assets held by the trading function of the bank), of assets whose value is expected to be primarily realised through sales.

Other source of FVPL measurement relates financial assets whose contractual cash flows are not considered as SPPI have to be measured at FVPL. In the business of Erste Bank, this concerns certain loans to customers. The main reason for the loans failing the SPPI assessment is that these loan products include interest features that do not comply with the criteria set out in IFRS 9 (see description in the part 'SPPI assessment' of chapter 'Financial instruments –Material accounting policies').

On the balance sheet, debt instrument financial assets and derivatives measured at FVPL are presented in line item 'Financial assets held for trading', sub-items 'Other financial assets held for trading and 'Derivatives'. 'Non-trading financial assets at fair value through profit or loss' contains loans to customers valued at fair value through profit or loss, which are 'Mandatorily at fair value through profit or loss' either because their contractual cash flows are not SPPI, or they are held as part of residual business models that are other than held for trading.

Investments in equity instruments that are held for trading (i.e. financial assets held by the trading function of the bank) are measured at FVPL. They are included in the balance sheet under the line 'Financial assets held for trading', sub-item 'Other financial assets held for trading'. Investments in equity instruments that are not held for trading are also measured at FVPL (unless they are designated at FVOCI). They are presented in the balance sheet under 'Non-trading financial assets at fair value through profit or loss', sub-item 'Equity instruments', sub-category 'Mandatorily at fair value through profit or loss' in Note 21).

From IFRS 9 perspective all derivatives are considered as held for trading. As a result, they are measured at FVPL. They are described in more detail in the Note 19) Derivative financial instruments.

In the statement of income, the profit or loss effects of non-derivative financial assets measured at FVPL are split into interest income or dividend income and fair value gains and losses. In sub-item 'Other similar income', line item 'Net interest income' interest income on financial assets at FVPL are presented. This category also includes negative interest rate related interest income on financial liabilities. The dividend income on equity instruments is presented in the line 'Dividend income'. The fair value gains or losses are calculated net of the interest or dividend income, and they also include transaction costs and origination fees. They are reported in the line 'Net trading result' for financial assets held for trading and in the line 'Gains/losses from financial instruments measured at fair value through profit or loss' in case of non-trading financial assets at FVPL. For investments in funds, which are not consolidated by Erste Bank, the interest or dividend component is not separated from the fair value gains or losses.

Financial liabilities at FVPL consist of financial liabilities held for trading and financial liabilities designated at FVPL.

19) Derivative financial instruments

Derivative financial instruments are used by Erste Bank to manage exposures to interest rates, foreign currencies and other market price risks. Derivatives used by Erste Bank include mainly interest rate swaps, futures, forward rate agreements, interest rate options, currency swaps and currency options as well as credit default swaps.

Derivative financial instruments are carried at fair value (dirty price, including interest) on the balance sheet. Derivatives are carried as assets if their fair value is positive and as liabilities if their fair value is negative.

Derivatives – held for trading are those that are not designated as hedging instruments for hedge accounting. They are presented in the line item 'Derivatives' under the heading 'Financial assets/Financial liabilities held for trading'. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, are presented in this line item.

Changes in the fair value (clean price, excluding interest) of derivatives – held for trading are reported in the statement of income in the line item 'Net trading result'. Interest income/expense related to derivatives is presented in the statement of income in the line item 'Other similar income' or 'Other similar expenses' under 'Net interest income'. Interest income/expense recognition is based on EIR-like accruals based on the derivative notional amount and includes amortisation of the inception value of the derivative.

Derivatives – held for trading

in HUF million	2024			2025		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book¹⁾	3,883,296	49,676	38,930	3,107,765	33,267	32,295
Interest rate	971,663	18,640	16,404	746,152	11,991	10,719
Foreign exchange	2,911,633	31,036	22,526	2,361,613	21,276	21,576
Derivatives held in the banking book¹⁾	536,947	17,424	15,867	337,254	9,073	8,680
Interest rate	501,341	14,145	15,749	305,126	7,435	8,470
Foreign exchange	35,606	3,279	118	32,128	1,638	210
Total gross amounts	4,420,243	67,100	54,797	3,445,019	42,340	40,975
Total	4,420,243	67,100	54,797	3,445,019	42,340	40,975

1) Trading and banking book are disclosed in detail in chapter Risk management.

20) Other financial assets held for trading

in HUF million	2024	2025
Debt securities	29,755	165,145
Central Banks	6,939	34,834
General governments	680	1,969
Credit institutions	22,136	128,342
Other financial assets held for trading	29,755	165,145

21) Non-trading financial assets at fair value through profit or loss

in HUF million	2024		2025	
	Designated	Mandatorily	Designated	Mandatorily
Equity instruments	-	4,213	-	5,905
Debt securities	-	545	-	219
Other financial corporations	-	545	-	219
Loans and advances to customers	-	444,331	-	583,138
General governments	-	51	-	39
Non-financial corporations	-	4	-	2
Households	-	444,276	-	583,097
Non-trading financial assets at fair value through profit or loss		449,089		589,262

The line item 'Loans and advances to customers' includes certain retail loans whose contractual cash flows fail to meet the 'solely payments of principal and interest' (SPPI) criterion. For details on the SPPI characteristics, refer to the subsection 'Solely payments of principal and interest (SPPI) test' within the chapter 'Financial instruments – Material accounting policies'. Increase in debt securities mandatorily at FVTPL is due to new purchases of collective investment funds.

Financial instruments – other disclosure matters

22) Fair value of financial instruments

The measurement of fair value at Erste Bank is based primarily on external sources of data. Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values. Disclosures for valuation models, fair value hierarchy and fair values of financial instruments can be found in this Note in more details. Based on an

analysis carried out by Erste Bank it was decided that for the valuation of OTC derivatives no Funding Value Adjustment (FVA) would be considered.

For all financial instruments the fair value is measured on recurring basis.

Financial instruments carried at fair value

Description of valuation models and parameters

Erste Bank uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, credit spreads) have been determined independently.

Loans

Not SPPI (Solely Payments of Principal and Interest) compliant loans are valued at fair value. The methodology to compute fair value of these loans corresponds to the basic present value technique where expected cash flows of assets are discounted by the full rate including risk premium required for non-market risk based part of the interest rate to be compliant with fair value definition. The credit risk is recognised by adjusting contractual cash flows to come to expected cash flows accounting for customer's probability of default and loss given default. These adjusted cash flows are then discounted by effective discount rate incorporating other risk/cost components.

Debt securities

For plain vanilla (fixed and floating rate) debt securities the fair value is calculated by discounting the future cash flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available, the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgement. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash flow models and more sophisticated modelling techniques including methods described for OTC-derivatives.

Equity instruments

Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price. For other investments in non-trading equity instruments the fair value is determined by standard valuation models using also unobservable input parameters.

OTC-derivative financial instruments

Derivative instruments transacted in liquid markets (e.g. interest rate swaps and options, foreign exchange forward and options) are valued by using standard valuation models. Models are calibrated on quoted market data (including implied volatilities). For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used.

Credit value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and Erste Bank's credit quality. Erste Bank has implemented an approach, where the modelling of the expected exposure is based on option replication strategies. For products where an option replication is not feasible the exposure is computed with Monte-Carlo simulation techniques. One of the two modelling approaches is considered for the most relevant portfolios and products. The methodology for the remaining entities and products is determined by market value plus add-on considerations. The probability of default by counterparties that are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles present in the central European market. Market based valuation concepts are incorporated for this. Erste Bank's probability of default has been derived from the buy-back levels of Erste Bank's issuances. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with immaterial threshold amounts.

According to the described methodology the accumulated CVA-adjustments amounted to 49 million forint (92 million forint in 2024) and the total DVA-adjustment amounted to 50 million forint (85 million forint in 2024).

Validation and control

The responsibility for valuation of financial instruments measured at fair value is independent of the trading units. In addition, Erste Bank has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value measurement and validation. The aim of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness of input data (market data) and model calibration.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorised under the three levels of the IFRS fair value hierarchy.

Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to Level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. More particular, the evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

These include exchange traded derivatives (futures, options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available, the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as Level 2 of the fair value hierarchy. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

These include OTC derivatives, less liquid shares, bonds and funds.

Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor on the basis of valuation models that rely entirely on observable market data. In these cases individual valuation parameters which are not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. For Level 3 valuations besides observable parameters typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters. These include trading securities, equity instruments and IFRS9 related FV loan portfolio. A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be performed if the financial instrument no longer meets the criteria described above for the respective level.

Classification of financial instruments carried at fair value by levels of the fair value hierarchy

in HUF million	31.12.2024				31.12.2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets HfT	-	96,855	-	96,855	1,969	205,516	-	207,485
Derivatives	-	67,100	-	67,100	-	42,340	-	42,340
Other financial assets held for trading	-	29,755	-	29,755	1,969	163,176	-	165,145
Non-trading financial assets at FVPL	1,602	-	447,487	449,089	1,927	-	587,336	589,263
Equity instruments	1,602	-	2,611	4,213	1,927	-	3,979	5,906
Debt securities	-	-	545	545	-	-	219	219
Loans and advances	-	-	444,331	444,331	-	-	583,138	583,138
Financial assets at FVOCI	183,682	178,846	-	362,528	346,446	208,629	3,037	558,112
Debt securities	183,682	178,846	-	362,528	346,446	208,629	3,037	558,112
Total assets	185,284	275,701	447,487	908,472	350,342	414,145	590,373	1,354,860
Liabilities								
Financial liabilities HfT	-	(54,797)	-	(54,797)	-	(40,975)	-	(40,975)
Derivatives	-	(54,797)	-	(54,797)	-	(40,975)	-	(40,975)
Total liabilities	-	(54,797)	-	(54,797)	-	(40,975)	-	(40,975)

The allocation of the appropriate level of positions is determined at the end of the reporting period.

Valuation process for financial instruments categorised as Level 3

The valuation of financial instruments categorised as Level 3 involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking for similar transactions, among others. This involves estimation and expert judgement. Further details regarding input parameters used and the results of the sensitivity analysis are disclosed in the sub-chapter Unobservable inputs and sensitivity analysis for Level 3 measurements below.

The volume of Level 3 financial assets can be allocated to the following categories:

- Market values of derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
- Illiquid bonds, shares and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2
- Loans which do not comply with the contractual cash flow criteria.

Development of fair value of financial instruments in Level 3

in HUF million		Gains/ losses profit or loss	Gains/losses OCI	Purchases	Sales	Settlement s	Transfer into Level 3	Transfer out of Level 3	Currency translatio n	
	01.01.2025									31.12.2025
Assets										
Financial assets HfT	-	-	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-	-	-
Non-trading financial assets at FVPL	447,487	3,462	-	164,041	-	(27,304)	-	-	(350)	587,336
Equity instruments	2,610	1,367	-	-	-	-	-	-	-	3,977
Debt securities	545	25	-	-	-	-	-	-	(350)	220
Loans and advances	444,332	2,070	-	164,041	-	(27,304)	-	-	-	583,139
Financial assets at FVOCI	-	(598)	375	-	-	-	3,261	-	-	3,038
Debt securities	-	(598)	375	-	-	-	3,261	-	-	3,038
Total assets	447,487	2,864	375	164,041	-	(27,304)	3,261	-	(350)	590,374
Liabilities										
Financial liabilities HfT	-	-	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-

in HUF million		Gains/ losses profit or loss	Gains/losses OCI	Purchases	Sales	Settlement s	Transfer into Level 3	Transfer out of Level 3	Curren cy translat ion	
	01.01.2024									31.12.2024
Assets										
Financial assets HfT	1	(1)	-	-	-	-	-	-	-	-
Derivatives	1	(1)	-	-	-	-	-	-	-	-
Non-trading financial assets at FVPL	389,236	6,487	-	76,983	-	(24,434)	-	(420)	(365)	447,487
Equity instruments	2,136	894	-	-	-	-	-	(420)	-	2,610
Debt securities	814	96	-	-	-	-	-	-	(365)	545
Loans and advances	386,286	5,497	-	76,983	-	(24,434)	-	-	-	444,332
Financial assets at FVOCI	34	-	-	-	-	-	-	(34)	-	-
Debt securities	34	-	-	-	-	-	-	(34)	-	-
Total assets	389,271	6,486	-	76,983	-	(24,434)	-	(454)	(365)	447,487
Liabilities										
	(12)	12	-	-	-	-	-	-	-	-
Derivatives	(12)	12	-	-	-	-	-	-	-	-
Total liabilities	(12)	12	-	-	-	-	-	-	-	-

Unobservable inputs and sensitivity analysis for Level 3 measurements

In case the fair value measurement of a financial asset is retrieved from input parameters which are not observable in the market, those parameters can be retrieved from a range of alternative parameters. For the preparation of the balance sheet the parameters were chosen to reflect the market situation at the reporting date.

Range of unobservable valuation parameters used in Level 3 measurements

Financial assets	Type of instrument	Fair Value in HUF million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)
2025					
Financial assets at FVPL	Equity instruments	3282	Adjusted Net Asset Value	Adjusted equity	Depending on the accounting equity of the underlying investee
		695	Dividend Discount Model	Beta levered Country risk premium	0.87 0.0189
	Fixed and variable coupon bonds	219	Discounted cash flow	Credit Spread	n/a
	Loans	583138	Discounted cash flow	PD	0.02%-29.19% (0.48%)
				LGD	0.01%-61.63% (28.31%)

Financial assets	Type of instrument	Fair Value in HUF million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)
2024					
Financial assets at FVPL	Equity instruments	2,374	Adjusted Net Asset Value	Adjusted equity	Depending on the accounting equity of the underlying investee
		236	Dividend Discount Model	Beta levered Country risk premium	0.96 0.0207
	Fixed and variable coupon bonds	545	Discounted cash flow	Credit Spread	n/a
	Loans	444,332	Discounted cash flow	PD	0.02%-6.37% (0.17%)
				LGD	0.002%-41.44% (23.53%)

Sensitivity analysis - Fair Value changes per product type using reasonably possible alternatives

in HUF million	2024		2025	
	Positive	Negative	Positive	Negative
Derivatives	-	-	-	-
Income statement	-	-	-	-
Debt securities	80	(125)	60	(87)
Income statement	27	(55)	11	(22)
Other comprehensive income	53	(70)	49	(65)
Equity instruments	261	(261)	398	(398)
Income statement	261	(261)	398	(398)
Loans and advances	7,626	(28,721)	11,488	(37,858)
Income statement	7,626	(28,721)	11,488	(37,858)
Total	7,967	(29,107)	11,946	(38,343)
Income statement	7,914	(29,037)	11,896	(38,278)
Other comprehensive income	53	(70)	49	(65)

In estimating these impacts, mainly changes in PDs, LGDs (for CVA of derivatives). An increase (decrease) of PDs and LGDs result in a decrease (increase) of the corresponding fair values. Positive correlation effects between PDs and LGDs were not taken into account in the sensitivity analysis. For non-trading equity instruments increases (decreases) in any of the inputs used for the cost of equity calculation in isolation would result in a lower (higher) fair value.

The following ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis table:

- for debt securities range of credit spreads between +100 basis points and -75 basis points
- for equity related instruments the price range between -10% and +5%
- for unquoted equity instruments the price range between -10% and +10% (VISA instrument is included in Debt security category due to the similar contractual feature with equity instruments)

- for CVA on derivatives PDs rating upgrade/downgrade by one notch, as well as the change of LGD by -5% and +10%.
- for loans, the PDs rating upgrade/downgrade by 1%, the change of LGD by -5% and +10% and a range of credit spreads between +100 basis points and -75 basis points.

Financial instruments not carried at fair value with fair value disclosed in the notes

2025	Carrying amount	Fair value	Quoted market prices in active markets Level 1	Marked to model based on observable market data Level 2	Marked to model based on non-observable inputs Level 3
in HUF million					
ASSETS	3,291,409	3,210,883	476,230	369,252	2,365,401
Financial assets at amortised cost	3,241,878	3,161,605	476,230	369,252	2,316,123
Debt securities at amortised cost	948,088	884,470	476,230	369,252	38,988
Loans and advances to bank	335,457	340,177	-	-	340,177
Loans and advances to customers	1,958,333	1,936,958	-	-	1,936,958
Finance lease receivables	37,772	37,518	-	-	37,518
Trade and other receivables	11,759	11,760	-	-	11,760
LIABILITIES	(4,463,835)	(4,408,615)	-	(258,134)	(4,150,481)
Financial liabilities measured at amortised cost	(4,463,835)	(4,408,615)	-	(258,134)	(4,150,481)
Deposits from banks (not subordinated)	(527,423)	(513,505)	-	-	(513,505)
Deposits from customers	(3,527,689)	(3,493,937)	-	-	(3,493,937)
Debt securities issued	(338,898)	(336,828)	-	(258,134)	(78,694)
Subordinated liabilities	(69,825)	(64,345)	-	-	(64,345)
Financial guarantees and commitments	n/a	952	-		952
Financial guarantees	n/a	180	-		180
Loan commitments	n/a	772	-		772

2024	Carrying amount	Fair value	Quoted market prices in active markets Level 1	Marked to model based on observable market data Level 2	Marked to model based on non-observable inputs Level 3
in HUF million					
ASSETS	3,217,216	3,116,705	536,756	403,023	2,176,926
Financial assets at amortised cost	3,169,437	3,069,208	536,756	403,023	2,129,429
Debt securities at amortised cost	1,039,630	954,344	536,756	403,023	14,565
Loans and advances to bank	281,277	282,947	-	-	282,947
Loans and advances to customers	1,848,530	1,831,917	-	-	1,831,917
Finance lease receivables	34,078	33,744	-	-	33,744
Trade and other receivables	13,701	13,753	-	-	13,753
LIABILITIES	(4,226,807)	(4,252,675)	-	(396,896)	(3,855,779)
Deposits from banks (not subordinated)	(568,060)	(599,792)	-	-	(599,792)
Deposits from customers	(3,187,141)	(3,188,726)	-	-	(3,188,726)
Debt securities issued	(401,781)	(399,812)	-	(396,896)	(2,916)
Subordinated liabilities	(69,825)	(64,345)	-	-	(64,345)
Financial guarantees and commitments	n/a	28,801	-		28,801
Financial guarantees	n/a	(50)	-		(50)
Loan commitments	n/a	28,851	-		28,851

In the table above, positive fair values of financial guarantees and commitments are shown with a positive sign whereas negative fair values are shown with a negative sign.

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted. The measurement of fair values of loans to customers is not affected by whether they are subject to synthetic securitisations. As a result, they are categorised as Level 3 measurements. Details on synthetic securitisations can be found Note 30) Credit risk: credit risk review and monitoring

The fair values of debt securities at amortised cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of deposits and other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. These positions are assigned to the Level 3 category. For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortised cost is based on market prices or on observable market parameters, if these are available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. The spread adjustment for Erste Bank's own credit risk is derived from buy-back levels of own issuances.

For off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the following fair value approaches are applied:

The fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

23) Hedge accounting

In the books of Erste Bank, no hedging relationship has been designated since 2016.

24) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The below tables include once all the repurchased agreements, twice all the derivatives deals where ISDA agreement provides the potential for offsetting.

Financial assets subject to offsetting and potential offsetting agreements in 2025

in HUF million	Gross amounts in Statement of Financial Position	Amounts set off against financial liabilities	Net amounts in Statement of Financial Position	Potential effects of netting agreements not qualifying for offsetting in Statement of Financial Position			Net amount after potential offsetting
				Financial instruments	Cash collateral received	Non-cash financial collateral received	
Derivatives	42,340	-	42,340	22,487	-	-	19,852
Reverse repurchase agreement	72	-	72	-	-	72	-
Total	42,412	-	42,412	22,487	-	72	19,852

Liabilities subject to offsetting and potential offsetting agreements 2025

in HUF million	Gross amounts in Statement of Financial Position	Amounts off against financial assets	Net amounts in Statement of Financial Position	Potential effects of netting agreements not qualifying for offsetting in Statement of Financial Position			Net amount after potential offsetting
				Financial instruments	Cash collateral pledged	Non-cash financial collateral pledged	
Derivatives	40,975	-	40,975	22,487	-	-	18,488
Repurchase agreements	11,993	-	11,993	-	-	11,993	-
Total	52,968	-	52,968	22,487	-	11,993	18,488

Financial assets subject to offsetting and potential offsetting agreements in 2024

in HUF million	Gross amounts in Statement of Financial Position	Amounts set off against financial liabilities	Net amounts in Statement of Financial Position	Potential effects of netting agreements not qualifying for offsetting in Statement of Financial Position			Net amount after potential offsetting
				Financial instruments	Cash collateral received	Non-cash financial collateral received	
Derivatives	67,100	-	67,100	32,556	-	-	34,544
Reverse repurchase agreement	63	-	63	-	-	63	-
Total	67,163	-	67,163	32,556	-	63	34,544

Liabilities subject to offsetting and potential offsetting agreements 2024

in HUF million	Gross amounts in Statement of Financial Position	Amounts off against financial assets	Net amounts in Statement of Financial Position	Potential effects of netting agreements not qualifying for offsetting in Statement of Financial Position			Net amount after potential offsetting
				Financial instruments	Cash collateral pledged	Non-cash financial collateral pledged	
Derivatives	54,797	-	54,797	32,556	-	-	22,241
Repurchase agreements	40,092	-	40,092	-	-	40,092	-
Total	94,889	-	94,889	32,556	-	40,092	22,241

Erste Bank employs repurchase agreements and master netting agreements as a means of reducing credit risk of derivative and financing transactions. They qualify as potential offsetting agreements. Master netting agreements are relevant for counterparties with multiple derivative contracts. They provide for the net settlement of all the contracts in the event of default of any counterparty. For derivatives transactions the values of assets and liabilities that would be set off as a result of master netting agreements are presented in the column 'Financial instruments'. If the net position is further secured by cash collateral or non-cash financial collaterals the effects are disclosed in columns 'Cash collateral received / pledged' and 'Non-cash financial collateral received / pledged' respectively.

Repurchase agreements are primarily financing transactions. They are structured as a sale and subsequent repurchase of securities at a pre-agreed price and time. This ensures that the securities remain in the hands of the lender as collateral in case the borrower defaults on fulfilling any of its obligations. Offsetting effects from repurchase agreements are disclosed in the column 'Non-cash financial collateral received/pledged' respectively. Collateral is presented at the fair value of the transferred securities. However, if the fair value of collateral exceeds the carrying amount of the receivable/liability from the repo transaction the value is capped at the level of the carrying amount. Remaining position may be secured by cash collateral. Cash and non-cash financial collateral involved in these transactions is restricted from being used it by the transferor during the time of the pledge.

25) Transfers of financial assets – repurchase transactions and securities lending

Repurchase and reverse repurchase agreements

Transactions involving sales of securities under an agreement to repurchase them at a specified future date are also known as 'repos' or 'sale and repurchase agreements'. Securities sold in such transactions are not derecognised from the balance sheet, as Erste Bank retains substantially all risks and rewards of ownership, because the securities are repurchased at a fixed price when the repo transaction ends. Furthermore, Erste Bank is the beneficiary of all coupons and other income payments received on the transferred assets over the period of the repo transactions. These payments are remitted to Erste Bank or are reflected in the repurchase price.

The cash received upon sale of securities is recognised on the balance sheet with a corresponding obligation to return under the line item 'Financial liabilities measured at amortised cost', sub-items 'Deposits from banks' or 'Deposits from customers' reflecting the transaction's economic substance as a loan to Erste Bank. The difference between the sale and repurchase prices is treated as interest expense and recorded in the statement of income in the line item 'Interest expenses' under 'Net interest income' and is accrued over the life of the agreement. Financial assets transferred out by Erste Bank under repurchase agreements remain on the Bank's balance sheet and are presented separately under the original balance sheet items in the 'thereof pledged as collateral' lines. The measurement category of the transferred financial assets does not change.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised on the balance sheet. Such transactions are also known as 'reverse repos'. The consideration paid is recorded on the balance sheet

under the line item 'Financial assets at amortised cost', sub-items 'Loans and advances to banks' and 'Loans and advances to customers' reflecting the transaction's economic substance as a loan by Erste Bank. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement and recorded in the statement of income in the line item 'Interest income' under 'Net interest income'.

Securities lending and borrowing

In securities lending transactions, the lender transfers ownership of securities to the borrower on the condition that the borrower will retransfer, at the end of the agreed loan term, ownership of instruments of the same type, quality and quantity and will pay a fee determined by the duration of the lending. Similarly to 'reverse repos', the transfer of the securities to counterparties via securities lending does not result in derecognition unless the risks and rewards of ownership are also transferred. Securities lent are presented separately under the original balance sheet items in the 'thereof pledged as collateral' lines.

Securities borrowed are not recognised in the Statement of Financial Position, unless they are then sold to third parties. If such sales occur, the obligation to return the securities is recorded on the balance sheet as a short sale within 'Financial liabilities held for trading', sub-item 'Other financial liabilities'.

in HUF million	2024		2025	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	42,426	40,092	12,665	11,993
Financial assets - at FVTOCI	15,705	15,743	–	–
Financial assets - at AC	26,721	24,349	12,665	11,993
Total	42,426	40,092	12,665	11,993

The transferred financial instruments consist of bonds and other interest-bearing securities. The total amount of transferred financial assets represent the carrying amount of financial assets in the respective balance sheet positions for which the transferee has a right to sell or repledge. The associated liabilities from repo transaction, which are measured at amortised cost, represent an obligation to repay the borrowed funds.

The following table shows fair values of the transferred assets and associated liabilities for repo transactions with an existing recourse right only on the transferred assets.

in HUF million	2024			2025		
	Fair value of transferred assets	Fair value of associated liabilities	Net position	Fair value of transferred assets	Fair value of associated liabilities	Net position
Financial assets - at FVTOCI	15,705	15,743	38	–	–	1
Financial assets - at AC	24,342	20,811	(3,531)	11,964	11,749	(215)
Total	40,047	36,554	(3,493)	11,964	11,749	(214)

Assets received and transferred by Erste Bank under sale and repurchase agreements consist of securities.

There is information regarding the gains and losses from derecognition of financial assets at AC in Note 9) 'Gains/losses from derecognition of financial assets measured at amortised cost'.

26) Financial assets pledged as collateral

The following assets were pledged as security for liabilities

in HUF million	2024	2025
Financial assets - at FVTOCI	15,705	–
Financial assets - at AC	26,721	12,665
Total	42,426	12,665

The financial assets pledged as collateral consist of loan receivables, bonds and other interest-bearing securities. Collaterals were pledged as a result of repo transactions.

27) Securities

in HUF million	2024					2025				
	Financial assets					Financial assets				
	At AC	Trading assets	Mandatorily	Designated	At FVOCI	At AC	Trading assets	Mandatorily	Designated	At FVOCI
			at FVPL	at FVPL				at FVPL	at FVPL	
Bonds and other interest-bearing securities	1,039,630	29,755	545	-	362,528	948,088	165,145	219	-	558,113
Listed	1,034,192	22,816	-	-	362,528	944,488	128,342	-	-	552,594
Unlisted	5,438	6,939	545	-	-	3,600	36,803	219	-	5,519
Equity-related securities	x	-	4,213	x	-	x	-	5,905	x	-
Listed	x	-	849	x	-	x	-	823	x	-
Unlisted	x	-	3,364	x	-	x	-	5,082	x	-
Total	1,039,630	29,755	4,758	-	362,528	948,088	165,145	6,124	-	558,113

Risk management

28) Risk and capital management

Risk policy and strategy

A core function of a bank is taking risks in a conscious and selective manner and professionally steering those risks. Adequate risk policy and risk strategy is essential to a bank's fundamental financial health and operational business success.

The Bank has developed a risk management framework that is forward-looking and tailored to its business and risk profile. This framework is based on a clear risk strategy that sets out general principles according to which risk taking must be performed. The risk strategy is consistent with the business strategy and incorporates the expected impact of external environment on the planned business and risk development.

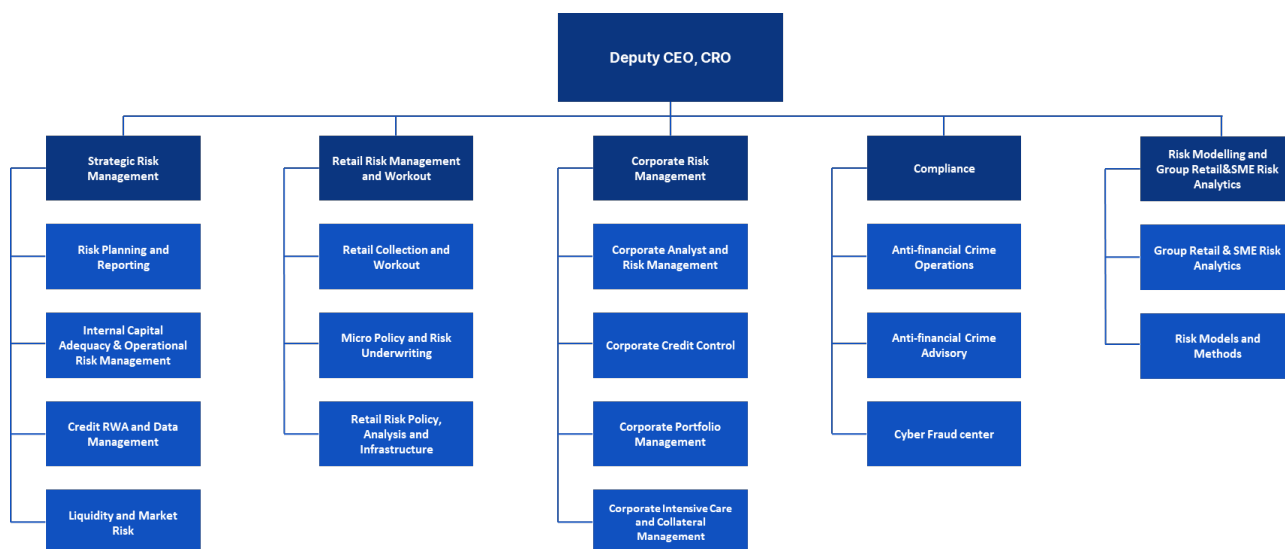
The risk strategy describes the current risk profile, defines risk management principles, strategic goals and initiatives for the main risk types as well as sets strategic limits for the significant financial and non-financial risk types as defined in the Risk Materiality Assessment. The risk strategy is executed within a clear defined governance structure. This structure also applies to monitoring risk appetite, additional metrics, as well as to the escalation of limit breaches.

The Bank uses the Internet as the medium for publishing its disclosures under Article 434 of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR) and Regulation (EU) No. 876/2019 amending Regulation (EU) No. 575/2013. Details are available on the website of the Bank at <https://www.erstebank.hu/hu/ebh-nyito/bankunkrol/erste-bank-hungary-zrt/vallalatiranyitas/hivatalalokoztetetek>.

Risk management organisation

Risk management is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities and risk limits. Risk management units are completely separate from each business unit. In 2025, there was a change in the organisational structure in the CRO area, the new structure of Compliance can be seen in the chart below.

Besides the Risk Governance Committee (RGC) the Bank has also established local committees in order to support efficient decision process and in order to ensure a multi-functional supervision (i.e. ensuring the participation of various fields professions) in risk management, in related principles, in risk strategy forming, harmonising with business strategy, following up and monitoring the strategy and its execution, as well as strengthening the risk awareness and risk culture. The main objectives of the committees include the promotion of mutual understanding and coordination in the field of corporate and retail lending activities and between the internal management functions. The following chart illustrates the organisational structure of the risk management area:



Risk management structure

In order to ensure that the risk management system is in line with the profile and strategy, Erste Hungary has implemented a comprehensive Enterprise-wide Risk Management (ERM hereinafter) Framework. Key components of this framework, which are prepared on a consolidated level, are:

- the Risk Appetite Statement (RAS);
- portfolio and risk analytics including Risk Materiality Assessment (RMA), concentration risk management, and stress testing;
- Risk-bearing Capacity Calculation (RCC).

In addition to the elements of the above mentioned ERM framework, Erste Hungary's risk management also performs the following functions on a consolidated basis:

- Risk planning and forecasting
- Recovery and Resolution Planning
- Risk Reporting

A fundamental objective of the Bank is to implement its strategic objectives by driving prudent and risk-conscious operations. The Bank lays down its risk management principles in its Risk Strategy. Erste Hungary uses a risk management and control system that is proactive and tailored to its business and risk profile. It is based on a clear Risk Appetite Statement (RAS) that is consistent with the Bank's business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, the Bank's risk management and control system has been developed to fulfil external and in particular, regulatory requirements. Erste Hungary defines its Risk Strategy and Risk Appetite through the annual planning process to ensure proper alignment of risk, limit system, capital, liquidity and performance targets.

Erste Hungary has always focused on a reliable risk culture. As part of this, proactive behaviour and a strong risk management culture are expected from all employees. In terms of individual behaviour and decision-making, personal integrity and a high level of professionalism are essential.

Risk appetite

Risk Appetite Statement (RAS)

Erste Hungary's Risk Appetite Statement (RAS hereinafter) expresses the maximum level of risk that Erste Hungary is willing to accept in order to deliver its business objectives by serving as a starting point for the implementation of the risk limit framework. The risk appetite thus provides a meaningful guidance for the planning process, the tolerances for the core risk metrics and key risk principles to manage risks. It sets the boundary for limits & target setting and forms a key input into the annual strategic planning process, creating a holistic perspective on capital, liquidity and risk-return trade-offs.

Erste Hungary's RAS for 2025 was approved by the Board of Directors and the Supervisory Board and acknowledged by the Managing Board in the first quarter of 2025. In the second half of 2025, interim revisions of Erste Hungary's RAS were conducted and approved by the designated governance.

Portfolio and risk analytics

Erste Hungary uses dedicated infrastructure, systems and processes to actively identify, measure, control, report and manage risks within its portfolio. Portfolio and risk analytics processes are designed to quantify, qualify and discuss risks in order to raise aware-ness to management in a timely manner.

Risk Materiality Assessment (RMA)

The RMA contains the identifications of the risks and the required methodology and testing to determine the materiality of the risk. The main purpose of the risk assessment is to identify and assess material risks and consequently to analyse the risk profile of Erste Hungary. Key outputs are used for the limit system of the RAS, for designing elements of a risk management framework, and in the scenario design and selection of the comprehensive stress test.

Risk concentration analysis

Erste Hungary has implemented a process to identify, measure, control and manage risk concentrations. This process is essential to ensure the long-term viability of the Bank, especially in times of an adverse business environment and stressed economic conditions. The output of the risk concentration analysis additionally contributes to the identification of material risks within the RMA and to the setting/calibration of the Bank's limit system.

Stress Tests

Erste Hungary annually conducts its own impact assessment as its risk management framework, aiming to assess its resilience on its consolidated portfolio in a variety of stress situations along with each type of risk. The applied scenarios include possible macroeconomic/business shocks after the acceptance of the participants of the respective decision forum. Stress testing is complemented with target-specific sensitivity tests using tools developed by the Bank. The results revealed by the analysis are fundamental to determining Erste Hungary's risk appetite, which is an integral part of Erste Hungary's risk strategy.

The Bank has integrated climate risk analysis into the internal stress testing framework. Both physical risk and transition risk due to projected climate change are included in the internal climate risk stress test. Consideration of climate-based stress analysis helps to support the Bank's overall strategic approach to climate risk.

Erste Hungary pays special attention to prevent the reproduction of the problematic portfolio and to reduce the previously non-performing portfolio.

Risk-bearing capacity calculation (RCC)

Within the RCC, all material risks are regularly quantified, aggregated and compared to the coverage potential, to the bank's own funds and to limits set in risk appetite. The result and evaluation of the calculation are part of the regular reports prepared for management, supporting senior management in their decision-making processes, in order to comply with prudent risk-taking and risk limits. Insights generated by the assessment are used to improve risk management practices and further mitigate risks within the Bank.

The Risk-bearing Capacity Calculation (RCC) describes the methodology of Pillar 2 capital adequacy calculation. In contrast to the regulatory view of Pillar 1, the RCC is based on an economic view of Pillar 1+ approach, assuming continuation of the Bank as expected by the MNB Guide to ICAAP and determines whether Erste Hungary has sufficient capital to cover all relevant risks it is exposed to. With this Pillar 1+ approach the Bank increases efficiency and ensures comparability with the Pillar 1 calculation. Based on the results of the RMA, economic capital is considered for relevant risk types as approved by the Board of Directors and the Supervisory Board. The economic capital requirement is then compared to internally available capital (coverage potential) to cover Erste Hungary's risks in Pillar 2. The calculation of internal capital or coverage potential required to cover Pillar 2 risks/unexpected losses is the same as the Pillar 1 regulatory own funds according to CRR and CRR II (Regulation (EU) No. 575/2013 and Regulation (EU) No. 876/2019 amending Regulation (EU) No. 575/2013) as expected by the MNB Guide to ICAAP. Both economic capital and coverage potential are computed on the CRR scope of consolidation of Erste Bank Hungary Zrt. as parent entity based on IFRS accounting standards.

Besides the Pillar 1 risk types (credit, market and operational risks), interest rate risk in the banking book, and additional credit risk types like concentration risk and NBH high-risk portfolios as well as business risk are explicitly considered within the economic capital calculated over a horizon of one year and at a confidence level of 99.9%. For the calculation of the economic capital, Erste Hungary uses, where possible, more risk sensitive/advanced methodologies tailored to Erste Hungary's individual risk profile and specificities of Erste Hungary's individual risk exposures. Diversification effects between risks (inter-risk diversification) are not considered, reflecting Erste Hungary's prudent approach to maintain

sufficient internal capital in times when correlations between risks may change dramatically (like in times of stress). The largest portion of economic capital requirements is coming from credit risk.

The own funds and coverage potential must be sufficient to absorb Pillar 2 risks/unexpected losses resulting from the Bank's operations at any point in time (normal and stressed), as reflected in the Erste Hungary's Risk Appetite through the limits set for Erste Hungary economic capital adequacy and stressed capital adequacy utilisation.

The Managing Board, Risk Governance Committee, Board of Directors and Supervisory Board are briefed quarterly on the results of the ICAAP capital adequacy through the Erste Hungary's ICAAP Report. The ICAAP Report includes risk profile developments, available capital (own funds and coverage potential), consideration of potential losses in stress situations, the degree of the risk limit utilisation and the overall status of capital adequacy and outlines risk profile development in relation to risk appetite.

Risk reporting systems

The cooperation of the Bank's units in charge of risk management and the managerial reporting system ensures that management is provided with a comprehensive view of the Bank's risk position at all times.

In relation to its risk position, the Bank regularly prepares reports about its risk exposure, actual and forecasted capital position under Pillar I and Pillar II, results of comprehensive and supervisory Stress Testing, liquidity and market risk profile and concentration risk for discussion and approval for decision-making bodies and committees: for the Board of Directors, for the Managing Board, for the Supervisory Board, for the Risk Governance Committee as well as for the Risk Committees.

Risk planning and forecasting

The responsibility for risk management within the Bank includes ensuring sound risk planning and forecasting processes, focusing on both portfolio and economic environment changes. The forecasts determined by risk management are the result of close co-operation with all stakeholders in Erste Hungary's overall planning process, and in particular, with Controlling, Finance and Accounting, Strategic/Corporate/Retail Risk Management and the Asset Liability Management by assessing:

- the expected portfolio quality and impairment levels
- risk-weighted asset management and ensuring capital adequacy
- capital allocation to entities, business lines and segments
- forecasting the liquidity and interest rate risk.

All insights from the ICAAP and controlling processes is used to allocate capital with a view to risk-return considerations.

Recovery and resolution plans

In compliance with the Hpt. 114.§ Erste Hungary. is required to draw up a recovery plan for potential crisis situations. In 2025 an updated Recovery Plan was submitted to the Regulator by the Bank.

Erste Hungary's Recovery Plan identifies options for restoring financial strength and viability in case Erste Hungary comes under severe economic stress. The plan specifies potential options for the replenishment of capital and liquidity resources of the bank in order to cope with a range of scenarios including both idiosyncratic and market-wide stress. The recovery governance described in the plan ensures timely identification and proper management of any recovery situation. Furthermore, the assessment of the Erste Hungary's Recovery Plan and the recently addressed assessment of the overall recovery capacity are part of the Supervisory Review and Evaluation Process (SREP) assessment. It is relevant to demonstrate that, in a severe stress which is close to a failing or likely to fail situation, there is sufficient recovery capacity available.

Erste Hungary collaborates with the resolution authorities in the drawing up of resolution plans based on local and EU Regulation. Based on a joint decision taken in the Resolution College, Erste Group in April 2020 received notification of the preferred Multiple Point of Entry (MPE) resolution strategy on cross-country level, but a Single Point of Entry (SPE) resolution strategy within a country. This results in being MPE in Hungary.

The Bank Recovery and Resolution Directive (BRRD) introduced the Minimum Requirement for own funds and Eligible Liabilities (MREL), which is – in case of Erste Hungary due to the MPE resolution strategy – set on Resolution Group level. MREL is expressed as a percentage of the total risk exposure amount (TREA) as well as leverage ratio exposure (LRE).

Based on the MREL joint decision taken, the National Bank of Hungary provided its legal notifications. In July 2025, Erste Hungary received Joint Decision determining the minimum requirement for own funds and eligible liabilities for its Resolution Group. Information on MREL targets have been published on the Bank's website based on legal notifications

released by the National Bank of Hungary. MREL metric is integrated into the RAS and Recovery Framework of Erste Hungary.

Potential changes in the MREL requirement will be reflected in Erste Hungary's funding plan as to ensure compliance with MREL and subordination targets.

29) Own funds and capital requirement according to Hungarian regulatory requirements

Regulatory requirements

Since 1 January 2014, Erste Hungary has been calculating the regulatory own funds and the regulatory capital requirements according to the Capital Requirements Regulation (CRR, Regulation (EU) No. 575/2013)¹ and the Capital Requirement Directive (CRD IV, Directive (EU) 2013/36/EU). Both the CRD IV and CRD V² were transposed into national law in the Hungarian Banking Act.

All requirements as defined in the CRR, the Hungarian Banking Act and in technical standards issued by the European Banking Authority (EBA) are applied by the Bank for regulatory purposes and for the disclosure of regulatory information.

Furthermore, on a consolidated level, credit institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

Accounting Principles

The financial and regulatory figures published by Erste Hungary are based on IFRS. Eligible capital components are derived from the balance sheet and income statement which were prepared in accordance with IFRS. The uniform closing date of the consolidated regulatory figures of Erste Hungary is the 31 December of the respective year.

Own funds

Own funds according to CRR consist of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk amount.

Capital buffer requirements on bank-only level are set for the capital conservation buffer and the countercyclical buffer. Other Systemically Important Institution (O-SII) buffer, systemic risk buffer and Pillar 2 Guidance are only required on a consolidated level. All capital buffers have to be met entirely with CET1 capital and relate to total risk.

The items of own funds as disclosed are also used for internal capital management purposes. The Bank fulfilled the capital requirements throughout the reporting period. The regulatory minimum capital ratios including the capital buffers as of 31 December 2025 amount to

- 8.00% for CET1 capital (4.5% CET1, +2.5% capital conservation buffer, +1.0% countercyclical capital buffer) and,
- 9.50% for tier 1 capital (sum of CET1 and AT1) and
- 11.50% for total own funds

In addition to minimum capital ratios and capital buffer requirements, on a consolidated level, institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

An increase of the combined buffer requirements and thus an increase of the minimum capital requirements will be expected only on a consolidated level for 2026. This is stemming from higher requirements for the systemic risk buffer and the Pillar 2 Guidance.

Based on the information provided internally to key management personnel during 2025 and 2024 Erste Hungary had complied in full with all its externally imposed capital requirements. The amount of deductions from the Tier 1 capital was updated based on final regulatory figures for 2025.

¹ Both CRD IV and CRR have been amended since the entry into force in 2014 inter alia with directive (EU) 2019/878 (CRD V), directive (EU) 2024/1619 (CRD VI), as well as regulations (EU) 2019/876 (CRR 2), (EU) 2020/873 (CRR Quick Fix) and regulation (EU) 2024/1623 (CRR3), which came into force on January 1 2025 and includes phased implementation deadlines, e.g. concerning the output floor.

² CRD V has been transposed by amendments of the Hungarian Credit Institutions Act (Hpt.), which entered into force in line with the EU transposition deadline of 28 December 2020.

Overview of capital requirements and capital buffers

in HUF million	2024	2025
Tier 1 capital before deductions	611,018	623,656
Deductions from the Tier 1 capital (-)	24,758	32,656
Tier 1 capital after deductions	586,260	591,000
Tier 2 capital	147,315	132,807
Total qualifying own funds	733,575	723,807
Risk weighted assets (base for credit risk)	2,053,250	1,865,151
Capital requirement for credit risk	164,260	149,212
thereof IRB approach	151,396	131,562
thereof standardized approach	12,864	17,650
Capital requirement for market risk	436	1,330
thereof calculated with simple approach	436	1,330
thereof from debt instruments	436	1,330
Other capital requirements for credit valuation adjustment	721	397
Capital requirement for operational risk	23,835	46,123
Total base for capital requirement	2,365,659	2,463,274
Total capital requirement	189,253	197,062

CRR3 implementation effect resulted in credit Risk weighted assets (RWA) decrease of HUF -190 billion, predominantly driven by lower regulatory parameters (Loss given default in Corporates and Credit conversion factors for undrawn commitments) and multipliers used in the Risk weighted assets calculation.

In addition, the switch to the standardized measurement approach (SMA) resulted in an increase of the operational risk RWA of HUF 343 billion.

30) Credit risk: credit risk review and monitoring

ESG Risk management

The Bank considers ESG factors in its risk management and industry strategy framework. In the first place, the ESG Factor Heatmap is used as a screening instrument to identify industry certain segments (out of the existing sub-industries) that may be exposed to ESG risk factors and determine those industries which are more vulnerable to ESG risks. The Bank applies industry strategies and lending standards to support the steering of the portfolio under considerations of ESG risks; both are the basis for decisions, which determine which clients and transactions fit into the Bank's portfolio.

Secondly, the Bank uses an ESG Risk Framework for the assessment of material ESG factors, related risks and appropriateness of the mitigating strategies in the credit and rating processes. In this manner, the Bank takes ESG risk criteria into account, when making credit decisions. In the corporate lending process, the Bank comprehensively regulates ESG guidelines, rules, and related analysis and evaluation methodology and process through the Corporate Lending Principles and the Corporate Risk Taking Procedure.

For large corporate, commercial real estate and commercial residential real estate transactions, the Bank conducts a systemic ESG analysis via an internal digital ESG assessment questionnaire, furthermore, in cases prescribed by Regulation 7/2025 of the MNB, via the list of questions specified therein. The questionnaire is a mandatory prerequisite in the loan origination and review process. By providing a comprehensive ESG risk assessment, the Bank is able to determine how certain ESG factors may have a positive or negative impact on the financial performance of clients. The questionnaire enables the Bank to identify clients' ESG risks or opportunities.

Particular questions in the questionnaire may also require an in-depth assessment to understand the nature and severity of the ESG risks to which the client is exposed. The questionnaire forms an integral part of the credit application and is updated at least annually, allowing Erste Hungary to understand the client's business model in the context of carbon transition.

Furthermore, ESG relevant data is collected for certain types of collateral, as defined in the Collateral Management Policy for real estate collateral valuations, documentation and reporting purposes (e.g. greenhouse emissions). Environmental aspects which affect the value of the collateral have to be included in the real estate valuations, which can lead to a higher or lower valuation result. Moreover, any risks arising from social (e.g., location and transportation, mass urbanisation – being indicators for easy accessibility for people) and governance factors (such as improper business practices such as tax fraud or bribery of the financed company being the owner of the building serving as collateral) have to be considered as well. For commercial real estate assets, the questionnaire additionally includes an assessment of the building's environmental footprint, including information on land consumption, space efficiency, and the existence of a sustainable building certificate.

With regards credit risk measurement and to internal models a respective project to define and collect relevant climate risk drivers for all rating systems has started in 2022 to ensure the explicit consideration of climate risks in future model development initiatives. ESG factors are considered in the soft facts assessment in the corporate rating models. In case of sovereigns and banks, the rating is overridden based on the ESG score derived from available sources World Bank / OECD and Bloomberg, respectively. Moreover, if it is concluded that calculated model rating does not reflect the ESG risk properly, then rating can be overridden manually based on ESG assessment questionnaire. For the LGD models, climate risk is indirectly reflected via the collateral value. Additionally, within each new model development, testing of the ESG drivers is obligatory and where it is deemed relevant, the respective information needs to be integrated via model into ECL measurement.

For the assessment and management of physical risks, Erste Group uses Munich Re's Location Risk Intelligence. In 2023, the group has conducted a physical risks materiality assessment together with the University of Graz in order to identify key hazards and climate change scenarios relevant for its collateral portfolio. The results of the assessment, highlighting the importance of river flood, fire weather stress, drought stress, sea level rise and heat stress, is integrated into the collateral management, incorporating an intermediate climate change scenario of 2-3C by 2100 (Representative Concentration Pathway 4.5 / Shared Socioeconomic Pathway 2, developed by the Intergovernmental Panel on Climate Change) as a reasonable assumption. In case of the existence of very high physical risks of a location, the collateral value would be negatively affected.

To assess the potential impact of physical risk, the internal stress test incorporated an internally developed physical risk model. The risk 'river flood' was determined to be the most relevant risk for Erste Hungary applying the climate hazard scores provided by Munich Re on EBH's collaterals.

Among the industries presented in the table 'Credit risk exposure by industry and risk category' below in this chapter, Erste Group identified, as part of the strategic climate initiative for the Net Zero Banking Alliance, certain carbon-intensive sectors as important levers for setting the interim emission targets for 2030, thereby supporting the migration of 'Transition Risk' in the Bank's financed portfolio. Targets are set for the following sectors: housing mortgages, commercial real estate, electricity production, heat and steam production, cement production, auto manufacturing, oil and gas upstream, iron and steel.

An internal Climate Risk Stress Test was conducted based on NGFS (Network for Greening the Financial System) and ECB (European Central Bank) scenarios, which were further refined and adapted to the Bank's internal risk profile.

Methods of credit risk management

Credit risk arises from the Bank's traditional lending and investment businesses.

Operative credit decisions are made by the Retail Risk Management and Corporate Risk Management.

Credit risk related to retail, corporate, municipality, real estate and project loan portfolios are managed to ensure regulatory compliant risk management practices and to provide customers with manageable loan facilities that are within their financial capacities and supported by underlying profitability

Internal rating system

Erste Group has business and risk strategies in place that govern policies for lending and credit approval processes. These policies are reviewed at a minimum on an annual basis and adjusted if necessary. They cover the entire lending business, considering the nature, scope and risk level of the transactions and the counterparties involved. Credit approval considers individual information on the creditworthiness of the customer, the type of credit, collateral, covenant package and other risk mitigation factors involved.

The assessment of credit default risk within Erste Group is based on the customer's probability of default (PD). For each credit exposure and lending decision, Erste Group assigns an internal rating, which is a unique measure of the credit default risk. The internal rating of each customer is updated event-specific, however, at least once a year (annual rating review).

The main purpose of the internal ratings is to support the decision-making for lending and for the terms of credit facilities. Internal ratings also determine the level of credit approval authority within Erste Group and the monitoring procedures for existing exposures. At a quantitative level, internal ratings influence the level of required risk pricing, loss allowances and, where applicable, risk-weighted assets under Pillar 1 and 2.

The Bank use the internal ratings-based (IRB) approach, internal ratings are key input for the risk-weighted assets calculation. They are also used in the group's assessment of the economic capital requirements according to Pillar 2 and in other relevant model use areas. For these purposes, a distinct PD value is assigned to each rating grade for its IRB portfolios within a calibration process that is performed individually for each rating method. PD values reflect a 12-month probability of default based on long-term average default rates per rating grade. The Bank assigns margins of conservatism to the calculated PDs.

Internal ratings take into account all available significant information for the assessment of credit default risk. For non-retail borrowers, internal ratings take into account the financial strength of the counterparty, the possibility of external support, flexibility in corporate financing, general company information and external credit history information, where available. For retail clients, internal ratings are based mainly on payment behaviour versus the Bank, supplemented with information provided by the respective client and general demographic information. Rating ceiling rules on credit quality are applied based on membership in a group of economically related entities and the country of main economic activity (applicable to cross-border financing facilities).

Internal specialist teams develop and continuously improve internal rating models and risk parameters in cooperation with risk managers. All Pillar 1 and 2, as well as IFRS9 models are subject of an annual review of their estimates, considering the inclusion of most recent data in the estimation of risk parameters, as well as a regular cycle of full model review. Model development follows an internal group-wide methodological standard and utilises relevant data covering the respective market. In this way, the Bank ensures the availability of rating models with the best possible prediction and discriminatory ability.

The central Model Validation department is responsible for defining the validation methodologies and standards to be applied to all credit risk models within Erste Group as well as for conducting the validation activities across the whole Erste Group. All Pillar 1, material Pillar 2 and IFRS9 models are subject to an annual validation, while for non-material Pillar 2 and IFRS9 models a regular validation cycle is implemented. Model Validation employs qualitative as well as quantitative validation methods to challenge conceptual soundness, performance and model use aspects. The validation outcomes are approved by the respective model committees and, in case of IRB models, shared with the regulatory bodies. In addition to the validation process, the group applies a regular monitoring process on the performance of IRB models, reflecting developments in new defaults and early delinquencies.

Approvals of all new models, model changes, changes to risk parameters, changes in group-wide methodological standards and other model-related aspects are following a dual approval process within the Group – corresponding Holding and local model committee structures reflect joint responsibilities for decisions on Pillar 1 IRB and Pillar 2 credit risk models as well as on methodologies related to IFRS9 parameters. Responsibilities are assigned depending on model perimeter (group-wide or locally developed model). In this context, the following committees are established: Strategic Risk Executive Committee and Strategic Risk Management Committee on Erste Group level and Local Model Committee on the Bank's level.

Ultimate responsibility for all models used within the Group (at consolidated level) lies with the Group CRO.

Rating Models and Methods

Description of the rating process

The Bank uses different rating systems for central governments and central banks, credit institutions, local governments, leasing companies, insurance companies, business entities, project companies, retail customers and other organisations.

When rating any customer, the Bank considers objective and quantifiable as well as subjective and non-quantifiable aspects. With reliance on the review of the portfolio, the information originating from the rating process is continuously measured against historic data.

Probability of default (PD)

PD estimates the probability of the customer falling in default. PD values reflect a 12-month probability of default based on long-term average default rates per rating grade.

Loss given default (LGD)

LGD is used to estimate the volume of a loss that is suffered by the Bank on average on a transaction having gone default, with respect to the costs associated with receivables collection and the time value of money. The absolute volume

of the loss is projected to the total value of the receivables outstanding in relation to the given transaction (= exposure at default ~ EAD) at the time of the occurrence of the default event.

The Bank applies its own loss given default (LGD) estimates in the retail segment.

Credit conversion factor (CCF)

CCF shows what ratio of the off-balance limit still unutilised at the reference time is expected to be drawn down by the customer until the date of default. In the capital calculation, this amount is still to be added to the part of the off-balance limit that has already been drawn to establish the estimated value of the exposure at default (EAD).

The Bank estimates the credit conversion factor (CCF) for the revolving type products (current account overdrafts and credit cards) of the retail segment.

Credit risk classification

For the disclosure of asset quality, the Bank assigns each customer to one of the following four risk categories:

Low risk. Typically, regional customers with well-established and rather long-standing relationships with Erste Group or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the Bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

Management attention. Vulnerable non-retail clients, who may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

Substandard. The borrower is vulnerable to short-term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. Generally, such loans are managed in specialised risk management departments.

Non-performing. One or more of the default criteria under Article 178 of the CRR are met, which include full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. Erste Hungary applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well. All non-performing exposures are also defaulted.

The materiality of 90 days past due credit obligation is applied for on-balance exposure at client level and assessed daily against the group-wide defined materiality threshold (except the local regulator has defined different thresholds) for the:

- retail exposure: as an absolute limit on client level of 100 euro and relative 1% on client level;
- non-retail exposure: as an absolute limit on client level of 500 euro and relative 1% on client level.

Based on the calibration of internal PDs (probabilities of default) for regulatory purposes to the default rates published by rating agencies, the equivalent external customer rating was used for the assignment to risk categories. For the agency ratings, average one-year default rates resulting from long-term time series were applied.

Credit risk review and monitoring

Risk Management areas conduct periodical reviews of the loan portfolio for the Bank to ensure an adequate portfolio quality and to monitor the compliance with the principles and parameters as stipulated by the Bank's credit risk policies.

All credit limits and the transactions booked within the limits are reviewed at least once a year. Counterparty credit risk limits are monitored daily in an internal limit management system with remedial actions taken in case limits are exceeded.

A group-wide standardised early warning monitoring process is implemented to proactively identify negative developments. The early warning monitoring process for corporate clients is managed by Corporate Risk Management. When early warning signals are identified and validated, the overall client exposure and creditworthiness is reviewed and adequate risk mitigating actions are taken if deemed necessary. Watch list review meetings are held on a regular basis to monitor customers with a poor credit standing and to discuss preventive measures. For smaller enterprises (micro) and retail customers, the monitoring and credit review are based on an automated early warning system. In retail risk management, the early warning signals for adverse portfolio developments include, for instance, quality deterioration in new business or a decreasing collections effectiveness and require appropriate countermeasures. Additionally, the monitoring is performed for clients where early warning signals have been identified, even if they are still fulfilling their contractual repayment obligations.

Adverse portfolio developments regarding the non-performing and substandard loans portfolio of the Bank are monitored, discussed and reported. In case of further negative developments clients are handled in specialised workout units aiming to minimise potential losses.

Credit risk exposure

Credit risk exposure relates to the sum of the following balance sheet items:

- cash and cash equivalents - demand deposits to credit institutions;
- debt instruments held for trading;
- non-trading debt instruments at fair value through profit or loss (FVPL);
- debt instruments at fair value through other comprehensive income (FVOCI);
- debt instruments at amortised cost (AC), other than trade and other receivables;
- finance lease receivables;
- trade and other receivables (for disclosure purposes in the tabular summaries below, any contract assets are also included in this category);
- positive fair value of derivatives;
- off-balance sheet credit risks (primarily financial guarantees and undrawn irrevocable credit commitments).

The credit risk exposure equates the gross carrying amount (or nominal value in the case of off-balance sheet positions) excluding:

- account loan loss allowances;
- provisions for guarantees;
- any collateral held (including risk transfer to guarantors);
- netting effects;
- other credit enhancements;
- credit risk mitigating transactions.

Between 31 December 2024 and 31 December 2025, credit risk exposure increased from 5,122,331 million forint to 5,764,676 million forint. This 642,345 million forint difference represents a 12.54% increase in the portfolio.

Reconciliation between the gross carrying amount and the carrying amount of the credit risk exposure components

2025

in HUF million	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount
Cash and cash equivalents - demand deposits to credit institutions	13,875	4	-	13,871
Debt instruments held for trading	207,485	-	-	207,485
Non-trading debt instruments at FVPL	583,357	-	-	583,357
Debt securities	219	-	-	219
Loans and advances to customers	583,138	-	-	583,138
Debt instruments at FVOCI	561,564	780	(2,671)	558,113
Debt securities	561,564	780	(2,671)	558,113
Debt instruments at AC	3,343,961	52,551	-	3,291,410
Debt securities	950,000	1,912	-	948,088
Loans and advances to banks	335,700	242	-	335,458
Loans and advances to customers	2,007,816	49,483	-	1,958,333
Trade and other receivables	11,886	127	-	11,759
Finance lease receivables	38,559	787	-	37,772
Off balance-sheet exposures	1,054,434	4,939	-	1,049,495
Total	5,764,676	58,274	(2,671)	5,703,731

2024

in HUF million	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount
Cash and cash equivalents - demand deposits to credit institutions	10,119	-	-	10,119
Debt instruments held for trading	96,855	-	-	96,855
Non-trading debt instruments at FVPL	444,876	-	-	444,876
Debt securities	545	-	-	545
Loans and advances to customers	444,331	-	-	444,331
Debt instruments at FVOCI	362,721	115	(78)	362,528
Debt securities	362,721	115	(78)	362,528
Debt instruments at AC	3,274,327	57,111	-	3,217,216
Debt securities	1,041,716	2,086	-	1,039,630
Loans and advances to banks	281,479	202	-	281,277
Loans and advances to customers	1,902,345	53,815	-	1,848,530
Trade and other receivables	13,739	38	-	13,701
Finance lease receivables	35,048	970	-	34,078
Off balance-sheet exposures	933,433	6,293	-	927,140
Total	5,122,331	63,519	(78)	5,058,734

Credit risk provisions comprise impairments for financial assets measured at amortised cost (including finance lease and trade receivables) and at fair value through other comprehensive income (FVOCI), as well as credit loss allowances and provisions for off-balance sheet exposures. Adjustments refer to the fair value changes of the carrying amount for financial assets at FVOCI.

Breakdown of credit risk exposure

On the following pages the credit risk exposure is presented according to different segmentation criteria.

Credit risk exposure by industry and risk category

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2025					
Natural Resources & Commodities	189,565	44,797	7,424	1,013	242,799
Energy	268,272	8,838	7,745	195	285,050
Construction and building materials	133,034	57,819	3,802	6,285	200,940
Automotive	101,690	7,323	1,825	622	111,460
Cyclical Consumer Products	43,976	22,556	1,563	7,963	76,058
Non-Cyclical Consumer Products	227,266	22,180	1,474	1,575	252,495
Machinery	29,980	6,806	654	2,090	39,530
Transportation	156,314	5,006	2,099	1,470	164,889
TMT and Paper & Packaging	19,871	10,330	1,098	159	31,458
Healthcare & Services	49,903	7,931	1,620	765	60,219
Hotels, Gaming & Leisure Industry	7,865	3,856	1,008	901	13,630
Real Estate	142,007	222,795	720	899	366,421
Public Sector	1,172,687	1,969	102	7	1,174,765
Financial Institutions	1,048,173	30,078	3,157	224	1,081,632
Private Households	630,511	811,367	194,283	27,045	1,663,206
Other	100	24	-	-	124
Total	4,221,214	1,263,675	228,574	51,213	5,764,676

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2024					
Natural Resources & Commodities	203,607	37,750	11,179	1,553	254,089
Energy	242,288	29,625	1,580	283	273,776
Construction and building materials	106,397	52,387	4,483	10,810	174,077
Automotive	114,544	4,642	3,961	231	123,378
Cyclical Consumer Products	38,601	16,392	3,479	4,678	63,150
Non-Cyclical Consumer Products	150,492	22,127	1,335	2,355	176,309
Machinery	27,163	2,579	2,918	695	33,355
Transportation	169,208	6,145	503	134	175,990
TMT and Paper & Packaging	17,930	2,475	802	218	21,425
Healthcare & Services	42,949	8,849	2,318	409	54,525
Hotels, Gaming & Leisure Industry	18,089	2,512	629	1,490	22,720
Real Estate	123,074	223,667	14,725	1,052	362,518
Public Sector	1,031,190	108	1	14	1,031,313
Financial Institutions	914,378	23,337	5,546	59	943,320
Private Households	539,981	676,120	166,634	29,651	1,412,386
Other	-	-	-	-	-
Total	3,739,891	1,108,715	220,093	53,632	5,122,331

The low risk exposure has the highest proportion in total credit risk exposure, with 73.2%, while management attention represents 21.9%, the substandard exposure represents 4.0% and the non-performing 0.9% (2024: 73.0%, 21.6%, 4.3%, 1.1%).

From industry point of view, the highest exposure is represented by Private Households with 1,663,206 million forint, representing 28.9% from total exposure, followed by Public Sector with an exposure of 1,174,765 million forint representing 20.4% from total and Financial Institutions with an exposure of 1,081,632 million forint representing 18.8% from total.

The geographic analysis of credit risk exposure is based on the country of risk of borrowers and counterparties. It also includes obligors domiciled in other countries if the economic risk exists in the respective country of risk.

Credit risk exposure by region and risk category

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2025					
Core markets	4,154,772	1,261,705	228,574	51,213	5,696,264
Austria	33,951	-	-	-	33,951
Czech Republic	204	1	-	-	205
Slovakia	1,756	-	1	-	1,757
Romania	553	-	-	-	553
Hungary	4,095,159	1,261,704	228,573	51,213	5,636,649
Croatia	23,149	-	-	-	23,149
Other EU	63,610	1	-	-	63,611
Other industrialised countries	1,659	1,969	-	-	3,628
Emerging markets	1,173	-	-	-	1,173
Southeastern Europe/CIS	1	-	-	-	1
Asia	819	-	-	-	819
Middle East/Africa	353	-	-	-	353
Total	4,221,214	1,263,675	228,574	51,213	5,764,676

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2024					
Core markets	3,673,918	1,107,914	220,093	53,632	5,055,557
Austria	50,865	-	-	-	50,865
Czech Republic	1,341	-	-	-	1,341
Slovakia	15	-	1	-	16
Romania	742	-	-	-	742
Hungary	3,604,552	1,107,913	220,092	53,632	4,986,189
Croatia	16,404	-	-	-	16,404
Other EU	64,165	-	-	-	64,165
Other industrialised countries	1,779	-	-	-	1,779
Emerging markets	28	802	-	-	830
Asia	18	54	-	-	72
Middle East/Africa	10	748	-	-	758
Total	3,739,891	1,108,715	220,093	53,632	5,122,331

The credit risk exposure increased by 650,460 million forint, or 130.% in Hungary, and by 640,707 million forint, or 12.7% in the CEE core markets. In the other EU member states (EU 27 excluding core markets), the credit risk exposure decreased by 554 million forint, or 0.9%, while the other industrialised countries registered a increase of 1,849 million forint (103.9%) in the total exposure. The emerging markets increased by 343 million forint or 41.3%. In total, the Bank's core markets and the EU accounted for 99.92% (in 2024 it was 99.95%) of credit risk exposure. The share of emerging markets remained of minor importance with lower than 1% (remained at 0.02%).

The segment reporting of the Bank is based on the matrix organisation by business segment.

Credit risk exposure by business segment and risk category

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2025					
Retail	659,042	849,527	205,273	29,496	1,743,338
Corporates	1,366,542	382,883	20,191	21,716	1,791,332
Group Markets	898,552	31,265	3,110	1	932,928
ALM	1,297,078	-	-	-	1,297,078
Total	4,221,214	1,263,675	228,574	51,213	5,764,676

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2024					
Retail	567,291	705,949	176,630	31,995	1,481,865
Corporates	1,257,639	374,814	38,120	21,637	1,692,210
Group Markets	733,025	27,845	5,343	-	766,213
ALM	1,181,936	107	-	-	1,182,043
Total	3,739,891	1,108,715	220,093	53,632	5,122,331

Use of collaterals and other credit enhancements

Recognition of collateral

Collateral Management is integrated in Corporate Intensive Care and Collateral Management department of Corporate Risk Management in the Bank.

All collateral eligible within the Group is specified in an exhaustive list in the 'Group Collateral Catalogue'. Locally permitted collateral is defined by the Bank (in the Bank's Collateral Catalogue) in accordance with the applicable national legal provisions. The valuation and revaluation of the collateral is done in accordance with the principles defined in the Group catalogue and internal work instructions grouped by class and based on local supervisory requirements.

Main types of collateral

According to the relevant regulations on credit risk management and capital requirement for credit risk, collaterals can be regarded as items decreasing the capital requirement only if

- they are legally valid, and can be enforced on a reasonable time scale;
- their valuation is appropriate, the collateral values are well maintained;
- on the level of the transactions, the related record-keeping and associated processes ensure the provision of comprehensive and up-to-date information to capital calculation ("flagging");

- property collaterals are covered with valid property insurance.

In terms of the foregoing, the scope of recognised collaterals – that can be considered to act as capital-decreasing items – extend to

- financial securities (cash security deposits, deeds of deposit, governmental securities, certain other securities, etc.);
- properties (with the exception of social buildings of reduced marketability, special industrial properties and property projects);
- governmental, banking and certain other guarantee undertakings.

When the above conditions are met defined by internal regulations, and these specific types of collaterals are available, the Bank takes the accepted securities into account in the calculation of the capital requirements as means of mitigating credit risks.

Collateral valuation and management

Collateral valuation is based on current market prices while taking into account an amount that can be recovered within a reasonable period. The valuation processes are defined and their IT-supported technical application is performed by Collateral Management with the assistance of software applications. The allocated collateral values are capped by the amount of the secured transaction.

Real estate valuation may only be performed by qualified valuers who are independent of the credit decision process. The valuation is to be made according to international, European or national standards and has to follow valuation methods defined by the Bank. Internal guidelines define criteria of qualification and requirements of independence for the selection of valuers. A valuator may only perform two sequential valuations of the same asset, any further valuation has to result in the rotation of the valuator. For quality assurance purposes, real estate valuers and real estate valuations are supervised on an ongoing basis.

Real estate valuation includes consideration of energy efficiency of the object, possible negative impact of the real estate asset to the environment and physical risks that may threaten the object (like e.g. flood or heat stress). Information on energy efficiency and CO2 emission of the collateral objects is collected and stored systematically in order to be considered for real estate collateral valuations and reporting purposes.

The methods and discounts used for valuations are based on empirical data representing past experience of the workout departments and on the collected data on recoveries from realising collateral. The valuation discounts are adjusted regularly – at least once a year – to reflect the recoveries under consideration of foreseeable developments (like expected real estate price changes).

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined and compliance is monitored by risk management using software applications. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons, or when defined triggers are exceeded. Particularly real estate collateral assets in development, showing problems like significant cost or time overrun, as well as assets, collateralizing loans with lower credit quality, are monitored or revalued with higher frequencies.

Concentration risks resulting from credit risk mitigation techniques may affect a single customer, but also a portfolio defined by region, industry, or type of collateral. Erste Bank Hungary Zrt. is a retail bank, and, due to its customer structure and the markets in which it operates, it does not have any concentrations with respect to collateral from customers. All guaranteed liabilities and loans of a corporate guaranteed provider are taken into consideration in the credit application process in order to prevent possible concentrations. Guarantees provided by sovereigns, a public sector entity or financial institutions have to lie within the approved limit of the guarantor. Concerning other areas of a potentially detrimental correlation of risks, the collateral portfolios are analysed using statistical evaluations for, among other things, regional or industry-specific concentrations within the scope of portfolio monitoring. The response to those risks identified includes, above all, the adjustment of volume targets, setting of corresponding limits and modification of the staff's discretionary limits for lending.

Collateral obtained in foreclosure proceedings is made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding claim. Generally, the Bank does not occupy repossessed properties for its own business use. The main part of assets taken onto its own books is commercial land and buildings. In addition, residential real estate properties and transport vehicles are taken into the Bank's possession.

The Bank aims at requesting liquid collaterals, i.e. those that can be exchanged for cash within the shortest possible time. The liquidity of the security is fundamentally influenced by its legal enforceability, as well as marketability, saleability.

The value of collateral shall be determined in accordance with the principles and calculation methods set forth in the collateral management and valuation related policies.

Group Collateral Management establishes the group-relevant rules for collateral management policies and makes annual review of the Policy and implementation of modifications if necessary. They controls the rollout of local collateral management policies in the subsidiaries according to the Policy Framework. They are responsible for the definition of consistent collateral types and methods, standardisation of the collateral evaluation, and definition of maximal valuation rates (Group Collateral Catalogue).

Collateral Management establishes the locally applied valuation rates described in the Bank's Collateral Catalogue, which are based on historical recovery rates of collaterals (both in court as well as out of court realisation).

Collateral Management monitors the valuation rates at least annually and adapts them to the actual collateral recovery rates calculated in line with requirements defined by Group Credit Risk Models. In doing so the results from recent years should be considered because extremely good as well as extremely bad results of a single year have to be balanced ("through the cycle").

A collateral value in the credit process is only admissible if:

- The evaluation regulations have been met (especially the appraisal of the market value and the consideration of encumbrances).
- All legal conditions that are necessary for the complete establishment of the collateral have been fulfilled.
- No further activities of the borrower are necessary for the Bank to assure full control of the collateral.
- All credit and collateral agreements concluded with the borrower or with the collateral provider are legally effective and enforceable under the relevant legal regulations at the moment of the signing of the contracts.
- The collateral is also legally effective and enforceable under the relevant legal regulations in case of an insolvency of the borrower or the collateral owner.

In case a new loan is granted these requirements have to be fulfilled before disbursement of the loan; in exceptional cases registrations of mortgages in the land register or pledges have to take place within reasonable period of time after disbursement - Collateral Management has to define the exceptional cases that are accepted locally as well as the maximum time periods. If an additional evaluation of the collateral is performed after disbursement the correct input of data into the IT system has to be ensured.

Treasury collateral

Liquidity and Market Risk and Collateral Management is responsible for defining the acceptable types of collateral and maintaining the Treasury collateral catalogue. The Treasury collateral catalogue specifies the eligible collateral types along with any exceptions and restrictions, as well as the haircuts applied depending on the collateral type.

In general cash in major currencies is the preferred form of collateral for OTCD transactions. Securities are also acceptable but the types of securities which are eligible have to be defined in the Treasury collateral catalogue. At a minimum the following properties have to be considered:

- Security type: bonds and notes are generally acceptable if traded on liquid markets. Other assets are generally not eligible as collateral for OTCD transactions;
- Issuer type: generally only government bonds, as well as securities issued by Erste Group are acceptable, non-sovereign bonds can be used based on individual approval and higher haircuts;
- Seniority of the instrument used as collateral: senior and covered bonds are acceptable, subordinated issues can be used subject to higher haircuts and based on individual approval
- Maturity: maturities up to 15 years are acceptable, longer maturities can be considered subject to higher haircuts and based on individual approval. Maturity should be at least equal to the maturity of the OTCD deal that is collateralized;
- Rating: internal ratings have to be used. External ratings can be used as a fall-back if no internal rating is available. Generally only Investment grade securities are eligible, exceptions need to be defined on an individual basis or monitored via limits;
- Currency: generally either major currencies (USD, EUR, CHF, GBP, JPY) or currencies of the home markets are acceptable. Exceptions need to be defined on an individual basis or monitored via limits.

The Treasury collateral catalogue also needs to specify the haircuts to be used for each collateral type used for OTCD transactions.

For SFT transactions similar principles apply, however due to the nature of the repo and securities lending business some of the collateral requirements can be less restrictive. It has to be distinguished between the securities leg of the transaction and the variation margin. In SFT transactions, the securities leg represents the securities initially purchased or

sold (in a repo-style transaction) or lent/borrowed (in a securities lending transaction). The variation margin represents the subsequent collateral exchange triggered by changes in the valuation of the transaction. At a minimum the following properties have to be considered:

- Security type: bonds, notes, and listed equities are generally acceptable as underlyings in the securities leg of the transaction. Other assets are generally not eligible as underlyings for SFT transactions. The variation margin collateral can be either in cash, bonds, or notes.
- Issuer type: for the securities leg of the transaction governments, financials, and corporates are acceptable for bonds. The exposures to non-government issuers need to be controlled via tighter limits. Equities not included in a major index (DAX, EuroStoxx, S&P 500, ATX, or equivalent) or home market are generally not acceptable. Only government bonds/notes and cash can be used as variation margin collateral.
- Seniority of the instrument: for the securities leg of the transaction senior and covered bonds are acceptable, subordinated issues can be used subject to higher haircuts and based on individual approval. Only ordinary shares are acceptable.
- Maturity: for the securities leg of the transaction maturities up to 15 years are acceptable, longer maturities can be considered subject to higher haircuts and based on individual approval. Maturity should be at least equal to the maturity of the SFT deal that is collateralized. If bonds are used for the variation margin, the maximum permissible maturity is 10 years.
- Rating: internal ratings have to be used. External ratings can be used as a fall-back if no internal rating is available. For the securities leg of the transaction both Investment and noninvestment grade securities are eligible but the exposures to non-investment grade need to be controlled via tighter limits. Only investment grade bonds can be used as variation margin collateral.
- Currency: generally either major currencies (USD, EUR, CHF, GBP, JPY) or currencies of the home markets are acceptable. Exceptions need to be defined on an individual basis or monitored via limits.

The Treasury collateral catalogue also needs to specify the haircuts to be used for each collateral type used for SFT transactions. The volatility adjustments specified in CRR Article 224 can be used as a guideline.

Collateral types which are not specified in the Treasury collateral catalogue cannot be accepted or used for risk mitigation purposes in RWA or limit calculations.

The valuation of collateral for treasury transactions have to be performed daily and be based on market values. Collateral valuation with a lower frequency is permissible only for non-financial counterparties without material OTC business. Where market values are not available with sufficient quality or frequency, mark to model valuation is also permissible. Collateral valuation based solely on counterparty valuations is not acceptable.

The following table compares the credit risk exposure broken down by financial instrument to the allocated collateral which corresponds to the accepted value after internal haircuts capped by the exposure amount.

Synthetic securitisations

Erste Bank Hungary uses synthetic securitisation for portfolio of residential mortgages. No transfer of loans and set up of SPVs are involved. The synthetic securitisation transaction is structured so that credit losses on the underlying loans are allocated on a waterfall basis first to the excess spread, then to the junior tranche, mezzanine tranche and finally to the senior tranche. The losses related to the excess spread and the junior tranche, but also to the senior tranche, are borne by Erste Bank Hungary. Erste Bank Hungary receives a guarantee in relation to the volume of the mezzanine tranche. The guarantee providers are external parties to Erste Bank Hungary including institutional investors. For regulatory capital purposes, the synthetic securitisation reduces risk weights of the underlying loans which is the primary objective of Erste Bank Hungary for undertaking the transactions. As a result of the transaction, the risk-weighted asset value of the retail mortgage portfolio decreased.

Credit risk exposure by financial instrument and collateral

in HUF million	Total credit risk exposure	Collateral total	Collateralised by				IFRS impairment relevant		
			Guarantees	Real estate	Other	Credit risk exposure net of collateral	Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
As of 31 December 2025									
Cash and cash equivalents - demand deposits and credit institutions	13,876	-	-	-	-	13,876	13,876	-	-
Debt instruments held for trading	207,485	128,342	128,342	-	-	79,143	-	-	-
Non-trading debt instruments at FVPL	583,358	530,666	356,278	174,388	-	52,692	-	-	-
Debt instruments at FVOCI	561,564	998	998	-	-	560,566	560,644	-	920
Debt instruments at AC	3,343,959	1,814,014	814,250	886,656	113,108	1,479,501	3,217,818	34,939	40,759
Debt securities	950,000	276,521	276,521	-	-	673,479	948,620	-	1,380
Loans and advances to banks	335,699	292,080	292,080	-	-	43,619	335,699	-	-
Loans and advances to customers	2,007,816	1,245,413	245,649	886,656	113,108	762,403	1,933,499	34,939	39,379
Trade and other receivables	11,885	-	-	-	-	11,885	11,768	-	117
Finance lease receivables	38,559	31,780	-	1,097	30,683	6,779	37,794	115	650
Off balance-sheet exposures	1,054,434	253,761	6	43,936	209,819	800,673	674,762	-	3,824
out of which: other commitments	375,848	77,957	-	28,081	49,876	297,891	-	-	-
Total	5,764,676	2,759,561	1,299,874	1,106,077	353,610	3,005,115	4,516,662	35,054	46,270

in HUF million	Total credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral	IFRS impairment relevant		
			Guarantees	Real estate	Other		Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
As of 31 December 2024									
Cash and cash equivalents - demand deposits and credit institutions	10,119	-	-	-	-	10,119	10,119	-	-
Debt instruments held for trading	96,855	-	-	-	-	96,855	-	-	-
Non-trading debt instruments at FVPL	444,876	417,350	322,870	94,480	-	27,526	-	-	-
Debt instruments at FVOCI	362,721	-	-	-	-	362,721	361,806	-	915
Debt instruments at AC	3,274,327	1,775,763	775,452	871,343	128,968	1,498,564	3,188,051	42,170	44,106
Debt securities	1,041,716	303,165	303,165	-	-	738,551	1,040,344	-	1,373
Loans and advances to banks	281,479	232,016	232,016	-	-	49,463	281,479	-	-
Loans and advances to customers	1,902,345	1,212,903	240,271	870,104	102,528	689,442	1,819,028	41,492	41,825
Trade and other receivables	13,739	-	-	-	-	13,739	13,739	-	-
Finance lease receivables	35,048	27,679	-	1,239	26,440	7,369	33,461	678	908
Off balance-sheet exposures	933,433	235,548	-	30,859	204,689	697,885	608,902	-	5,799
out of which: other commitments	318,731	45,385	-	13,960	31,425	273,346	-	-	-
Total	5,122,331	2,428,661	1,098,322	996,682	333,657	2,693,670	4,168,878	42,170	50,820

*Not subject to IFRS9 impairment: Other commitments are still measured under IAS 37, however, impairment is calculated for them as well.

The collateral attributable to total credit risk exposures as of 31 December 2025 amounts to 2,759,561 million forint (2024: 2,428,661 million forint).

Loans and advances to customers at AC with outstanding nominal value of HUF 343 billion are guaranteed through synthetic securitisation transaction. The Bank pays a guarantee fee to the investors for the transfer of credit risk. Synthetic securitisation has no impact on the expected credit losses reported in the financial statements and resulted in RWA savings.

Measurement of expected credit loss

The general principles and standards for credit loss allowances are governed by internal policies in the Bank. According to IFRS 9, credit loss allowances are calculated for all components of credit risk exposures which are measured at amortised cost (AC) or at fair value through other comprehensive income. They include debt securities, loans and advances, demand deposits on nostro accounts with commercial banks as well as finance lease and trade receivables. In addition, credit loss allowances are calculated for loan commitments and financial guarantees if they meet the applicable IFRS 9 definitions.

Classification into stages and definition of credit-impaired financial instruments

There are three main stages outlined for expected credit loss (ECL) determination. The stages approach applies to financial instruments within the scope of the impairment requirements of IFRS 9 and those that are not categorised as purchased or originated credit impaired financial assets (POCI), which form a category of their own. Depending on the impairment status and the assessment of the development of credit risk, these financial instruments are assigned to one of the three stages, as described in the chapter “Financial instruments – Material accounting policies”, in the section “Impairment of financial instruments”.

Significant increase in credit risk determination

Assessment of significant increase in credit risk (SICR) of financial instruments as at the reporting date since initial recognition is one of the key drivers affecting the amount of the ECL recognised based on IFRS 9 requirements. In this respect, across portfolios and product types, quantitative and qualitative indicators are defined for assessing SICR, including the indicator of 30 days-past-due (DPD).

Quantitative criteria

Quantitative SICR indicators include adverse changes in lifetime probability of default with significance being assessed by comparison to the thresholds. The bank has established thresholds for significant increases in credit risk based on both a percentage (relative) and absolute change in PD compared to initial recognition. SICR occurs for a particular financial instrument, when both the relative and the absolute thresholds are breached.

The relative measure is calculated as a ratio between current annualised lifetime probability of default (LT PD) and annualised LT PD value on initial recognition, considering remaining maturity of the instrument. The breach means that such ratio has reached or is higher than the established threshold. These relative thresholds for SICR assessment are established at PD segment level or client rating level and are subject to initial and on-going validation.

Thresholds might seem to show high dispersion, but they are driven mainly by rating diversity. In general, the maximal thresholds are applied in case of clients with higher credit quality and minimal in case of clients with lower credit quality. The weighted average threshold for stage 1-2 accounts is around 2.17.

The relative thresholds in place since the IFRS9 implementation are kept stable as one of the most significant estimates in ECL measurement and they are re-estimated only due to either significant change of PD models or internal validation finding.

The absolute threshold refers to difference of annualised LT PD at initial recognition and current annualised LT PD. This threshold was set in 2024 from 60 bps to 50 bps aligning group-wide value which remained unchanged in 2025. It serves as a backstop for migrations between the best ratings (LT PDs considered for remaining maturity). In such cases, relative thresholds may be breached, however overall PD is very low, therefore SICR is not triggered.

For migration back to Stage 1 there are no additional cure periods established for quantitative criteria other than those already established in general credit risk practice (e.g. for rating improvement).

Relative thresholds for SICR assessment

		Threshold interval (x times)	
		Min	Max
2025	Private	1.01	4.90
	Corporate	1.30	2.65
	Sovereign	1.13	1.34
	Micro	2.16	2.51
	Municipalities	3.00	3.00
	Projects	2.05	2.37

		Threshold interval (x times)	
		Min	Max
2024	Private	2.40	2.40
	Corporate	1.16	2.16
	Sovereign	1.13	1.34
	Micro	2.16	2.51
	Municipalities	3.00	3.00
	Projects	2.05	2.37

Qualitative criteria

Qualitative SICR indicators include forbearance-type flags (identification of regulatory forbearance), work-out transfer flag (when account starts being monitored by work-out department), information from early-warning-system and fraud indicators. The assignment of some of the qualitative indicators inherently relies on experienced credit risk judgment being exercised adequately and in a timely manner. The related credit risk controlling policies and procedures (adapted as necessary in the light of transition to IFRS 9) ensure the necessary governance framework. These indicators are used internally for identification of insolvency or increased probability that borrower will enter bankruptcy and there is increased risk of default in the foreseeable future.

Besides the qualitative indicators defined on financial assets level, the indicators needed for the assessment of significant increase in credit risk may be available on portfolio level if the increase in credit risk on individual instrument or client level is only available with a certain time lag or is observable exclusively on portfolio level.

Erste Bank Hungary Zrt. has introduced additional portfolio level SICR assessment criteria due to the war in Ukraine (implemented in 2022) and related economic impacts. Performing customers with increased credit risk at industries with correlation to economic downturn (cyclical industries) or current distortions in the energy market were transferred to Stage 2. This method was refined so performing customers with risk profiled associated with increased credit risk according to internal risk management processes are transferred to Stage 2 from November 2024 on. For more details on these portfolio level SICR assessment criteria refer to 'Collective assessment' in chapter 32).

Backstop

A backstop is applied, and the financial instruments are considered to have experienced a SICR if the borrower is more than 30 days past due on contractual payments by more than 1 000 forint overdue amount.

Low credit risk exemption

The "low credit risk exemption" allowed by IFRS 9 for "investment grade" assets or other assets deemed "low risk" (and resulting in 12 months expected credit losses being calculated irrespective of SICR quantitative measures) has not been implemented in the Bank.

Measuring ECL – explanation of inputs and measurement

Credit loss allowances are calculated individually or collectively.

The individual calculation approach is applied in case of individually significant exposures to defaulted customers in Stage 3 or POCI. It consists in the individual assessment of the difference between the gross carrying amount and the present value of the expected cash flows, which are estimated by workout or risk managers. The discounting of the cash flows is based on the effective interest rate (POCI: credit-adjusted effective interest rate).

Exposure to a defaulted customer is classified as individually significant if the total on- and off-balance exposure to that customer exceeds a predefined materiality limit. Otherwise, exposure to the customer is considered insignificant, and a rule-based (collective) approach is used for the calculation of the related credit loss allowance as the product of gross

carrying amount and loss given default (LGD), where the LGD depends on characteristics such as time in default or the stage of the workout process.

For exposures to non-defaulted customers (i.e. in Stage 1, Stage 2 and performing POCI), collective allowances are calculated irrespective of the significance of the exposure to the customer. The calculation of collective allowances requires grouping the related exposures into homogenous clusters on the basis of shared risk characteristics. The grouping criteria may differ based on the customer segment (retail, corporate) and include product type, collateral type, repayment type, loan to value band, and credit rating band.

The calculation of credit loss allowances is done on a monthly basis on a single exposure level and in the contractual currency of the exposure. To compute the collective credit loss allowance, the Bank applies an expected credit loss (ECL) model based on a three-stage approach that leads to either a 12-month ECL or to a lifetime ECL. ECL is the discounted product of exposure at default (EAD) that also includes a credit conversion factor in the case of off-balance sheet exposures, probability of default (PD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (per definition of default below), either over next 12 months (1Y PD) for Stage 1 exposures or over the remaining lifetime (LT PD) for Stage 2 and 3 and POCI exposures.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over next 12 months (1Y EAD) for Stage 1 exposures, or over the remaining lifetime (LT EAD) for Stage 2 and 3 and POCI exposures. The estimation includes current balance, expected repayments and expected drawings up to the current contractual limit by the time of default.

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support and exposure at the time of default (EAD). LGD is expressed as a percentage of EAD.

Lifetime parameters

The LT PD is developed through observation of historical defaults over an available history. The calculated LT PDs are extrapolated, e.g., via matrix multiplication, to ensure that the final lifetime PD covers the lifetime of the loans from initial recognition. It is assumed to be the same across all assets in the same portfolio, rating band and the country of risk which is an additional relevant PD characteristic considered via forward looking information in case of central models for Group (Large) Corporate.

The 1Y and LT EADs are determined based on the expected payment profiles, which vary by product type. The LT EAD calculation utilises repayment schedule or repayment type (annuity, linear, bullet). In the case of undrawn commitments, credit conversion factor is estimated for reflecting the expected credit exposure in the EAD.

The LGD for private and micro products is estimated as a lifetime curve for any point in time till maturity, based on historical loss observations. In case of corporate, specialized lending and project finance products LGD parameter is a function of exposure and collateral coverage rate.

The risk parameters used in the ECL calculation consider available information at the reporting date about past events, current conditions and forecasts on future economic development. Generally, the risk parameters applied in the calculation of collective allowances differ from the risk parameters compliant with capital requirement regulations, calculated on a through-the-cycle basis, if the characteristics of the respective portfolio in combination with IFRS standards necessitate such divergence.

Credit Risk Exposure by IFRS 9 Stage and ECL

Credit risk exposure: overview of IFRS 9 treatment by region

in HUF million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment*	Total
As of 31 December 2025							
Core markets	4,158,812	323,625	40,141	10,969	4,533,547	1,162,717	5,696,264
Austria	10,630	-	-	-	10,630	23,321	33,951
Czech Republic	205	-	-	-	205	-	205
Slovakia	1,751	1	-	-	1,752	5	1,757
Romania	553	-	-	-	553	-	553
Hungary	4,122,524	323,624	40,141	10,969	4,497,258	1,139,391	5,636,649
Croatia	23,149	-	-	-	23,149	-	23,149
Other EU	61,827	-	-	-	61,827	1,784	63,611
Other industrialised countries	1,439	-	-	-	1,439	2,189	3,628
Emerging markets	1,173	-	-	-	1,173	-	1,173
Southeastern Europe/CIS	1	-	-	-	1	-	1
Asia	819	-	-	-	819	-	819
Middle East/Africa	353	-	-	-	353	-	353
Total	4,223,251	323,625	40,141	10,969	4,597,986	1,166,690	5,764,676

in HUF million	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment*	Total
As of 31 December 2024							
Core markets	3,680,236	462,368	43,504	13,187	4,199,296	856,261	5,055,557
Austria	24,847	-	-	-	24,847	26,018	50,865
Czech Republic	1,341	-	-	-	1,341	-	1,341
Slovakia	15	1	-	-	16	-	16
Romania	742	-	-	-	742	-	742
Hungary	3,653,291	462,367	43,504	13,187	4,172,350	813,839	4,986,189
Croatia	-	-	-	-	-	16,404	16,404
Other EU	60,509	-	-	-	60,509	3,656	64,165
Other industrialised countries	1,234	-	-	-	1,234	545	1,779
Emerging markets	121	710	-	-	830	-	830
Asia	72	-	-	-	72	-	72
Middle East/Africa	49	710	-	-	758	-	758
Total	3,742,100	463,078	43,504	13,187	4,261,869	860,462	5,122,331

*Not subject to IFRS9 impairment: Other commitments are still measured under IAS 37, however, impairment is calculated for them as well.

Stage 1 and Stage 2 comprise not impaired credit risks while Stage 3 includes impaired credit risks. POCI (purchased or originated credit impaired) consists of credit risks already impaired when purchased or originated.

The defaulted part of POCI amounted to 6,128 million forint (was 7,315 million forint in 2024), the non-defaulted part to 4,841 million forint (was 5,872 million forint in 2024).

Credit risk exposure by business segment and IFRS 9 treatment

in HUF million	Credit Risk Exposure					Credit Loss Allowances				NPE coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
As of 31 December 2025												
Retail	931,523	194,950	25,337	6,815	584,714	3,052	13,294	18,744	922	6.82%	73.98%	13.52%
Corporates	1,331,086	127,204	14,804	4,154	314,084	5,371	4,792	8,438	2,526	3.77%	57.00%	60.81%
Group Markets	684,956	1,471	-	-	246,500	598	15	-	-	1.02%	83.00%	
ALM	1,275,686	-	-	-	21,392	399	-	-	-			
Total	4,223,251	323,625	40,141	10,969	1,166,690	9,420	18,101	27,182	3,448	5.59%	67.71%	31.43%

in HUF million	Credit Risk Exposure					Credit Loss Allowances				NPE coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
As of 31 December 2024												
Retail	725,604	275,446	27,577	8,470	444,767	3,225	14,908	20,087	1,882	5.41%	72.84%	22.23%
Corporates	1,246,767	186,471	15,927	4,717	238,328	5,423	5,641	9,407	1,861	3.03%	59.06%	39.44%
Group Markets	617,754	1,161	-	-	147,298	712	20	-	-	1.72%	82.99%	
ALM	1,151,975	-	-	-	30,069	353	-	-	-			
Total	3,742,100	463,078	43,504	13,187	860,462	9,713	20,569	29,494	3,743	4.44%	67.80%	28.39%

31) Development of credit loss allowances

The following tables give an overview over the development of credit loss allowances per balance sheet line item.

In column 'Additions' increases of CLA due to the initial recognition of financial instruments during the current reporting period are disclosed. Releases of CLA following the derecognition of the related financial instruments are reported in column 'Derecognitions'.

In column 'Transfers between stages' CLA net changes due to changes in credit risk that triggered re-assignments of the related financial instruments from Stage 1 (at 1 January 2025 or initial recognition date) to Stages 2 or 3 at 31 December 2025 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related CLAs are adverse and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related CLAs are favourable and presented in line 'Stage 1'. The P&L-neutral effect from cross-stage transferring of the related CLA amounts recognised prior to stage re-assignments are presented above in column 'Other changes in credit risk (net)'.

Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Other changes in credit risk (net)'.

Financial instruments held at amortised cost:

Movement in credit loss allowances – debt securities

in HUF million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	01 January 2025						31 December 2025
Stage 1	(465)	(38)	70	110	(120)	1	(442)
Stage 2	(335)	-	-	(4)	162	-	(177)
Stage 3	(1,286)	-	-	-	(7)	-	(1,293)
Total	(2,086)	(38)	70	106	35	1	(1,912)

in HUF million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	January 1, 2024						31 December 2024
Stage 1	(738)	(40)	76	72	166	(1)	(465)
Stage 2	(408)	-	-	(69)	142	-	(335)
Stage 3	(1,184)	-	-	-	(102)	-	(1,286)
Total	(2,330)	(40)	76	3	206	(1)	(2,086)

in HUF million	2024	2025
Transfers between Stage 1 and Stage 2		
Transfers to Stage 2 from Stage 1	3,038	151
Transfers To Stage 1 from Stage 2	5,147	2,992

The year-end total GCAs of AC debt securities that were initially recognised (purchased) during the year 2025 and not sold by 31 December 2025 amounts to 54,313 million forint. The GCA of AC debt securities that were held at 1 January 2025 and de-recognised (matured or sold compliant to sale from HTC business model) during the year 2025 amounts to 146,592 million forint.

Movement in credit loss allowances - loans and advances to banks

in HUF million	As of	Additions	Derecognitions	Other changes in credit risk (net)	Other	As of
	1 January 2025					31 December 2025
Stage 1	(202)	(117)	59	14	4	(242)
Total	(202)	(117)	59	14	4	(242)

in HUF million	As of	Additions	Derecognitions	Other changes in credit risk (net)	Other	As of
	1 January 2024					31 December 2024
Stage 1	(331)	(58)	24	168	(5)	(202)
Total	(331)	(58)	24	168	(5)	(202)

The year-end total GCA of AC loans and advances to banks that were initially recognised during the year 2025 and not fully derecognised by 31 December 2025 amounts to 88,858 million forint. The GCA of AC loans and advances to banks that were held as of 1 January 2025 and fully derecognised during the year 2025 amounts to 42,371 million forint.

Movement in credit loss allowances - loans and advances to customers

in HUF million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	01 January 2025								31 December 2025
Stage 1	(7,705)	(6,951)	3,714	13,665	(10,124)	-	7	221	(7,173)
General governments	(48)	(4)	12	1	4	-	-	3	(32)
Other financial corporations	(1,324)	(2,675)	2,480	-	294	-	-	76	(1,149)
Non-financial corporations	(3,381)	(1,218)	737	1,883	(1,420)	-	1	140	(3,258)
Households	(2,952)	(3,054)	485	11,781	(9,002)	-	6	2	(2,734)
Stage 2	(18,243)	-	1,295	(16,126)	16,450	-	10	139	(16,475)
General governments	(2)	-	-	(1)	1	-	-	-	(2)
Other financial corporations	(3)	-	-	(2)	(4)	-	-	-	(9)
Non-financial corporations	(4,360)	-	182	(1,951)	2,124	-	-	138	(3,867)
Households	(13,879)	-	1,113	(14,172)	14,329	-	10	1	(12,598)
Stage 3	(25,598)	-	7,326	(1,408)	(4,473)	142	444	97	(23,470)
Other financial corporations	(9)	-	-	-	4	-	-	-	(5)
Non-financial corporations	(7,033)	-	390	(1,025)	1,124	-	165	96	(6,283)
Households	(18,558)	-	6,936	(383)	(5,601)	142	279	1	(17,184)
POCI	(2,269)	-	313	-	(602)	-	185	8	(2,365)
Non-financial corporations	(447)	-	46	-	(1,199)	-	121	8	(1,471)
Households	(1,822)	-	267	-	597	-	64	-	(894)
Total	(53,815)	(6,951)	12,648	(3,869)	1,251	142	646	465	(49,483)

in HUF million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Insignificant modifications (net)	Write-offs	Other	As of
	1 January 2024								31 December 2024
Stage 1	(7,858)	(6,273)	2,015	16,330	(11,713)	-	-	(206)	(7,705)
General governments	(47)	(8)	6	4	1	—	—	(4)	(48)
Other financial corporations	(813)	(1,707)	1,312	540	(588)	—	—	(68)	(1,324)
Non-financial corporations	(2,489)	(1,311)	197	3,112	(2,758)	—	—	(132)	(3,381)
Households	(4,509)	(3,247)	500	12,674	(8,368)	—	—	(2)	(2,952)
Stage 2	(17,703)	—	1,150	(24,295)	22,745	—	5	(145)	(18,243)
General governments	(3)	—	—	(1)	2	—	—	—	(2)
Other financial corporations	(9)	—	3	(667)	670	—	—	—	(3)
Non-financial corporations	(4,149)	—	198	(4,335)	4,070	—	—	(143)	(4,359)
Households	(13,542)	—	949	(19,292)	18,003	—	5	(2)	(13,879)
Stage 3	(34,919)	—	10,789	(343)	(2,723)	224	1,652	(278)	(25,598)
Other financial corporations	(16)	-	5	-	4	-	-	-	(7)
Non-financial corporations	(12,957)	-	2,365	(189)	2,537	1	1,487	(277)	(7,033)
Households	(21,946)	-	8,419	(154)	(5,264)	223	165	(1)	(18,558)
POCI	(3,369)	-	588	-	533	1	4	(26)	(2,269)
Non-financial corporations	(881)	-	70	-	389	1	-	(26)	(447)
Households	(2,488)	-	518	-	144	-	4	-	(1,822)
Total	(63,849)	(6,273)	14,542	(8,308)	8,842	225	1,661	(656)	(53,815)

In category POCI the Bank didn't recognise purchased credit impaired instruments, but presents instrument subject to derecognition and recognition as new instruments.

In the column 'Additions' increases of CLA due to the initial recognition of loans and advances to customers at AC during the current reporting period are disclosed. CLAs recognised against drawings from non-revolving loan commitments are

deemed as additions for the purpose of presenting current period's movement in CLA. Therefore, additions in Stages 2 and 3 reflect transfers from Stage 1 having occurred between commitments and drawing dates of related credit facilities. Releases of CLA following the derecognition of the related loans and advances to customers at AC are reported in column 'Derecognitions'.

In the column 'Transfers between stages' CLA net changes due to changes in credit risk that triggered re-assignments of the related AC loans and advances to customers from Stage 1 at 1 January 2025 (or initial recognition date, if later) to Stages 2 or 3 at 31 December 2025 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related CLAs are adverse (incremental year-on-year allocations) and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related CLAs are favourable (incremental year-on-year releases) and presented in the line 'Stage 1'. The P&L-neutral effect from cross-stage transferring of the related CLA amounts recognised prior to stage re-assignments are presented above in the column 'Other changes in credit risk (net)'.

Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Other changes in credit risk (net)'. This column also captures the passage-of-time adverse effect ('unwinding correction') over the lifetime expected cash shortfalls of AC loans and advances to customers that were assigned to Stage 3 for any period throughout the year, as well as of any POCI loans and advances to customers. The unwinding correction accumulated during the reporting period amounted to 2,375 million Forint (in 2024: 1,214 million Forint) in case of debt instruments at amortised cost. For performing loans other changes covers any ECL movement related to parameter changes (including FLI update) or rating movements without stage movements or any impact of changes in exposure (ie. normal or early repayment or top-up).

This adverse effect of unwinding correction amounted to 16,654 million forint cumulatively for the year 2025, which also reflects the unrecognised interest income out of the related AC loans and advances to customers throughout the year. The column 'Insignificant modifications (net)' reflects the effect on CLA arising from contractual modifications of loans and advances to customers at AC which do not trigger their full derecognition. The use of CLA triggered by full or partial write-offs of AC loans and advances to customers is reported in columns 'Write-offs'.

Reducing non-performing loans in the loan portfolio remains a key focus of the risk management area. The release of CLA in the retail portfolio was due to the decreasing proportion of non-performing loans in the portfolio.

One significant driver of the CLA movements for the year has been the transfer of the related instruments across different impairment stages. The year-end GCA of AC loans and advances to customers that were assigned at 31 December 2025 to a different stage compared to 1 January 2025 (or to the initial recognition date, if originated during the year) are summarised below:

2025	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		POCI	
in HUF million	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3	To Defaulted from Non-Defaulted	To Non-Defaulted from Defaulted
Other financial corporations	227	-	-	-	-	-	-	-
Non-financial corporations	52,152	56,855	4,156	108	2,101	-	-	1
Households	33,204	60,261	4,818	1,668	4,676	232	153	277
Total	85,583	117,116	8,974	1,776	6,777	232	153	278

2024	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		POCI	
in HUF million	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3	To Defaulted from Non-Defaulted	To Non-Defaulted from Defaulted
Other financial corporations	410	46	-	-	-	-	-	-
Non-financial corporations	88,516	59,246	2,735	2,603	3,157	16	1	-
Households	202,473	18,639	5,698	2,966	4,200	492	128	576
Total	291,399	77,931	8,433	5,569	7,357	508	129	576

The year-end total GCA of the AC loans and advances to customers that were initially recognised during the year 2025 and not fully derecognised by 31 December 2025 amounts to 418,637 million forint. The GCA of the AC loans and advances to customers that were held at 1 January 2025 and fully derecognised during the year 2025 amounts to 229,648 million forint.

The undiscounted amount of the lifetime expected credit losses considered in the initial measurement of the AC loans and advances to customers initially recognised and identified as POCI during the year 2025 amounted to 188 million forint.

Movement in credit loss allowances – trade and other receivables

in HUF million	01 January 2025	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	31 December 2025
Stage 1	(38)	-	1	-	5	(32)
Stage 2	-	-	-	-	(19)	(19)
Stage 3	-	-	-	-	(74)	(74)
POCI	-	-	-	-	(2)	(2)
Total	(38)	-	1	-	(90)	(127)

in HUF million	1 January 2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	31 December 2024
Stage 1	(60)	(5)	215	1	(189)	(38)
Stage 2	(22)	-	81	(62)	3	-
Stage 3	-	-	-	-	-	-
Total	(82)	(5)	296	(61)	(186)	(38)

Financial assets at fair value through other comprehensive income – debt instruments

Movement in credit loss allowances – debt instrument financial assets

in HUF million	01.01.2025	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	31.12.2025
Stage 1	(100)	(68)	1	-	-	(167)
Stage 2	(1)	-	-	-	-	(1)
Stage 3	(13)	-	-	-	(599)	(612)
Total	(114)	(68)	1	-	(599)	(780)

in HUF million	01.01.2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	31.12.2024
Stage 1	(93)	(105)	67	28	3	(100)
Stage 2	(29)	-	-	(1)	29	(1)
Stage 3	(96)	-	-	-	83	(13)
Total	(218)	(105)	67	27	115	(114)

In the column 'Additions' increases of CLA (credit loss allowance) due to the initial recognition of debt securities at FVOCI during the current reporting period are disclosed. Releases of CLA following the derecognition of the related debt securities at FVOCI are reported in column 'Derecognitions'. In the column 'Transfers between stages' CLA net changes due to changes in credit risk that triggered re-assignments of the related FVOCI debt securities from Stage 1 at 1 January 2025 (or initial recognition date, if later) to Stages 2 or 3 at 31 December 2025 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related CLAs are adverse (incremental year-on-year allocations) and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related CLAs are favourable (incremental year-on-year releases) and presented in the line 'Stage 1'. The P&L-neutral effect from cross-stage transferring of the related CLA amounts recognised prior to stage re-assignments are presented above in the column 'Other changes in credit risk (net)'. Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Other changes in credit risk (net)'.

Finance lease receivables

Movement in credit loss allowances – finance lease receivables

in HUF million	As of	Additions	Charge-offs	Transfers between stages	Other changes in credit risk (net)	Other	As of
	01 January 2025						31 December 2025
Stage 1	(87)	(169)	9	161	(4)	-	(90)
Stage 2	(501)	-	25	(272)	366	11	(371)
Stage 3	(357)	-	44	(7)	-	12	(308)
POCI	(26)	-	3	-	5	-	(18)
Total	(971)	(169)	81	(118)	367	23	(787)

in HUF million	As of	Additions	Charge-offs	Transfers between stages	Other changes in credit risk (net)	Other	As of
	01 January 2024						31 December 2024
Stage 1	(128)	(83)	32	205	(109)	(4)	(87)
Stage 2	(400)	-	18	(373)	261	(6)	(500)
Stage 3	(528)	-	46	(2)	141	(15)	(358)
POCI	(80)	-	29	-	25	-	(26)
Total	(1,136)	(83)	125	(170)	318	(25)	(971)

In the column 'Additions' increases of CLA due to the initial recognition of finance lease receivables during the current reporting period are disclosed. Releases of CLA following the derecognition of the related finance lease receivables are reported in column 'Derecognitions'.

In the column 'Transfers between stages' CLA net changes due to changes in credit risk that triggered re-assignments of the related finance lease receivables from Stage 1 as of 1 January 2024 (or initial recognition date, if later) to Stages 2 or 3 as of 31 December 2025 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related CLAs are adverse (incremental year-on-year allocations) and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related CLAs are favourable (incremental year-on-year releases) and presented in the line 'Stage 1'. The P&L-neutral effect from cross-stage transferring of the related CLA amounts recognised prior to stage re-assignments are presented above in the column 'Other changes in credit risk (net)'.

Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Other changes in credit risk (net)'. This column also captures the passage-of-time adverse effect ('unwinding correction') over the lifetime expected cash shortfalls of finance lease receivables that were assigned to Stage 3 for any period throughout the year, as well as of any POCI finance lease receivables. The column 'Insignificant modifications (net)' reflects the effect on CLA arising from contractual modifications of finance lease receivables which do not trigger their full derecognition. The use of CLA triggered by full or partial write-offs of finance lease receivables is reported in columns 'Write-offs'.

The significant drivers of the CLA movements for the year (and the prior year) has been the transfer of the related instruments across impairment stages. The year-end GCA of finance lease receivables that were assigned at 31 December 2025 to a different stage compared to 1 January 2024 (or to the initial recognition date, if originated during the year) are summarised below:

Transfers between impairment stages of finance lease receivables:

in HUF million	2024	2025
Transfers between Stage 1 and Stage 2		
To Stage 2 from Stage 1	10,614	5,701
To Stage 1 from Stage 2	2,982	3,410
Transfers between Stage 2 and Stage 3		
To Stage 3 from Stage 2	145	5
To Stage 2 from Stage 3	101	-
Transfers between Stage 1 and Stage 3		
To Stage 3 from Stage 1	93	26
To Stage 1 from Stage 3	10	-
POCI transfer		
To Defaulted from Non-Defaulted	-	1
To Non-Defaulted from Defaulted	2	-

The year-end total GCA of financial leases that were initially recognised during the year 2025 and not fully de-recognised by 31 December 2025 amounts to 11,168 million forint. The GCA of the financial leases that were held at 1 January 2025 and fully de-recognised during the year 2025 amounts to 2,997 million forint.

Loan commitments and financial guarantees:

Movement in credit loss allowances – loan commitments and financial guarantees

in HUF million	As of 01 January 2025	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of 31 December 2025
Stage 1	(1,115)	(1,423)	980	1,984	(1,718)	20	(1,271)
Stage 2	(1,489)	-	793	(2,677)	2,297	16	(1,060)
Defaulted	(3,688)	-	4,106	(544)	(2,499)	136	(2,489)
Total	(6,291)	(1,423)	5,879	(1,237)	(1,920)	172	(4,820)

in HUF million	As of 01 January 2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of 31 December 2024
Stage 1	(1,638)	(2,687)	945	3,354	(1,055)	(34)	(1,115)
Stage 2	(1,695)	-	783	(4,190)	3,622	(9)	(1,489)
Defaulted	(3,272)	-	2,040	(6)	(2,322)	(128)	(3,688)
Total	(6,605)	(2,687)	3,768	(842)	245	(171)	(6,292)

The column 'Other changes in credit risk (net)' captures the passage-of-time adverse effect ('unwinding') over the lifetime expected cash shortfalls of defaulted loan commitments and financial guarantees.

One significant driver of the CLA movements for the year has been the transfer of the related instruments across different stages. The year-end notional amounts of loan commitments and financial guarantees that were assigned at 31 December 2025 to a different stage compared to 1 January 2025 (or to the initial recognition date, if originated during the year) are summarised below:

Transfers between impairment stages (gross basis presentation) of loan commitments and financial guarantees:

	2024	2025
Transfers between Stage 1 and Stage 2		
To Stage 2 from Stage 1	23,725	9,700
To Stage 1 from Stage 2	38,036	12,923
Transfers between Stage 2 and Stage 3		
To Defaulted from Stage 2	346	307
To Stage 2 from Defaulted	274	58
Transfers between Stage 1 and Stage 3		
To Defaulted from Stage 1	86	391
To Stage 1 from Defaulted	57	30
Off-balance commitments and financial guarantees that were initially recognised and not fully de-recognised during the year	183,274	147,506
Off-balance commitments or financial guarantees that were held at 1 January and fully de-recognised during the year	182,627	128,740

32) Scenarios used in forward-looking information and Crisis Effects

Overview on scenarios used in forward-looking information Incorporation of forward-looking information

Parameters are determined to reflect the risk as a "point-in-time" measure and with consideration of forward-looking information (FLI). This results in using a baseline forecast and a number of alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts, where the baseline forecasts are, with a few exceptions, internally determined by Erste Group's research department. Given multiple scenarios, the "neutral" PDs (and partly included in LGDs) are adjusted using macro models that link relevant macroeconomic variables with risk drivers. Forward-looking information is incorporated for first three years of expected credit loss (ECL) measurement. Measurement of the parameters for the remaining lifetime returns back to through-the-cycle observations immediately in year four.

Thus, the unbiased probability-weighted ECL considering FLI is derived using the weights representing the probability of occurrence of each macroeconomic scenario. Typical macroeconomic variables may include real gross domestic product, unemployment rate, inflation rate, production index as well as market interest rates. The selection of variables also depends on the availability of reliable forecasts for the given local market. The main indicator of the estimated economic development is the GDP. In addition, the ongoing war in Ukraine and continued geopolitical instability in the Middle East remain key drivers of macroeconomic uncertainty in 2026. The Bank adjusted the macro-shift models to reflect expected effects of those into credit risk parameters.

Macro-shift FLI models are recalibrated regularly to reflect the most relevant macro-variables. Variables with the highest statistical relevance are included.

In case of central model for Group (Large) Corporates, Erste Group (dedicated central units) is responsible for the PD review including a FLI model which is based on the country of risk distinguishing the macro development in the different countries.

In June 2025, the FLI shifts were reviewed. Based on the assessment of exit triggers, it was decided to remove the comprehensive stress test (CST) scenario from downside scenario modelling. It was concluded that downside risk is already considered in GDP outlook. The new parameters were already calculated with this change.

The Bank is disclosing sensitivity of the staging and ECL on macro scenarios in the 'Collective assessment' section below.

Baseline scenario

Erste Group anticipates a slight moderation of Eurozone economic activity in 2026, with GDP-growth forecast to reach 1.1%, following an estimated 1.4% expansion in 2025. Currently, the Eurozone economy continues to deliver solid growth, supported by robust private consumption, benefiting from rising real wages, and by investment activity driven by favourable financing conditions. With increasing competitive pressures from China and the trade barriers imposed by the United States, the outlook for foreign trade remains cautious.

Over the midterm, growth prospects have improved marginally, supported by Germany's announcement of a EUR 500 billion fiscal stimulus programme to be implemented over the next decade, as well as the relaxation of EU fiscal rules to accommodate increased defence spending across Member States. With the deposit rate at 2%, the ECB is considered to have reached the end of the current rate cutting cycle. Risks to the interest rate outlook are now more balanced, compared with the previously prevailing downside bias up to mid-2025. Assuming macroeconomic fundamentals remain stable and financing conditions supportive, no further monetary easing by the ECB is anticipated, while data driven rate cuts are expected from MNB.

Downside risks to the baseline scenario

The key downside risks include the ongoing conflict in Ukraine. In addition, uncertainty surrounding the trade policy direction of the new US administration under President Trump remains a significant challenge. The announcement of a framework about a trade deal between the US and the EU has reduced uncertainty to some extent. A deterioration in US–EU trade relations would pose a clear downside risk to the economic outlook, particularly for export performance and investment growth.

Energy security also remains a critical concern for the EU and Hungary in light of the ongoing war between Russia and Ukraine. Any disruption in global supply chains could trigger sharp increases in energy prices, potentially forcing the countries to adopt a more restrictive monetary policy stance to contain inflation, with implications across the entire yield curve.

Furthermore, the rapid expansion of green-energy investments adds volatility to the European power system. Variability in renewable energy production can lead to temporary spikes in electricity prices, such as the recent increases observed in Spain, which can negatively affect industrial output and erode consumer purchasing power.

Any increase in interest rates would also pose downside risks for both corporate and household investment. While the likelihood of a sharp rise in rates has recently diminished, such a scenario could still result in investment activity falling below the levels assumed in the baseline forecast.

Higher Harmonized Index of Consumer Prices (HICP), particularly in energy-related costs, would reduce disposable income and dampen consumption. Combined with elevated post-pandemic debt levels, rising military expenditures, and expansionary fiscal policies, this may heighten investor concerns about state debt sustainability.

Upside risk to the baseline scenario

A stronger and faster recovery in global industrial activity could provide notable upside potential for the Eurozone economy. This would be particularly beneficial for Germany, which is expected to post slight GDP growth in 2025 - its first expansion in three years. Given Germany's deep economic linkages with other major Eurozone and Hungarian economies, a rebound in German industrial output would likely generate positive spillover effects across the region.

In such an upside scenario, the GDP growth in 2026 would receive an additional boost, primarily driven by a more dynamic than expected rebound in investment activity. Improved consumer sentiment would further support private consumption, leading to a stronger contribution to overall growth compared with the baseline scenario. The services sector would also benefit from rising confidence and increased household spending.

For this optimistic scenario to materialise, a continued and gradual decline in inflation, particularly within the services component, remains essential. This would help maintain the ECB's deposit facility rate at 2% and and support rate cut by MNB.

Baseline, upside and downside scenarios of macroeconomic variables development

GDP growth in %		Probability weights			
	Scenario	2026-2028	2026	2027	2028
2025	Upside	18%	4.36	4.66	4.86
	Baseline	50%	2.00	2.30	2.50
	Downside	32%	(0.63)	(0.33)	(0.13)
	Scenario	2025-2027	2025	2026	2027
2024	Upside	19%	4.38	5.98	5.66
	Baseline	50%	2.00	3.60	3.29
	Downside	31%	(4.45)	(1.80)	0.54

Unemployment_rate		Probability weights			
	Scenario	2026-2028	2026	2027	2028
2025	Upside	18%	3.89	3.79	3.69
	Baseline	50%	4.50	4.40	4.30
	Downside	32%	5.19	5.09	4.99
	Scenario	2025-2027	2025	2026	2027
2024	Upside	19%	3.28	2.98	2.98
	Baseline	50%	3.90	3.60	3.60
	Downside	31%	6.05	6.45	5.30

Yields_5Y		Probability weights			
	Scenario	2026-2028	2026	2027	2028
2025	Upside	18%	3.98	3.30	3.16
	Baseline	50%	6.12	5.44	5.30
	Downside	32%	8.35	7.67	7.53
	Scenario	2025-2027	2025	2026	2027
2024	Upside	19%	3.50	3.07	3.07
	Baseline	50%	5.67	5.24	5.24
	Downside	31%	7.91	7.48	7.48

Collective assessment

In addition to standard SICR assessment, Erste Bank applied collective SICR assessment, i.e., transfer into Stage 2 based on pre-defined portfolio characteristics, due to emerging risks not covered by standard models. This approach is aligned with all affected entities and business lines and approved by the respective governance bodies of Erste Bank. It requires, after the assessment of the outliers from the common portfolio characteristics, to have exemptions from the collective SICR assessment, if properly documented why they would behave differently than the rest of the portfolio.

In December 2025, Erste Bank applied collective staging assessment (industry stage overlays), implemented in 2024, in case of industries selected in line with industry strategy to ensure that it reflects risks and changes in the risk assessment which our portfolio is exposed to.

During 2025, several adjustments were made to the industry stage overlays in line with updates of the risk strategy and observed portfolio developments:

- September - following a review of the industry strategy, the Construction and Building Materials sub-industry was removed from the scope of industry stage overlays.
- October - the Real Estate Developers sub-industry was excluded from the overlays due to stable portfolio performance. No deterioration was observed in recent periods, and no adverse developments are anticipated.
- December - the Metals (Iron/Steel) industry category was added to the industry stage overlays following a change in the Bank's risk strategy. The adjustment was driven by decreasing demand in certain key end-user industries (e.g., construction), increased price competition from Asian imports, and persistent structural cost pressures stemming from elevated energy and labour expenses.

Out of the overall credit risk exposure of HUF 5,765 billion (2024: HUF 5,122 billion), portfolio under collective staging assessment (industry stage overlays) represents HUF 17 billion.

Effect on Expected Credit Loss

The analysis tables below present the effects of the portfolio overlays and FLI on both exposure migration to Stage 2 and the resulting increase of ECL. Additional sensitivities to the baseline, upside and downside scenarios are simulated.

Exposure in Stage 2 due to the application of the rules for industry overlays stood at 17,190 million forint in December 2025, with additional ECL allocated in the amount of 198 million forint.

As described above, FLI were re-assessed based on the latest macro-scenarios in the fourth quarter of 2025. The Stage 2 exposure due to FLI increased to 48,613 million forint as of December 2025 (76,211 million forint in December 2024). The increase of the Stage 2 exposure affected the level of ECL allocated in Stage 2 due to FLI: 8,208 million forint as of December 2025 versus 8,624 million forint as of December 2024.

Scenario simulation presents sensitivity analyses taking into consideration only changes due to the different values of PDs, if baseline, upside or downside FLI scenarios had 100% weight. Sensitivities of these scenarios are calculated in comparison to current production - weighted scenarios FLI shifted - PDs (weights and scenarios are disclosed in the 'Incorporation of forward-looking information' section above). Both staging and resulting ECL were simulated with the scenario PDs.

The incorporation of 100% baseline scenario instead of the currently applied probability weighted scenario, would lead to a decrease of Stage 2 exposure by 1,572 million forint (2024: 13,814 million forint), resulting in an ECL drop 136 million forint (2024: 693 million forint).

The downside scenario would lead to additional 14,256 million forint of exposure migration to Stage 2 in comparison with probability weighted FLI (2024: 44,415 million forint), resulting in ECL increase of 1,161 million forint (2024: 2,778 million forint).

For the ECL change a positive sign (+) equals a release while a negative sign (-) equals an allocation. Values presented sensitivities are results of internal simulations.

Forward looking information (FLI) and collective SICR assessment

	Current status - parameters (FLI shifted)			Simulations - difference to FLI shifts effect				
	Stage 1	Stage 2	Total	Stage 2 impact by		Upside scenario	Baseline scenario	Downside scenario
				Collective assessment due to	FLI shifts			
				Industry				
in HUF million								
As of 31 December 2025								
Impact on credit risk exposure	4,223,251	323,625	4,546,876	17,190	48,613	(12,288)	(1,572)	14,256
Impact on credit loss allowances	(9,420)	(18,101)	(27,521)	(198)	(8,208)	1,254	136	(1,161)

Current status - parameters (FLI shifted)							Simulations - difference to FLI shifts effect		
in HUF million	Stage 1	Stage 2	Total	Stage 2 impact by			Upside scenario	Baseline scenario	Downside scenario
				Collective assessment due to		FLI shifts			
				UA war - Cyclical	UA war - Energy				
As of 31 December 2024									
Impact on credit risk exposure	3,742,100	463,078	4,205,178	20,076	-	76,211	(37,795)	(13,814)	44,415
Impact on credit loss allowances	(9,713)	(20,569)	(30,282)	(274)	-	(8,624)	2,300	693	(2,778)

Restructuring, renegotiation and forbearance

Restructuring means contractual modification of any of the customer's loan repayment conditions including tenor, interest rate, fees, principal amount due or a combination thereof forbearance can be initiated by the Bank or by the customer (on account of loss of employment, illness etc.). Components of forbearance can be installment reduction, tenor extension, interest reduction or forgiveness, principal reduction or forgiveness, revolving exposure change to installment and/or others.

A restructuring is considered 'forbearance' if it entails a concession towards a customer facing or about to face financial difficulties in meeting their contractual financial commitments. A borrower is in financial difficulties if any of the following conditions are met:

- the customer is more than 30 days past due in the past 3 months;
- the customer would be 30 days past due or more without receiving forbearance measure;
- the customer is in default;
- the customer would default without receiving forbearance.

Additional criteria for non-retail segment:

- early warning signals for this customer identified (deteriorated financial figures, increased probability of default);
- customers managed in a workout unit;
- any negative information about the customer.

Forbearance measures are the following:

- modification/refinancing of the contract would not have been granted, had the customer not been in financial difficulty;
- there is a difference in favour of the customer between the modified/refinanced terms of the contract and the previous terms of the contract;
- the modified/refinanced contract includes more favourable terms than other customers with a similar risk profile would have obtained from the same Bank;
- activation of embedded forbearance clauses of the contract;
- any waiver of a default relevant covenant.

The performing forbearance classification can be discontinued and the account can become a performing non-forborne account when all of the following conditions are met:

- a minimum of two years have passed from the date of classifying the exposure as performing forbearance (monitoring or probation period);
- under the forborne payment plan, at least 50% of the original (pre-forbearance) instalment has been regularly repaid (significant repayment) at least during half of the probation period (in case of retail customers);
- regular repayments in a significant amount during at least half of the probation period have been made (in case of non-retail customers);
- significant repayment includes amount previously past-due (if any) or written-off (if no-past due amounts) for both retail and non-retail segments;
- none of the client's exposures are past due more than 30 days without materiality threshold at the end of the probation period.

Performing forborne exposures become non-performing when one of the following forbearance classifications is fulfilled during the monitoring period of a minimum two years:

- the contract modification involves total or partial cancellation of the debt by (partial) write-off;
- an additional forbearance measure is extended (second restructuring);
- the customer becomes more than 30 days past due on a probation forbearance exposure (probation forbearances are performing forbearances which upgraded from non-performing forbearances status);
- the customer meets any of the default event criteria defined in the default definition;

- for corporate customers, when a final restructuring agreement cannot be concluded within 18 months after the first forbearance measure.

The non-performing forbearance classification can be discontinued and reclassified as performing under probation when all of the following conditions are met:

- one year has passed from the date of classifying the exposure as non-performing forbearance or from the latest of the following events:
 - o the moment of extending the restructuring measure;
 - o the end of the grace period included in the restructuring agreement;
 - o the moment when the exposure has been classified as defaulted.
- the forbearance has not led the exposure to be classified as non-performing;
- the customer is not classified as defaulted according to the definition of default;
- retail customers: the customer has demonstrated the ability to comply with the post-forbearance conditions by either of the following:
 - o the customer has never been more than 30 days past due during the 12 months prior to the reclassification and there is no delinquent amount;
 - o the customer has repaid the full past due amount or the written-off amount (if there was any).
- corporate customers: significant amount has been paid in regular repayments, analysis of financial development that leaves no concern about future compliance with post-forbearance terms and conditions. Furthermore, the customer has never been more than 30 days past due during the 12 months prior to the reclassification and there is no delinquent amount.

Granting a Forbearance measure indicates significant increase in credit risk, therefore it is taken into account in stage classification, corporate customers are managed by the local workout unit.

Credit risk exposure, forbearance exposure and credit loss allowances

in HUF million	Loans and advances	Debt securities	Other balance-sheet positions	Loan commitments	Total
As of 31 December 2025					
Gross exposure	2,977,098	1,511,783	636,493	639,302	5,764,676
thereof gross forbome exposure	20,725	-	-	276	21,001
Performing exposure	2,934,869	1,509,483	633,574	635,537	5,713,463
thereof performing forbome exposure	6,539	-	-	118	6,657
Credit loss allowances for performing exposure	24,409	787	21	2,323	27,540
thereof credit loss allowances for performing forbome exposure	552	-	-	9	561
Non-performing exposure	42,229	2,300	2,919	3,765	51,213
thereof non-performing forbome exposure	14,186	-	-	158	14,344
Credit loss allowances for non-performing exposure	26,229	1,905	134	2,466	30,734
thereof credit loss allowances for non-performing forbome exposure	9,957	-	-	67	10,024

in HUF million	Loans and advances	Debt securities	Other balance-sheet positions	Loan commitments	Total
As of 31 December 2024					
Gross exposure	2,676,942	1,404,982	468,008	572,399	5,122,331
thereof gross forbome exposure	33,191	-	-	5,811	39,002
Performing exposure	2,632,482	1,402,694	466,916	566,607	5,068,699
thereof performing forbome exposure	16,059	-	-	180	16,239
Credit loss allowances for performing exposure	26,783	901	21	2,600	30,305
thereof credit loss allowances for performing forbome exposure	942	-	-	10	952
Non-performing exposure	44,461	2,288	1,091	5,792	53,632
thereof non-performing forbome exposure	17,132	-	-	5,631	22,763
Credit loss allowances for non-performing exposure	28,242	1,300	6	3,666	33,214
thereof credit loss allowances for non-performing forbome exposure	11,705	-	-	3,474	15,179

Types of forbearance exposure

in HUF million	Gross forborne exposure	Modification in terms and conditions	Refinancing
As of 31 December 2025			
Loans and advances excl. HFT and HFS	20,725	20,328	397
Loan commitments	276	276	-
Total	21,001	20,604	397

in HUF million	Gross forborne exposure	Modification in terms and conditions	Refinancing
As of 31 December 2024			
Loans and advances excl. HFT and HFS	33,191	32,510	681
Loan commitments	5,811	5,811	-
Total	39,002	38,321	681

Loans and advances figures include lease, trade and other receivables.

Non-performing credit risk exposure and credit loss allowances

For the definition of credit risk exposure classified as non-performing, please refer to the description of risk categories in the subsection 'Credit risk classification'. Credit risk allowances include credit loss allowances for financial assets, credit loss allowances for loan commitments and financial guarantees (all allowances within the scope of IFRS 9) and provisions for other commitments.

Credit loss allowances (all stages combined) covered 113.5% (2024: 118.4%) of the reported non-performing on-balance and off-balance credit risk exposure. For the portion of the non-performing credit risk exposure that is not covered by allowances, the Bank assumes there are sufficient levels of collateral and expected other recoveries.

During 2025, the non-performing credit risk exposure decreased by 2.4 billion forint, or 4.51%, while the credit loss allowances for loans and advances together with credit loss allowances for loan commitments and financial guarantees decreased by 5.4 billion forint (-8.5%). This development resulted in a decrease of 4.9 percentage points in the coverage of non-performing credit risk exposure by credit risk allowances.

The following tables show the coverage of the non-performing credit risk exposure by credit loss allowances (without taking into consideration collateral) as of 31 December 2025 and 31 December 2024. The differences in the credit allowance levels between the reporting segments result from the risk situation in the respective markets, different levels of collateralisation as well as the local legal environment and regulatory requirements.

The non-performing exposure ratio (NPE ratio) is calculated as the non-performing credit risk exposure divided by total credit risk exposure while the NPE coverage ratio is computed as total credit loss allowances (all allowances within the scope of IFRS 9) divided by non-performing credit risk exposure at AC and FVOCI.

Non-performing credit risk exposure by business segment and coverage by credit loss allowances and collateral

in HUF million	Non-performing		Credit risk exposure		Credit loss allowances	Collateral for NPE		NPE ratio		NPE coverage (excl. collateral)		NPE collateralisation ratio	
	Total	AC	Total	AC	AC	Total	AC	Total	AC	Total	AC	Total	AC
As of 31 December 2025													
Retail	29,496	27,383	1,743,338	1,158,625	36,010	9,544	7,523	1.69%	2.36%	122.08%	131.51%	32.36%	27.47%
Corporates	21,716	18,887	1,791,332	1,477,248	21,128	10,006	8,508	1.21%	1.28%	97.29%	111.87%	46.08%	45.05%
Group Markets	1	-	932,928	686,428	613	-	-	0.00%	0.00%			0.00%	0.00%
ALM	-	-	1,297,078	1,275,686	399	-	-	0.00%	0.00%				
Total	51,213	46,270	5,764,676	4,597,987	58,150	19,550	16,031	0.89%	1.01%	113.55%	125.68%	38.17%	34.65%

in HUF million	Non-performing		Credit risk exposure		Credit loss allowances	Collateral for NPE		NPE ratio		NPE coverage (excl. collateral)		NPE collateralisation ratio	
	Total	AC	Total	AC	AC	Total	AC	Total	AC	Total	AC	Total	AC
As of 31 December 2024													
Retail	31,995	30,259	1,481,865	1,037,097	40,102	10,210	8,517	2.16%	2.92%	125.34%	132.53%	31.91%	28.15%
Corporates	21,637	20,561	1,692,210	1,453,882	22,332	8,284	7,887	1.28%	1.41%	103.21%	108.61%	38.28%	38.36%
Group Markets	-	-	766,213	618,915	732	-	-	0.00%	0.00%			0.00%	0.00%
ALM	-	-	1,182,043	1,151,975	353	-	-	0.00%	0.00%				
Total	53,632	50,820	5,122,331	4,261,869	63,519	18,494	16,404	1.05%	1.19%	118.43%	124.99%	34.48%	32.28%

Detailed analysis of loans and advances to customers

The tables on the following pages present the structure of the customer loan book, excluding loans to central banks and credit institutions broken-down by different categories. Loans and advances to customers comprise

- loans to customers at FVPL;
- loans and advances to customers at AC;
- finance lease receivables;
- trade and other receivables.

The presentation is by gross carrying amount excluding loan loss allowances and collateral.

Loans and advances to customers by business segment and currency

in HUF million	EUR	HUF	CHF	USD	Other	Total
As of 31 December 2025						
Retail	8,324	1,575,989	7	4	1	1,584,325
Corporates	665,171	356,705	313	129	165	1,022,483
Group Markets	13,434	19,664	-	986	-	34,084
ALM	459	48	-	-	-	507
Total	687,388	1,952,406	320	1,119	166	2,641,399

in HUF million	EUR	HUF	CHF	USD	Other	Total
As of 31 December 2024						
Retail	7,940	1,333,988	23	5	1	1,341,957
Corporates	703,502	318,866	376	441	95	1,023,280
Group Markets	6,524	10,974	-	2,166	-	19,664
ALM	10,515	48	-	-	-	10,563
Total	728,481	1,663,876	399	2,612	96	2,395,464

Loans and advances to customers by business segment and risk category

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2025					
Retail	565,055	793,644	196,561	29,065	1,584,325
Corporates	682,336	311,409	15,574	13,164	1,022,483
Group Markets	20,061	11,539	2,484	-	34,084
ALM	507	-	-	-	507
Total	1,267,959	1,116,592	214,619	42,229	2,641,399

in HUF million	Low risk	Management attention	Substandard	Non-performing	Total
As of 31 December 2024					
Retail	478,747	662,136	169,556	31,518	1,341,957
Corporates	663,691	313,321	33,325	12,943	1,023,280
Group Markets	11,742	3,623	4,299	-	19,664
ALM	10,563	-	-	-	10,563
Total	1,164,743	979,080	207,180	44,461	2,395,464

Loans and advances to customers by business segment and IFRS 9 treatment

in HUF million	Loans to customers					Loan loss allowances				Coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
As of 31 December 2025												
Retail	783,362	186,217	24,947	6,700	583,099	2,743	12,670	18,483	903	6.80%	74.09%	13.48%
Corporates	895,814	113,394	10,934	2,302	39	4,419	4,180	5,370	1,481	3.69%	49.11%	64.33%
Group Markets	32,613	1,471	-	-	-	133	15	-	-	1.02%	83.00%	
ALM	507	-	-	-	-	-	-	-	-			
Total	1,712,296	301,082	35,881	9,002	583,138	7,295	16,865	23,853	2,384	5.60%	66.48%	26.48%

in HUF million	Loans to customers					Loan loss allowances				Coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
As of 31 December 2024												
Retail	601,800	260,401	27,131	8,344	444,280	2,954	13,992	19,887	1,848	5.37%	73.30%	22.15%
Corporates	846,246	164,028	11,150	1,807	51	4,582	4,748	6,067	448	2.89%	54.42%	24.75%
Group Markets	19,254	410	-	-	-	293	3	-	-	0.81%	82.99%	
ALM	10,563	-	-	-	-	2	-	-	-			
Total	1,477,863	424,839	38,281	10,151	444,331	7,831	18,743	25,954	2,296	4.41%	67.80%	22.62%

Stage 1 and Stage 2 comprise not credit impaired loans and advances while Stage 3 includes credit impaired loans and advances. POCI (purchased or originated credit impaired) consists of loans already credit impaired when purchased or originated.

The defaulted part of POCI loans amounted to 4,265 million forint (2024: 4,452 million forint), the non-defaulted part to 4,737 million forint (2024: 5,699 million forint).

In the following tables, the non-performing loans and advances to customers divided by reporting segment are contrasted with allowances for customer loans and the collateral for non-performing loans (NPL). The NPL ratio, the NPL coverage ratio (excl. collateral), and the NPL collateralisation ratio are also included.

Non-performing loans and advances to customers by business segment and coverage by loan loss allowances and collateral

in HUF million	Non-performing		Gross customer loans		Loan loss allowances	Collateral for NPL		NPL ratio		NPL coverage (excl. collateral)	NPL collateralisation ratio	
	Total	AC	Total	AC	AC	Total	AC	Total	AC	AC	Total	AC
As of 31 December 2025												
Retail	29,065	26,982	1,584,325	1,001,225	34,799	9,545	7,523	1.83%	2.69%	128.97%	32.84%	27.88%
Corporates	13,164	13,164	1022483	1,022,444	15,449	7,107	7,107	1.29%	1.29%	117.36%	53.99%	53.99%
Group Markets	-	-	34,084	34,084	148	-	-	0.00%	0.00%			
ALM	-	-	507	507	-	-	-					
Total	42,229	40,146	2,641,399	2,058,260	50,396	16,652	14,630	1.60%	1.95%	125.53%	39.43%	36.44%

in HUF million	Non-performing		Gross customer loans		Loan loss allowances	Collateral for NPL		NPL ratio		NPL coverage (excl. collateral)	NPL collateralisation ratio	
	Total	AC	Total	AC	AC	Total	AC	Total	AC	AC	Total	AC
As of 31 December 2024												
Retail	31,518	29,790	1,341,957	897,676	38,681	10,210	8,517	2.35%	3.32%	129.84%	32.39%	28.59%
Corporates	12,943	12,943	1023280	1,023,229	15,844	7,091	7,091	1.26%	1.26%	122.42%	54.79%	54.79%
Group Markets	-	-	19,664	19,664	297	-	-	0.00%	0.00%			
ALM	-	-	10,563	10,563	2	-	-					
Total	44,461	42,733	2,395,464	1,951,132	54,824	17,301	15,608	1.86%	2.19%	128.29%	38.91%	36.52%

Total gross customer loans, total non-performing loans, and total collateral include both AC and FVPL portfolios.

The NPL ratio of loans and advances to customers is calculated by dividing the gross carrying amount of non-performing loans and advances to customers by the total gross carrying amount of loans and advances to customers. Consequently, it differs from the NPE ratio in section “Credit risk exposure”. Collaterals for non-performing loans mainly consist of real estates.

The NPL coverage ratio (excluding collateral) is calculated by dividing total loss allowances by the gross carrying amount of the non-performing loans and advances to customers. Collateral or other recoveries are not taken into account.

The above presented NPL exposures are exclusive of any write-offs recognised in accordance with IFRS 9. The Bank distinguishes between contractual write-offs (debt forgiveness towards the defaulted client, either unconditional or subject to conditions) and technical write-offs (claim removal from the books due to no reasonable expectation of recovery, whereby the legal claim towards the customer still remains), however it didn't have any technical write-offs in 2025. Both types of write-offs have as pre-condition that all reasonable workout measures and late collections tools have been applied for optimal recovery. In case of collateralised loans, write-off prior to the realisation of the collateral is not allowed unless specific circumstances apply. Additional technical write-off triggers include enforcement, worthlessness of claim/collateral, legally binding bankruptcy/liquidation or other economic loss of the rights to claim, sale.

33) Market risk

Market risk is the risk of loss that may arise due to adverse changes in market prices and to the parameters derived from them.

These market value changes might appear in the profit and loss account, in the statement of comprehensive income or in hidden reserves. At the Bank, market risk is divided into interest rate risk; credit spread risk, currency risk, equity risk, commodity risk and volatility risk. This concerns both trading and banking book positions. Commodity risk had no effect on Erste Bank Hungary Zrt.'s financial position as it had no relevant positions.

Methods and instruments employed

At the Bank, potential losses that may arise from market movements are assessed using the value at risk (VaR). For the VaR calculations the Bank follows the group wide methodology of Erste Group. The calculation is done according to the method of historic simulation with a one-sided confidence level of 99%, a holding period of one day and a simulation period of two years. The VaR describes what level of losses may be expected as a maximum at a defined probability – the confidence level – within a certain holding period of the positions under historically observed market conditions.

Back-testing is used to constantly monitor the validity of the statistical methods. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialised. At a confidence level of 99,90%, the actual loss on a single day should exceed the VaR statistically only two to three times a year (1% of around 250 workdays).

The VaR calculation for banking book positions (BB-VaR) is based on the methodology used for group-wide ICAAP calculation where 250.000 historical scenarios (starting with 2010) are calculated with a theoretical holding period of 1 year and a confidence level of 99,90%. The same calculation is used for the BB-VaR with a 1 day holding period and a 99% confidence level, consistent with the trading book methodology. The results of both calculations, ICAAP and BB-VaR are presented in the ALCO to the Managing Board.

A known limitation of the VaR approach is that on the one hand, it estimates losses only up to the confidence level, and on the other hand, the model considers only those market scenarios observed within the look-back period to calculate the VaR for the current position of the bank. To address this limitation and to investigate any extreme market situations not reflected in the VaR approach, stress tests are conducted at the Bank. These stress tests are designed to cover market movements of low probability and high impact.

The stress tests are carried out according to several methods: for the trading book stressed VaR (SVaR) is derived from the normal VaR calculation. Instead of simulating only over the two most recent years, an analysis of a much longer period is carried out in order to identify a one-year period that constitutes a relevant period of stress for the current portfolio mix. According to the regulatory framework, that one-year period is used to calculate a VaR with a 99% confidence level. This enables the Bank to hold sufficient own funds available for the trading book even in periods of elevated market volatility, while also enabling it to incorporate these resulting effects into the management of trading positions. The results of the VaR and SVaR calculations are used for the calculation of the Pillar 2 capital requirement for the Trading Book.

Methods and instruments of risk mitigation

Based on the group wide methodology of the Bank, market risks are controlled in the trading book by setting several layers of limits. The overall limit on the basis of VaR for the trading book is allocated by the Management Board in the Risk Appetite Statement while taking into account the risk-bearing capacity and projected earnings.

All market risk activities of the trading book are assigned to risk limits that are statistically consistent in their entirety with the overall VaR limit and applied as a second limit layer to the VaR limits.

Trading book VaR is calculated every day and made available to the trading unit as well as to the Management.

Analysis of market risk

The following tables show the VaR amounts at the 99% confidence level using equally weighted market data and with a holding period of one day:

Value at Risk of the banking book and the trading book

in HUF million	Total	Interest	Credit spread	Currency
As of 31 December 2025				
Erste Bank total	3,309	3,307	13	36
Banking book	3,197	3,184	13	-
Trading book	112	123	-	36

in HUF million	Total	Interest	Credit spread	Currency
As of 31 December 2024				
Erste Bank total	3,349	3,346	13	43
Banking book	3,265	3,251	13	-
Trading book	84	95	-	43

Interest rate risk in the banking book (IRRBB)

Interest rate risk is the current and prospective risk of a negative impact to the institution's economic value of equity, or to the institution's net interest income, taking market value changes into account as appropriate, which arise from adverse movements in interest rates affecting interest rate sensitive instruments, including gap risk, basis risk and option risk.

To identify interest rate risk, all financial instruments, including off-balance instruments are used to calculate the impact of certain interest rate scenarios on their economic value and their net interest income. Limits and thresholds are implemented for both aspects of the IRRBB, the change in economic value as well as the change in net interest income. Positions without contractually defined maturity or repricing structures, such as demand deposits or overdrafts are modelled accordingly. For positions where the customer has the right to prepay his debt prepayment models are applied.

For internal risk calculations and for the regulatory interest rate risk measures, the maximum downward shock is floored according to the Article 4 (k) of the EBA Regulatory Technical Standard on the supervisory outlier tests (EBA/RTS/2022/10) and the Article 3 (7) of the Commission Delegated Regulation (EU) 2024/856. With increasing yield curves, these embedded floors have become less relevant.

Exchange rate risk

The bank is exposed to several types of risks related to exchange rates. These concern risks from open foreign exchange positions and others.

Risk from open foreign exchange positions is the risk related to exchange rates that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. These risks might originate from customer-related operations or proprietary trading and are monitored and managed on a daily basis. Liquidity and Market Risk calculates the open FX position in the banking book every morning based on the previous day's general ledger and closes the position with a technical transaction with the trading book daily. The target is to have a close to zero Fx position in the Banking Book. The trading book can have open foreign currency position but subject to internal limits. The internal limits are set by the Asset Liability Committee.

The following table shows the largest consolidated open foreign currency positions of the Bank as of 31 December 2025 and the corresponding open positions of these currencies as of 31 December 2024.

Open foreign currency positions

in HUF million	2024	2025
Swiss Franc (CHF)	(912)	970
Euro (EUR)	(12,069)	(10,488)
Japanese Yen (JPY)	(6)	25
US Dollar (USD)	619	353
Other	318	642

Credit spread risk

Credit spread risk is the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments. Erste Bank is exposed to credit spread risk with respect to its securities portfolio, both in the trading as well as in the banking book.

For the trading book, credit spread risk for government bonds is part of the general market risk covered by VaR and SVaR. Corporate bonds are allocated to benchmark spread curves depending on sector, rating, and currency as part of the general risk covered by VaR and SVaR. The issuer specific risk is covered by the standardised approach for Pillar 1 of regulatory capital requirements. For the issuer specific risk of the trading book in Pillar 2, the spread risk is broken down into a systematic and a residual risk part and reported on an aggregated level.

Quantifying the credit spread risk of the securities in the banking book is based on a historical simulation. The maximum (hypothetical) drawdown that can be attributed to credit related risk factors over a one-year horizon is calculated. It is based on credit spread sensitivities (CR01) and the risk factors used are mainly z-spreads for sovereigns and corporate benchmark bond spreads for financials and corporates. The resulting amount is used as part of the ICAAP calculations to determine the capital consumption of the banking book portfolio.

For banking book positions, the impacts of changes in credit spreads on the economic value and net interest income are additionally assessed through rating-dependent widening and narrowing shock scenarios derived from historical data.

Hedging

Banking book market risk management consists of optimising the Bank's risk position by finding the proper trade-off between the economic value of the balance sheet and forecasted earnings. Decisions are based on balance sheet development, economic environment, competitive landscape, fair value of risk, effect on net interest income and appropriate liquidity position. The steering body responsible for interest rate risk management is ALCO. Asset and Liability Management (ALM) submits proposals for actions to steer the interest rate risk to ALCO and implements ALCO's decisions.

In order to achieve the goals of risk management, hedging activities focus on the two main control variables: net interest income and market value of equity risk. In a broader sense, hedging refers to an economic activity that mitigates risk but does not necessarily qualify for hedge accounting under IFRS rules. IFRS hedge accounting is not applied in the Bank.

34) Liquidity risk

Liquidity strategy

In 2025, customer deposits remained the primary source of funding for the Bank, the growth of the deposits exceeded the growth of loans.

With regards to own issuance in 2025 HUF 167.7 billion bond was offered to retail sector (111.6 billion forint, 86,1 million dollar and 72,3 million euro). (In 2024 the total was HUF 97,2 billion - 59,1 billion forint, 55,6 million dollar and 44,8 million euro. In 2024, there was also an AT1 and a Tier 2 capital bond issued in a value of 320 million EUR.)

Liquidity metrics and reports

The liquidity risk in the Bank is defined in line with the principles set out by the Basel Committee on Banking Supervision as well as the European and Hungarian regulations (Capital Regulations Requirement (CRR) - Regulation (EU) No 575/2013 (CRR), amended by the Regulation (EU) No 2019/876 (CRR 2), Commission Delegated Regulation (EU) 2022/786 amending Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council, Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.)) and MNB recommendations. Accordingly, a distinction is made between market liquidity risk, which is the risk that the bank entities cannot easily offset or close a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the banks in the group will not be able to meet efficiently both

expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the group members.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in the institution's own refinancing cost or spread.

LCR is calculated according to Regulation (EU) No 2015/61 as well as the NSFR according to the Regulation (EU) No 575/2013 in their currently valid versions.

In addition to the European regulation there are local liquidity indicators that the Bank has to comply with: DMM- Foreign Funding Adequacy Ratio, DEM - Foreign Currency Equilibrium Ratio, JMM - Mortgage Funding Adequacy Ratio and Wholesale Funding Ratio.

Short-term insolvency risk is monitored by calculating the survival period (SPA). This analysis determines the maximum period during which the entity can survive a set of defined scenarios, including a severe combined market and idiosyncratic crisis while relying on its pool of liquid assets. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflows. Furthermore, the simulation assumes increased drawdown on guarantees and loan commitments dependent on the type of customer, as well as the potential outflows from collateralised derivative transactions estimating the effect of collateral outflows in the case of adverse market movements. The SPA is covering a stress horizon up to 12 months, dependent on the stress scenario.

The Bank calculates the Liquidity Coverage Ratio according to the delegated regulation (EU) 2015/61 and reports this ratio on a monthly basis to the authorities on a solo and group level. LCR is part of the internal Risk Appetite Statement (RAS). LCR limits are defined in the RAS targeting to be well above the regulatory requirement of 100%. The Bank is reporting the NSFR according to the CRR quarterly, but the bank defines the NSFR RAS limit and monitors it on monthly basis.

Additionally, concentration risks in the funding structure and "Counterbalancing Capacity" (CBC), in terms of funds and assets are regularly monitored and reported to the regulator. The Bank's funds transfer pricing (FTP) system has also proven to be an efficient tool for structural liquidity risk management.

Methods and instruments of risk mitigation

Apart from the reporting of liquidity metrics to the Operative Liquidity Committee (OLC) and the Asset Liability Committee (ALCO), another important instrument for managing the liquidity risk within Erste Bank is the FTP system. Important information for liquidity management can be obtained by the process of planning funding needs.

The Comprehensive Contingency Plan of the Erste Bank ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis and is reviewed on a regular basis.

Analysis of liquidity risk

In the Bank, the liquidity risk is analysed by the following methods.

Liquidity coverage ratio. Erste Bank uses the regulatory LCR for internal monitoring and steering of the liquidity position. To keep the LCR according LCR DA above both limits, the regulatory limit and the internal limit, Erste Hungary closely monitors its short-term liquidity inflows and outflows as well as its available counterbalancing capacity (CBC). Erste Hungary is having a more than comfortable buffer well above internal and external limits.

The following table shows the LCR DA as of 31 December 2025:

Liquidity coverage ratio

in HUF million	2024	2025
Liquidity buffer	1,721,198	1,793,527
Net liquidity outflow	935,914	1,066,062
Liquidity coverage ratio	184%	168%

Structural liquidity gaps. The long-term liquidity position is managed using structural liquidity gaps on the basis of contractual and partially behavioural cash flows of all liquidity relevant components of the balance sheet (on-balance and off-balance). This liquidity position is calculated for each material currency.

Expected cash flows are broken down by contractual maturities in accordance with the amortisation schedule and arranged in maturity ranges. All cash-flows derived from products without contractual maturities (such as demand deposits and overdrafts) are classified based on internal behavioural models.

The following table shows the structural liquidity gaps as of 31 December 2024 and 31 December 2025:

Structural liquidity gap

in HUF million	2024				2025			
	< 1 month	1-12 months	1-5 years	> 5 years	< 1 month	1-12 months	1-5 years	> 5 years
On-Balance Sheet Liquidity GAP	(492,638)	(509,611)	1,230,714	(228,466)	(766,225)	(49,286)	1,060,609	(245,097)
Off-Balance Sheet Liquidity GAP	6,305	965	4,564	470	(713)	(1,047)	2,643	481

An excess of assets over liabilities is indicated by a positive value, while an excess of liabilities over assets is indicated by a negative value.

Counterbalancing capacity. The Bank regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserves at the central banks as well as unencumbered central bank eligible assets and other liquid securities, including impacts from repos and reverse repos. These assets can be mobilised in the short term to offset potential cash outflows in a crisis situation.

The term structure of the counterbalancing capacity as of year-end 2025 and year-end 2024 are shown in the tables below:

Term structure of counterbalancing capacity

As of 31 December 2025	< 1 week	1 week-1 month	1-3 months	3-6 months	6-12 months
Cash excess reserve	27,546	-	-	-	-
Liquid assets	1,486,254	(9,167)	(60,669)	(83,293)	(139,259)
Credit claim	22,873	-	-	-	-
Counterbalancing capacity	1,536,673	(9,167)	(60,669)	(83,293)	(139,259)

As of 31 December 2024	< 1 week	1 week-1 month	1-3 months	3-6 months	6-12 months
Cash excess reserve	27,075	-	-	-	-
Liquid assets	1,258,046	(9,129)	(232)	(112,550)	(34,724)
Credit claim	22,873	-	-	-	-
Counterbalancing capacity	1,307,995	(9,129)	(232)	(112,550)	(34,724)

The figures above show the total amount of potential liquidity available for the group in a going concern situation, taking into account the applicable central bank haircuts. Taking into account these effects, the initial counterbalancing capacity available is reduced by additional haircuts and liquidity transfer constraints. Negative figures are maturing positions of the counterbalancing capacity. Positive figures after 1 week are positions not immediately available as counterbalancing capacity.

Financial liabilities. Maturities of contractual undiscounted cash flows from financial liabilities as of 31 December 2024 and 31 December 2025 respectively, were as follows:

Financial liabilities

in HUF million	Carrying amount	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
As of 31 December 2025						
Non-derivative liabilities	4,464,648	4,521,826	3,532,868	451,979	307,925	229,054
Financial liabilities at AC	4,464,648	4,521,826	3,532,868	451,979	307,924	229,054
Deposits by banks	531,637	546,391	94,894	141,895	154,236	155,366
Customer deposits	3,527,689	3,532,243	3,437,160	95,079	4	-
Debt securities in issue	273,290	285,942	-	206,630	79,312	-
Other financial liabilities	814	814	814	-	-	-
Subordinated liabilities	131,218	156,436	-	8,375	74,372	73,688
Derivative liabilities	40,975	40,975	10,096	12,849	14,767	3,263
Finance lease liabilities	14,288	14,288	273	3,318	9,215	1,482
Total on balance sheet liabilities	4,519,911	4,577,089	3,543,237	468,146	331,907	233,799

in HUF million	Nominal amount	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
Contingent liabilities	691,011	691,011	691,011	-	-	-
Financial guarantees	39,284	39,284	39,284	-	-	-
Irrevocable commitments	466,529	466,529	466,529	-	-	-
Non-financial guarantees	176,846	176,846	176,846	-	-	-
Import accreditives	8,352	8,352	8,352	-	-	-
Total	5,210,922	5,268,100	4,234,248	468,146	331,907	233,799

in HUF million	Carrying amount	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
As of 31 December 2024						
Non-derivative liabilities	4,226,807	4,265,540	1,511,199	1,154,292	821,709	778,340
Financial liabilities at AC	4,226,807	4,265,540	1,511,199	1,154,292	821,709	778,340
Deposits by banks	568,061	570,106	80,907	160,670	170,011	158,517
Customer deposits	3,187,141	3,192,131	1,418,941	770,141	454,523	548,526
Debt securities in issue	331,945	331,919	11,350	217,247	103,321	-
Other financial liabilities	-	-	-	-	-	-
Subordinated liabilities	139,660	171,385	-	6,234	93,854	71,298
Derivative liabilities	54,797	54,797	10,535	14,963	25,773	3,526
Lease liabilities	19,197	19,197	338	3,581	13,244	2,034
Total on balance sheet liabilities	4,300,801	4,339,534	1,522,072	1,172,836	860,726	783,900

in HUF million	Nominal amount	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
Contingent liabilities	627,183	627,183	627,183	-	-	-
Financial guarantees	42,302	42,302	42,302	-	-	-
Irrevocable commitments	405,536	405,536	405,536	-	-	-
Non-financial guarantees	169,732	169,732	169,732	-	-	-
Import accreditives	9,613	9,613	9,613	-	-	-
Total	4,927,984	4,966,717	2,149,255	1,172,836	860,726	783,900

As of year-end 2025, the currency composition of the liabilities consisted of 66.79% HUF, 23.74% EUR, 8.70% USD and 0.77% in other currencies (2024: 67.67% HUF, 27.05% EUR, 4.56% USD, and 0.72% in other currencies).

Besides the contingent liabilities from unused credit lines and guarantees, material potential cash outflow is calculated from the col-lateralised derivative transactions for the stress testing, following a historical lookback approach, which amounted to 17,7 billion forint (2024: 24,3 billion forint) in the severe combined idiosyncratic and market crisis scenario as of 31 December 2025.

As of 31 December 2025, the volume of customer deposits due on demand amounted to 2,852 billion forint (2024: 2,662 billion forint).

According to customer segments, the customer deposits are composed as follows: 45% private individuals, 17% large corporates, 37% small and medium-sized enterprises, 1% public sector (2024: 43% private individuals, 17% large corporates, 39% small and medium-sized enterprises, 1% public sector).

35) Operational risk

Pursuant to point (52) of Article 4 (1) of regulation (EU) No 575/2013 (CRR), Erste Hungary defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including, but not limited to legal risk, model risk or information and communication technology (ICT) risk, but excluding strategic and reputational risk.

Non-Financial Risks (NFR) comprise both operational and reputational risks. The Bank's operational risk appetite sets the limits and escalation levels in line with the risk strategy for risk-taking as a consequence of doing business. The operational risk framework is a modular, interrelated, and comprehensive approach integrated into the Bank's steering and risk management system. It is designed to fulfil internal risk management and external regulatory requirements.

Organization and governance

The roles and responsibilities for Operational Risk Management is defined by the 'Three Lines of Defence' model. The day-to-day management of operational risk is the primary responsibility of Business Line Management (BLM). BLM is responsible for identifying, assessing, and managing the risks residual in the products, activities, processes, and systems on an ongoing basis by using operational risk management instruments. The Operational Risk independently oversees the management of operational risks, furthermore identifies and reports risks. The NFR function defines the NFR framework, promotes a consistent application across the bank, develops and maintains the operational risk capital requirement calculation under Standardised Measurement Approach.

The Local Operational Risk Committee (LORCO), which aims to reduce the level of operational risk exposure, meets on a quarterly basis. The purpose of the committee is to discuss all topics related to non-financial risk management. Members of the committee are key decision-makers of the Bank.

Non-financial risk and measurement

Operational Risk framework consists of various elements. Risk identification takes place through the collection of internal loss data and Key Risk Indicators (KRI) to measure the risk level changes. Risk indicators are reviewed periodically to ensure early detection of risk potentials to cause losses. The risk identification process includes an on-going mechanism to identify new sub-risk types, risk drivers and emerging risks. Risk evaluation is an ongoing process in which the BLM proactively identifies and analyses relevant non-financial risks and assesses the effectiveness of the controls to mitigate those risks, both for the run and change the bank processes (e.g., new product approval, third-party service providers). BLM evaluates the risks in line with the risk appetite and reports the residual risks to senior management or Risk Committees for risk response.

The acceptance level of NFR is managed by using the Group Operational Risk Scaling Matrix which is setting the limits of the residual operational risk tolerated by Erste Group. Risk monitoring via corrective measures is performed on a regular basis. Regular risk reporting provides detailed information to business and risk management units, senior management, the Managing Board and the Board of Directors, most importantly the quarterly LORCO report, which provides information on recent losses, loss trends, qualitative information derived from the Internal Control System, NFR decisions, risk indicators, key ratios and the Bank's own funds requirements for operational risk.

The Bank measures the capital requirement for operational risk using a non-model based approach for the calculation of the regulatory capital. Under the Standardised Measurement Approach the Business Indicator Component (BIC) is calculated by multiplying the Business Indicator (BI) by a set of regulatory determined marginal coefficients in the applicable BI ranges. The BI is a financial statement proxy of operational risk exposure. Internal Loss Multiplier (ILM) is scaling factor based on the Bank's average historical losses and it is set to 1. Operational risk capital requirement (ORC) or own funds requirement is calculated by multiplying the BIC and the ILM.

Non-current assets and other investments

36) Property, equipment, investment properties and intangible assets

Property and equipment

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation is recognised in the statement of income on the line item 'Depreciation and amortisation' and impairment under the line item 'Other operating result'.

The estimated useful lives are as follows:

	in years
Own land and buildings	15-50
Office furniture and equipment/other fixed assets	4-10
IT assets (hardware)	4-6
Right-of-use assets (Lands and buildings)	1-10

Land is not depreciated.

Any impairment losses including their reversals and gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the statement of income under the line item 'Other operating result'.

Investment properties

Investment property is property (land and buildings or part of a building or both) held for the purpose of earning rental income or for capital appreciation or both. Investment property is presented on the balance sheet in the line item 'Investment properties'.

Rental income is recognised in the statement of income in the line item 'Rental income from investment properties and other operating leases'. Depreciation is presented in the statement of income in the line item 'Depreciation and amortisation' using the straight-line method over an estimated useful life. The useful lives of investment properties are in the range of 15-100 years. Any impairment losses, as well as their reversals, are recognised under the line item 'Other operating result'.

Intangible assets

The Bank's intangible assets mainly comprise of computer software.

Intangible assets with finite lives are amortised over their useful economic life using the straight-line method. The amortisation expense recognised in the Income Statement under 'General Administrative expenses'. 'Software acquired' and 'Other intangible assets' are amortised over 3 - 15 years.

Impairment

Erste Bank assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. Testing for impairment is done at individual asset level if the asset generates cash inflows that are largely independent of those from other assets. This is typical in case of investment properties. Otherwise, the impairment test is carried out at the level of the cash-generating unit (CGU) to which the asset belongs.

At each reporting date, an assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Impairment and their reversals are recognised in the statement of income under the line item 'Other operating result'.

Additions include both capitalisations during the year, and the increase of in-progress, unfinished items.

Acquisition costs

in HUF million	Software acquired	Other intangible assets (licenses, patents, customer lists etc.)	Own land and buildings	Office and plant equipment/other fixed assets	IT-assets (hardware)	Right-of-use land and buildings	Subtotal	Investment properties
Value 01.01.2025	90,564	9,064	14,202	5,906	18,960	32,587	171,283	294
Additions	10,110	381	1,555	1,826	3,394	7,353	24,619	4
Disposals	-1,259	0	0	-375	-1,364	-15,251	-18,249	0
Reclassification	35	0	0	0	-35	0	0	0
Value 31.12.2025	99,450	9,445	15,757	7,357	20,955	24,689	177,653	298

Depreciation and impairment

in HUF million	Software acquired	Other intangible assets (licenses, patents, customer lists etc.)	Own land and buildings ¹⁾	Office and plant equipment/other fixed assets	IT-assets (hardware)	Right-of-use land and buildings	Subtotal	Investment properties ²⁾
Value 01.01.2025	60,262	9,062	7,931	3,890	8,851	20,014	110,010	103
Additions	7,745	0	1,129	642	2,190	2,802	14,508	6
Disposals	-1,259	0	0	-271	-1,363	-8,930	-11,823	0
Reclassification	-35	0	0	0	35	0	0	0
Impairment	171	382	0	0	24	-3,129	-2,552	0
Value 31.12.2025	66,884	9,444	9,060	4,261	9,737	10,757	110,143	109

Carrying amount

in HUF million	Software acquired	Other intangible assets (licenses, patents, customer lists etc.)	Own land and buildings ¹⁾	Office and plant equipment/other fixed assets	IT-assets (hardware)	Right-of-use land and building	Subtotal	Investment properties
Value 01.01.2025	30,302	2	6,271	2,016	10,109	12,573	61,274	191
Value 31.12.2025	32,566	1	6,697	3,096	11,218	13,932	67,510	189

- 1) The depreciation relates to buildings within 'Own land and buildings'.
- 2) The useful life is 20 years, linear method is applied.

Acquisition costs

in HUF million	Software acquired	Other intangible assets (licenses, patents, customer lists etc.)	Own land and buildings	Office and plant equipment/other fixed assets	IT-assets (hardware)	Right-of-use land and buildings	Subtotal	Investment properties
Value 01.01.2024	84,145	9,070	13,462	5,699	15,851	30,411	158,638	294
Additions	8,411	0	971	913	6,072	2,303	18,670	0
Disposals	-1,992	-6	-231	-706	-2,963	-127	-6,025	0
Value 31.12.2024	90,564	9,064	14,202	5,906	18,960	32,587	171,283	294

DEPRECIATION AND IMPAIRMENT

in HUF million	Software acquired	Other intangible assets (licenses, patents, customer lists etc.)	Own land and buildings ¹⁾	Office and plant equipment/other fixed assets	IT-assets (hardware)	Right-of-use land and buildings	Subtotal	Investment properties ²⁾
Value 01.01.2024	55,575	8,963	7,069	3,933	10,013	17,701	103,254	97
Additions	6,677	105	1,087	539	1,692	2,440	12,540	6
Disposals	-1,992	-6	-225	-582	-2,913	-127	-5,845	0
Reclassification	0	-35	0	0	35	0	0	0
Impairment	2	35	0	0	24	0	61	0
Value 31.12.2024	60,262	9,062	7,931	3,890	8,851	20,014	110,010	103

NET CARRYING AMOUNT

in HUF million	Software acquired	Other intangible assets (licenses, patents, customer lists etc.)	Own land and buildings ¹⁾	Office and plant equipment/other fixed assets	IT-assets (hardware)	Right-of-use land and building	Subtotal	Investment properties
Value 01.01.2024	28,570	107	6,393	1,766	5,838	12,710	55,384	197
Value 31.12.2024	30,302	2	6,271	2,016	10,109	12,573	61,274	191

- 1) The depreciation relates to buildings within 'Own land and buildings'.
- 2) The useful life is 20 years, linear method is applied.

Net carrying amount

in HUF million	2024	2025
Intangible assets	30,304	32,567
Software acquired	30,302	32,566
Other intangible assets (licenses, patents, customer lists etc.)	2	1
Property and equipment	30,969	34,943
Own land and buildings	6,271	6,697
Office and plant equipment/other fixed assets	2,016	3,096
IT-assets (hardware)	10,109	11,218
Right-of-use land and buildings	12,573	13,932
Total intangible and tangible assets	61,273	67,510
Investment properties	191	189

Fully amortised intangible assets which were still in use amounted to 18,585 million forint as at 31 December 2025 (18,673 million forint as at 31 December 2024). Fully depreciated tangible assets which were still in use amounted to 11,776 million forint as at 31 December 2025 (11,753 million forint as at 31 December 2024). The related assets and intangible assets remain recognised after the expiry of their useful lives, as their continued use is required for operational and security reasons.

The 'investment properties' category covers properties subject to operating lease. Impairment testing in 2025 did not indicate the need of additional impairment allocation.

Fair values and fair value hierarchy of investment properties

2025	Carrying amount	Fair value	Quoted market prices in active markets Level 1	Marked to model based on observable market data Level 2	Marked to model based on non-observable inputs Level 3
in HUF million					
Assets whose Fair Value is disclosed in the notes	189	1,270			1,270
Investment properties	189	1,270			1,270
2024					
Assets whose Fair Value is disclosed in the notes	191	1,260	–	–	1,260
Investment properties	191	1,260	–	–	1,260

Investment properties are measured on non-observable input: market comparison method.

37) Other assets

Reposessed assets

Erste Bank generally takes possession of such assets that are related to leasing contracts, loan contracts of property developments or when properties that previously served as collateral are taken over. Repossessed cars are classified in the 'Assets held for sale' category. Repossessed properties are classified under 'Other assets' as inventories and are recorded at the lower of cost or net realisable value.

Erste Bank does not occupy reposessed assets for business use as it is the policy of Erste Bank to dispose of such assets in an orderly fashion.

Reposessed properties are transferred into "Investment properties" if based on economic analysis there is no demonstrable prospective on a midterm basis to sell the property and loss minimising measurements lead to beneficiary rental contracts continuously generating income over more than a year, relating of more than 50% of the rental potential of the property.

Fiduciary assets

Erste Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the separate financial statements, as they are not the assets of the Bank.

Other Assets

in HUF million	2024	2025
Clearing accounts with tax authorities	10	264
Banking tax ¹⁾	1,671	835
Other clearing accounts	17,715	20,231
Other financial assets ²⁾	9,081	4,692
Other accrued income	9,113	9,354
Inventories	133	237
Repossessed assets ³⁾	13	13
Prepaid expenses	4,949	5,106
Other	4,543	6,064
Total	47,228	46,796

1) Erste Hungary recognised a receivable of 835 million forint as of 31 December 2025 (1,671 million forint in 2024) against the payment of pandemic banking tax. Please see details in section C. MAJOR CHANGES IN LEGAL ENVIRONMENT OF FINANCIAL INSTITUTIONS.

2) The balance of 'Other financial assets' contains performing, short-term customer receivables.

3) Repossessed assets primarily consist of properties, and are shown at the lower of cost or net realisable value.

Leases

38) Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Erste Bank as a lessor

On the side of the lessor, a distinction is made between finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. In the case of a finance lease, the lessor reports a receivable from the lessee under the line item 'Finance lease receivables'. The receivable is equal to the present value of the contractually agreed payments taking into account any residual value. Interest income on the receivable is reported in the statement of income in the line item 'Other similar income' under 'Net interest income'.

In the case of operating leases, which are leases other than finance leases, the leased asset is reported by the lessor in 'Property and equipment' or in 'Investment properties' and is depreciated in accordance with the principles applicable to the assets involved. Lease income is recognised on a straight-line basis over the lease term in the statement of income under the line item 'Rental income from investment properties and other operating leases'.

The vast majority of lease agreements in which Erste Bank operates as a lessor are finance leases.

Finance leases

Erste Bank as a lessor leases both movable property and real estate to other parties under finance lease arrangements. For the finance lease receivables included in this item, the reconciliation of the gross investment in leases to the present value of the minimum lease payments is as follows:

in HUF million	2024	2025
Outstanding minimum lease payments	34,650	38,279
Non-guaranteed residual values	4,838	4,987
Gross investment	39,488	43,266
Unrealised financial income	4,439	4,707
Net investment	35,049	38,559
Present value of non-guaranteed residual values	4,294	4,445
Present value of minimum lease payments	30,755	34,114
Risk provision related to outstanding minimum lease payments	(971)	(787)

Maturity analysis of leases by residual maturities

	Gross investment	Present value of minimum lease payments	Gross investment	Present value of minimum lease payments
in HUF million	2024		2025	
< 1 year	12,593	9,925	12,420	9,944
1-2 years	9,513	7,534	10,877	8,777
2-3 years	7,720	6,192	9,257	7,437
3-4 years	5,613	4,333	5,807	4,637
4-5 years	2,529	1,986	3,106	2,366
> 5 years	1,520	785	1,798	954
Total	39,488	30,755	43,265	34,115

Finance lease receivables

Gains/losses from derecognition of finance lease receivables are recognised in line item 'Gains/losses from derecognition of financial assets measured at amortised cost'.

Gross carrying amounts and credit loss allowances per impairment buckets

in HUF million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
2025											
Other financial corporations	654	-	-	-	654	(1)	-	-	-	(1)	653
Non-financial corporations	23,239	13,179	515	90	37,023	(86)	(360)	(240)	(16)	(702)	36,321
Households	623	131	106	22	882	(3)	(10)	(69)	(2)	(84)	798
Total	24,516	13,310	621	112	38,559	(90)	(370)	(309)	(18)	(787)	37,772

in HUF million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
2024											
Other financial corporations	1,529	3	-	-	1,532	(1)	-	-	-	(1)	1,531
Non-financial corporations	15,399	16,190	763	40	32,392	(81)	(472)	(286)	(23)	(862)	31,530
Households	722	277	101	25	1,125	(6)	(28)	(70)	(4)	(108)	1,017
Total	17,650	16,470	864	65	35,049	(88)	(500)	(356)	(27)	(971)	34,078

For information about development of credit loss allowances refer to Note 31) Development of credit loss allowances, part 'Finance lease receivables': Table 'Movement in credit loss allowances – finance lease receivables'.

Operating leases

Under operating leases, Erste Bank leases real estates. Future minimum lease payments under non-cancellable operating leases as at 31 December are, as follows:

Maturity analysis of lease payments from operating leases

in HUF million	2024	2025
< 1 year	63	72
1-2 years	63	72
2-3 years	63	72
3-4 years	63	18
4-5 years	63	0
> 5 years	16	0
Total	331	234

During 2025, Erste Bank recognised income relating to variable lease payments in the amount of 64 million forint (114 million forint in 2024). For information about rental income please refer to Note 7) Rental income from investment properties and other operating leases.

Leases where Erste Bank is a lessee

Under IFRS 16 Erste Bank recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

At inception date of a contract, the contract is assessed for whether it contains a lease, i.e. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. A right-of-use asset and a lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term. The cost of the right-of-use asset comprises: the present value of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. Erste Bank uses the straight-line method of depreciation. Right-of-use assets are subject to the impairment regulations of IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the lessee's incremental borrowing rate. Lease payments comprise fixed lease payments, variable lease payments that depend on an index or a rate and amounts expected to be payable under a residual value guarantee. Additionally, the exercise price under a purchase option if the lessee is reasonably certain to exercise the options and payments of penalties for terminating the lease are considered. Extension and termination options are included in a number of real estate leases. The use of extension and termination options gives Erste Bank added flexibility in case more suitable premises in terms of costs and/or location are identified or in case it is considered favourable to remain in a location beyond the original lease term.

Subsequently, the carrying amount of the lease liability is increased by interest accrued using the applicable discount rate, reduced by lease payments made and remeasured to reflect any reassessment or lease modification. The applicable discount rate (incremental borrowing rate) shows the refinancing rate conform to the given asset and risk associated. The method and the tool to calculate the rate is fundamentally the same Erste Bank is using for pricing its loans.

In the statement of financial position, right-of-use assets have been included in the line item 'Property and equipment'. Interest expense on the liability is reported in the statement of income in the line item 'Other similar expenses' under 'Net interest income' and the depreciation related the right-of-use assets in the line item 'Depreciation and amortisation'.

Only land and buildings are subject to lease at Erste Bank, which are contracts for office space and branches.

For details about right-of-use assets capitalised in balance sheet arising from leases where Erste Bank is lessee, please see Note 36) Property, equipment, investment properties and intangible assets.

Maturity analysis of lease liabilities

in HUF million	2024	2025
< 1 year	3,919	3,591
1-5 years	13,244	9,215
> 5 years	2,034	1,482
Total	19,197	14,288

During 2025, interest expenses on lease liabilities were recognised in the amount of 397 million forint (364 million forint in 2024).

Total cash outflow for leases recognised as lease liabilities in 2024 was 4,098 million (4,174 million in 2024). Erste Bank had no lease contracts in 2024 and 2025 where the short-term exemption of IFRS 16 was applied.

Accruals, provisions, contingent liabilities and legal proceedings

39) Other liabilities

in HUF million	2024	2025
Deferred income	2,462	2,666
Clearing accounts ¹⁾	26,523	19,125
Tax liabilities	4,598	5,305
Other financial liabilities ²⁾	1,193	2,526
Accruals of other expenses ³⁾	27,413	21,370
Other liabilities	16,988	16,823
Total	79,177	67,815

- 1) The decrease due to the FX conversion settlements.
- 2) The balance of 'Other financial liabilities' contains short-term supplier liabilities
- 3) Accrued expenses declined compared to 2024, driven by lower IT-related costs

40) Provisions

Provisions

Provisions are recognised when Erste Bank has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. In the Statement of Financial Position provisions are reported under 'Provisions'. They include credit risk provisions for off-balance-sheet transactions (other commitments given) as well as provisions for litigations and restructuring. Expenses or income related to provisions for loan commitments and financial guarantees are reported in the statement of income under the line item 'Impairment result from financial instruments'. Expenses or income related to other provisions are reported in the statement of income under the line item 'Other operating result'.

Material accounting judgements, assumptions and estimates

Recognition of provisions requires judgement with respect to whether Erste Bank has a present obligation as a result of a past event and whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Furthermore, estimates are necessary with respect to the amount and timing of future cash flows when determining the amount of provisions. Further details on provisions for off-balance credit risk exposures are explained in Note 30) Credit risk exposure and 32) Development of credit loss allowances. Legal proceedings that do not meet the criteria for recognition of provisions are described in Note 41) Contingent liabilities.

Defined employee benefit plans

The defined employee benefit plan operated by Erste Bank is for jubilee benefits to which all employees are entitled. Jubilee benefits (long service/ loyal-service benefits) are gifts and vouchers tied to the length of employees' service to an employer, expensed in the relevant year. The entitlement to jubilee benefits is established by local policy which defines both the conditions of the entitlement and the related types of benefits. Erste Bank does not operate any employee benefit plans for pensions and severance benefits.

Deferred remuneration of executives officers

The Bank provides both the current year's and the deferred bonus amounts 50% in cash and 50% in the form of phantom shares (non-cash payment). The entitlement to 60% of the bonus in the form of cash determined on the basis of the current year's performance may be acquired during the current year, and 40% is deferred and distributed over 5 years, in equal instalments. The entitlement to 49% of the bonus in the form of phantom shares in cash determined on the basis of the current year's performance may be acquired during the current year, and 51% is deferred and distributed over 5 years, in equal instalments. When paying the deferred bonus of Management Board members the rules of Erste Group must also be taken into account. When a bonus amount exceeds the predefined limit in the Remuneration Policy a ratio of 40% upfront payment and 60% deferral is applied. Still, 50% of all such payments have to be effected in instruments. The effective payment is always in cash (in case of phantom shares as well).

Loan commitments and financial guarantees given in scope of IFRS 9

In the ordinary course of business, Erste Bank provides financial guarantees, consisting of various types of letters of credit and guarantees. A financial guarantee is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs in case a specified debtor fails to make a payment when due in accordance with the original or modified terms of a debt instrument. If Erste Bank is in the position of being a guarantee holder, the financial guarantee is not recorded on the balance sheet but is taken into consideration as collateral when determining the impairment of the guaranteed asset.

Erste Bank as a guarantor recognises financial guarantees as soon as it becomes a contracting party. Financial guarantees are initially measured at fair value. Generally, the initial measurement is the premium received for a guarantee. This amount is subsequently amortised to fee income. They are presented on the balance sheet under the line 'Provisions'. The premium received is recognised in the statement of income under the line item 'Fee and commission income' under 'Net fee and commission income' on a straight-line basis over the life of the guarantee.

If Erste Bank is a guarantee holder, the treatment depends on whether the financial guarantee is considered as integral to the contractual terms of financial assets whose risk is guaranteed. Erste Bank considers as integral those guarantees which are entered into at or close to the inception of the guaranteed financial assets. If the bank has in a loan contract an option to require provision of a guarantee, it is also considered as integral.

Integral financial guarantees are included in the estimates of expected credit losses from the related financial assets. Premiums paid for integral financial guarantees and other credit enhancements are considered in the EIR of the related financial assets.

Financial guarantees which are not considered integral are recognised as reimbursement assets under 'Other assets' in the balance sheet. In the statement of income they reduce the impairment loss incurred on guaranteed financial assets under 'Impairment result from financial instruments'. A precondition for this treatment is that it must be virtually certain that the guarantee would reimburse the bank for the loss. Premiums paid for non-integral financial guarantees are presented in the statement of income under the line item 'Fee and commission expense' under 'Net fee and commission income'.

Loan commitments are firm commitments to provide credit under prespecified terms and conditions. Loan commitments are generally not recognised in the balance sheet before they are drawn. If it is probable that the bank will enter into the loan agreement loan commitment fees received are deferred and adjust the effective interest rate of the loan when the commitment is drawn. Loan commitments result in recognition of provisions based on the expected credit loss impairment model.

For information about development of credit loss allowances for provision for financial guarantees and loan commitments refer to Note 31) Development of credit loss allowances, part 'Loan commitments and financial guarantees': table 'Movement in credit loss allowances – loan commitments and financial guarantees'.

in HUF million	2024	2025
Pending legal issues and tax litigation	1,623	3,245
Loan commitments and financial guarantees given	6,292	4,816
CLA for loan commitments and financial guarantees in Stage 1	1,114	1,270
CLA for loan commitments and financial guarantees in Stage 2	1,490	1,058
CLA for loan commitments and financial guarantees in Stage 3	2,240	1,424
CLA for loan commitments and financial guarantees - Defaulted	1,448	1,064
Commitments and guarantees given out of scope of IFRS 9	—	123
Other provisions	453	459
Provisions	8,368	8,643

Remaining classes of provisions

Following table provides the information about the development of the remaining classes of provisions

Sundry provision 2025

in HUF million	As of 01 January 2025	Allocations	Use	Releases	Exchange rate and other changes (+/-)	As of 31 December 2025
Pending legal issues and tax litigation	1,623	1,622	-	-	-	3,245
Commitments and guarantees given out of scope of IFRS9	-	123	-	-	-	123
Other provisions	453	152	(146)	-	-	459
Provisions	2,076	1,897	(146)	-	-	3,827

Sundry provision 2024

in HUF million	As of 01 January 2024	Allocations	Use	Releases	Exchange rate and other changes (+/-)	As of 31 December 2024
Pending legal issues and tax litigation	186	1,497	-	(60)	-	1,623
Other provisions	283	396	(226)	-	-	453
Provisions	469	1,893	(226)	(60)	-	2,076

Pending legal issues and tax litigations

Provision for pending legal issues and tax litigations covers both allowances for legal cases related to lending activities and such legal cases that have no direct linkage to the core business of the company such as, for example, labour and employment related issues.

This category also included 107 million forint related to a Hungarian Competition Authority (HCA) decision in 2010:

In 2010 the Hungarian Competition Authority (HCA) reached a decision stating that several banks (including EBH) violated the competition law by entering into an agreement inter alia determining a rate and structure for interbank commissions uniformly applicable to the cards of both international card companies and all banks and imposed a fine of 107,000,000 forint on EBH.

EBH initiated a judicial review of the decision of the HCA before the court.

The Court of second instance with its final and binding judgement repealed the first instance court decision as well as the decision of the HCA by which the HCA established an infringement of the competition law and imposed a fine of 107 million forint on EBH in 2009. At the same time, the Court of second instance ordered the HCA to reopen the competition supervisory procedure and re-evaluate the effect of the Multilateral Interchange Fee agreement from the perspective of its effect on competition.

As a result of the decision adopted by the Court of second instance, on 31 March 2017 the HCA repaid the fine (107 million forint) to EBH.

On 17 May 2017 the HCA initiated an extraordinary judicial review of the final second instance judgment in front of the Supreme Court on the grounds of infringement. The Supreme Court ordered the case to be referred to the European Court of Justice (ECJ) in Q1 2018, in order to ask for a preliminary ruling on the interpretation of certain competition law rules. In April 2020 the ECJ delivered its judgment which was favourable for the banking sector.

The Supreme Court delivered its judgement in September 2020 in which it ordered the HCA to reopen the competition supervisory procedure. The HCA paid 2 million forint as a litigation costs to EBH. The judgement declared that the Multilateral Interchange Fee agreement can not be interpreted as an infringement by object or a restriction of competition by effect, in the light of the available facts. On the basis of the Supreme Court's judgement of September 2020, the HCA reopened the competition supervisory procedure and requested data supply. The Bank completed the data supply on 3 September 2021.

In the reopened competition supervisory procedure the previous proposal was submitted to HCA on 25 February 2022.

On 18 April 2023 EBH submitted a revised proposal for commitment to HCA on (i) educate consumers; (ii) develop the card market; (iii) create a financial fund to support POS terminals. HCA still has not provided substantive reply on any proposal, HCA requested data supply from EBH in 2024 in several rounds. On 1 December 2025, the HCA extended the duration of the procedure by an additional 6 months.

In this category, a further HUF 2,371 million provision appears in connection with the following case.

On 23 December 2024, our Bank received a Letter of Demand from a Hungarian law firm acting in Hungary on behalf of a foreign insolvency court appointed trustee, representing foreign investors who suffered losses in a financial fraud case. The investors represented by the law firm are seeking compensation from the Bank for damages incurred as a result of fraud due to incomplete bank measures related to the verification of bank accounts. On 14 May 2025, the court officially served the statement of claim to the Bank. The content of the statement of claim corresponds to the content of the Letter of Demand received by the Bank on 23 December 2024, with the addition that the statement of claim explicitly includes late payment interest. In the case, the Bank submitted its counterclaim to the court of first instance within the statutory deadline.

In this category, further provision appears in connection with the following new case.

One of the Bank's client became the victim of fraud, the client reported the loss suffered as a result of the fraud to EBH in November 2025. The Bank subsequently launched an internal investigation into all transactions executed on the client's accounts, the investigation did not establish any suspicion of internal fraud. Due to the suspicion of fraud, the Bank filed a criminal complaint with the police, reported the unauthorized transfers to the Hungarian National Bank, and made the assessment of the client's compensation claim conditional upon the outcome of the ongoing criminal proceedings.

41) Contingent liabilities

To meet the financial needs of customers, Erste Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are

therefore part of the overall risk of the Bank. (see Note 30 Credit risk exposure and 31 Development of Credit loss allowances).

in HUF million	2024	2025
Irrevocable contingent liabilities	627,183	691,011
Financial guarantees	42,302	39,284
Committed credit lines -irrevocable	405,536	466,529
Non-financial guarantees	169,732	176,846
Import accreditives	9,613	8,352
Other contingent liabilities	76,784	83,809
Legal cases	144	3,245
Other ¹⁾	76,640	80,564
Total	703,967	774,820

*The table does not include the following commitments that fall outside the scope of IFRS 9: guarantee lines and unconditionally revocable loan commitments.

1) The increase is related to the guarantee line deals.

Please see the related provision movement table in Note 31.

Legal proceedings

Erste Bank is involved in legal disputes, most of which have arisen in the course of its ordinary banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of the Bank.

To a great extent these proceedings relate to disputes regarding the validity of clauses in contracts with consumers. Foreign currency loan related invalidity lawsuits by consumers against banks, including the Bank, were suspended by the regulations of the 2014 consumer loan laws until the completion of the settlement and refund process towards the customers concerned. While some plaintiffs did not pursue their claims further, the Bank remained a defendant in several of these litigation procedures. Regardless of the settlement, consumers continue to initiate further court cases, creating a level of uncertainty on assessing the potential financial impact in case of adverse adjudications.

The level of uncertainty related to the outcome of these litigations was somewhat increased by the Hungarian local courts initiating the preliminary ruling of European Court of Justice ("ECJ") in several proceedings (6 cases against EBH and 16 cases against other Hungarian Banks). The questions referred to the ECJ mainly examine the compliance of FX loan agreements and the regulation of the 2014 consumer loan laws with the provisions of 93/13/EEC Council Directive on consumer protection. Rulings of the ECJ adopted so far are in favour of strengthening the legal position represented by EBH in these lawsuits, as all of the judgements adopted by the ECJ so far confirmed the validity of the Hungarian legislation and judicial practice from a consumer protection perspective. As a result of these pending procedures, numerous other pending lawsuits have been suspended, the majority of which are still yet to be continued despite the fact that the ECJ has already adopted numerous preliminary rulings.

Capital instruments, equity and reserves

42) Total equity

Own shares and contracts on own shares

Equity instruments of Erste Bank that it or any of its subsidiaries acquire (referred to as treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of Bank's own equity instruments, including transaction costs, is recognised directly in equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of its own equity instruments.

in HUF million	2024	2025
Subscribed capital	146,000	146,000
Additional paid-in capital	117,492	117,492
Retained earnings	288,365	307,728
Other reserves	(73)	(2,433)
Additional equity instruments (AT1)	59,234	59,234
Total	611,018	628,021
Attributable to owners of the parent	611,018	628,021

Subscribed capital and Additional paid-in capital

As of 31 December 2025, the Company's issued share capital amounted to 146,000,000,000 forint consisting of 146,000,000,000 dematerialised ordinary shares with a nominal value of 1 each forint.

Owning of the Bank

As of 31 December 2025, the direct parent company of the Bank – holding 100% of the shares (in 2024: 100%) – was Erste Group Bank AG, whose registered office at that date was Am Belvedere 1, 1100 Vienna, Austria. The Consolidated Financial Statements of Erste Group are prepared by its ultimate parent, 'Erste Group Bank AG' and are available at the Austrian Companies Register at 1030 Vienna, Marxergasse 1a.

Owner	31 December 2024		31 December 2025	
	Number of shares	Ownership share	Number of shares	Ownership share
Erste Group Bank AG	146,000,000,000	100%	146,000,000,000	100%
Total	146,000,000,000	100 %	146,000,000,000	100 %

In the below table the equity of Erste Bank is presented in two different structures as required by the Hungarian accounting law (Act C of 2000, 114 / B. §) to ensure the comparability between components of equity in the IFRS and HAS financial statements.

in HUF million	2024	2025
IFRS financial statements		
Subscribed capital	146,000	146,000
Additional paid-in capital	117,492	117,492
General reserve	45,253	57,868
Fair value reserve	(71)	(2,431)
Retained earnings	302,344	309,092
Total equity	611,018	628,021
Based on Hungarian accounting law (Law of 2000: C., 114 / B. §)		
Subscribed capital	146,000	146,000
Capital reserve	117,492	117,492
Tied-up reserve	45,253	57,868
Revaluation reserve	(71)	(2,431)
Retained earnings	172,995	175,193
Net result for the year	129,349	133,899
Total equity	611,018	628,021
of which		
Capital subscribed by the Court of Registry	146,000	146,000
Reserve available for dividend payment	302,344	309,092

Retained earnings

Within 'Retained earnings' the Bank recognises the 'General Reserve'. Section 83 of the Credit Institutions and Financial Enterprises Act requires the Bank to allocate 'General Reserve' amounting to up to 10% of the current year's profit after tax, as a non-distributable income. The reserve may be used only to cover losses related to the Bank's core activities. The total amount of the general reserve was 71,257 million forint at the end of 2025 (in 2024: 58,188 million forint).

Other reserves

Within 'Other reserves' Erste Bank recognises a 'Fair value reserve' of (2,672) million forint together with related deferred tax of 239 million forint in 2025 and a fair value reserve of (79) million forint with related deferred tax of 6 million forint in 2024.

Additional equity instruments (AT1)

'Additional equity instruments (AT1)' includes the issued notes which qualify as Additional Tier 1 (AT1) instruments pursuant to Article 52 CRR. and qualify and constitute direct, unsecured and subordinated obligations of Erste Bank Hungary. AT1 can be cancelled only by the issuer at predetermined dates. The bonds include discretionary non-cumulative coupon payments. Due to these features, they are classified as equity under IFRS. This instrument was issued in 2024 and the total amount of AT1 was 59,234 million forint at the end of 2025.

Dividends on own equity instruments

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders.

Other disclosure matters

43) Related party transactions

Besides subsidiaries, the principal shareholder (parent) Erste Bank also defines other entities and associates which are members of Erste Group as related parties. Furthermore, related parties consist of Management and Supervisory Board Members as well as companies over which these persons have control or significant influence. Transactions with related parties are undertaken on an arm's length basis.

The following terms are used in the below table:

- Parent: being the direct and ultimate parent 'Erste Group Bank AG' for all two periods presented
- Subsidiaries: the subsidiaries are listed in Note 49) of the notes
- Other related parties (Erste Group): all companies in Erste Group other than the Hungarian subsidiaries

Loans and advances and amounts owed to related parties

in HUF million	2024	2025
Other demand deposits	8,660	5,220
Parent	8,540	5,144
Other related parties (Erste Group)	120	76
Loans and advances to credit institutions ¹⁾	43,667	39,579
Subsidiaries	43,647	39,579
Other related parties (Erste Group)	20	0
Loans and advances to customers	653	518
Subsidiaries	—	0
Other related parties (Erste Group)	653	518
Derivative financial instruments - asset	28,013	25,075
Parent	26,018	23,321
Subsidiaries	1,901	1,693
Other related parties (Erste Group)	94	61
Other assets	22,063	8,108
Parent	16,794	4,378
Subsidiaries	5,262	3,704
Other related parties (Erste Group)	7	26
Deposits by banks	316,764	332,997
Parent	37,779	10,927
Subsidiaries	278,848	321,910
Other related parties (Erste Group)	137	160
Customer deposits	243,019	274,481
Subsidiaries	242,430	273,711
Other related parties (Erste Group)	589	770
Derivative financial instruments - liabilities	38,279	19,401
Parent	36,557	16,486
Subsidiaries	1,711	2,908
Other related parties (Erste Group)	11	7
Other liabilities	18,398	14,734
Parent	71	6
Subsidiaries	13,917	14,144
Other related parties (Erste Group)	4,410	584
Subordinated liabilities	69,825	65,610
Parent	69,825	65,610
Loan commitments	56,273	74,276
Parent	6,188	5,485
Subsidiaries	48,587	68,411
Other related parties (Erste Group)	1,498	38

1) Average contractual interest rate:

2025: 3.68%

2024: 3.78%

No significant credit loss allowance was booked related to these deals.

The amount of the loans provided to the members of the Board of Directors was 12 million forint (12 million forint in 2024) and the amount of its interest was 0.21 million forint in 2025 (0.0045 million forint in 2024).

Income and expenses to related parties

in HUF million	2024	2025
Interest Income	54,618	34,337
Parent	48,944	31,286
Subsidiaries	5,626	3,003
Other related parties (Erste Group)	48	48
Interest Expense	(101,789)	(85,389)
Parent	(72,408)	(54,615)
Subsidiaries	(29,158)	(30,583)
Other related parties (Erste Group)	(223)	(191)
Fee and commission income	26,700	29,623
Parent	839	627
Subsidiaries	25,853	28,987
Other related parties (Erste Group)	8	9
Fee and commission expense	(629)	(754)
Parent	(161)	(217)
Subsidiaries	(365)	(420)
Other related parties (Erste Group)	(103)	(117)
Dividend income	21,782	15,505
Subsidiaries	21,782	15,505
Other Income/(Expense)	(12,589)	(13,195)
Parent	(508)	(1,214)
Subsidiaries	(630)	(28)
Other related parties (Erste Group)	(11,451)	(11,953)
Net trading result	13,993	45,636
Parent	16,606	49,343
Subsidiaries	(2,606)	(3,227)
Other related parties (Erste Group)	(7)	(480)
Other operating result	5,790	(3,150)
Parent	147	6
Subsidiaries	5,601	(3,227)
Other related parties (Erste Group)	42	71
Net impairment loss on financial instruments	2	-11
Parent	-1	1
Subsidiaries	3	-12
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	(18,156)	0
Parent	(18,156)	0

Related party transactions to Management and Supervisory Board Members and Board of Directors**Management compensation**

in HUF million	2024	2025 plan
Fixed salary	770	783
Performance related compensation	718	783
Other compensation	144	148
Total	1,632	1,714

The internal members of the Management Board (the internal members of the Board of Directors) do not receive any additional compensation for their board memberships. The compensation of management board members is based on the individual's responsibilities, the achievement of corporate targets and the group's financial situation.

The above includes employment related compensation only, severance payments are not included.

'Other compensation' includes other contractual allowances.

In accordance with Erste Bank's Remuneration Policy – which is based on CRD V by EU (Capital Requirements Directive V) on remuneration policies and the Hungarian Banking Act - management board members are recognised as identified staff and the following special rules are applied for their performance related compensation:

- The performance related compensation is based both on Erste Bank financial results and individual performance. The bonus amount is defined by qualitative and quantitative key performance indicators (KPIs) agreed by Erste Group HR and Erste Group Performance Management. Applied KPIs are risk adjusted financial result indicators, business specific objectives and leadership competencies.
- 60% of the performance related compensation is granted as upfront payment and 40% is deferred for 4 years in equal instalments. When a bonus amount exceeds 150 000 euro a ratio of 40% upfront payment and 60% deferral is applied. Deferred amounts are subjects to re-evaluation and might be decreased based on its result.
- Minimum 50% of both upfront and deferred payments have to be non-cash instruments. Erste Bank chooses the phantom stock plan of Erste Group as a non-cash instrument. Non-cash instruments have to be held for a retention period of 1 year.

The variable part of the management board's remuneration, including both cash payments and share-equivalents, is distributed over five years in accordance with legal requirements and is paid out only under certain conditions. Share-equivalents are not exchange-traded shares but phantom shares settled in cash that are paid out in cash after a one-year vesting period based on defined criteria.

For 2025, performance-linked remuneration and share-equivalents are planned to be paid out, in line with MNB and ECB guidelines, as per below:

Performance related compensation

in HUF million	2024	2025 plan
Cash payment for performance period	144	157
Deferred Bonus in cash for next performance periods	215	235
Deferred Bonus in share equivalent for next performance periods	359	391
Total	718	783

Breakdown of Supervisory Board and Board of Directors compensation

in HUF million	2024	2025 plan
Supervisory Board compensation	42	40
Board of Directors compensation	1,650	1731
Total	1,692	1771

Supervisory Board compensation includes only the external members remuneration received for the duties in the supervisory body; severance payments are not included.

The remuneration of the internal members of the Board of Directors includes employment related compensation only received by in their functional positions. They are not paid any additional compensation for their board memberships.

The Supervisory Board of the Bank as of 31 December 2025 is set-up of two local employee members (who do not receive any payment for their memberships) and three external members who do not have any functional responsibility within the company.

In 2025 the external members of the Supervisory Board received a compensation of 40 million forint per year for the membership (in 2024 42 million forint).

The Board of Directors of the Bank as of 31 December 2025 is set-up of the members of the managerial board and three external members who do not have managerial responsibility within the company. The external members received a compensation of 16,9 million forint per year for 2025 (in 2024 17,9 million forint).

Employee share program

Employees, who had an active employment relationship with Erste Group for at least 6 months on the balance sheet date, will receive free shares of Erste Group Bank AG in an amount equivalent to net 350 euro, provided that the Annual General Meeting of 2026 decides to distribute dividends. The expected number of free shares, which are granted under this program for the period, is 5,917 (during the calculation we used the share price available on 31.12.2025). Based on the number of entitled employees, personnel expenses in the amount of 223,1 million forint, booked for the year 2025, together with the related accrual.

When Erste Bank grants an award of equity in its parent to its employees and settles the award itself, it accounts for the award as cash-settled, since it is settled not in its own equity, but in the equity of its parent. From the perspective of Erste Bank's separate financial statements, the equity of the parent is a financial asset [IFRS 2.B55]. For the purposes of Erste Bank's separate financial statements, IFRS 2 requires the award to be accounted for as cash-settled, with the fair value recalculated at each reporting period.

Organisation of Erste Bank Hungary Zrt.

- (i) the Sole Shareholder;
- (ii) the Board of Directors;
- (iii) the Supervisory Board;
- (iv) the Audit Committee (as sub-committee of the Supervisory Board);
- (v) the Remuneration Committee;
- (vi) the Nomination Committee
- (vii) the Risk Governance Committee and
- (viii) the Managing Board.

The Sole Shareholder exercises the powers of the supreme body of the Bank. The Sole Shareholder decides in writing on the issues falling within the powers of the supreme body and such decisions shall take effect upon the communication thereof to the managing body.

Members of the Board of Directors

The Board of Directors is the managing body of the Bank, which directs the operation, as well as the management of the Bank within the framework of the laws, the Statutes, and the resolutions passed by the Sole Shareholder of the Bank, as well as with taking into consideration the recommendations made by the Supervisory Board.

The Board of Directors consists of 3 (three) members at the minimum (9 members on 31 December 2025). The members of the Board of Directors shall be elected by the Sole Shareholder for a maximum of 5 (five) years. The members of the Board of Directors may be re-appointed and recalled at any time by the Sole Shareholder. Such persons may be elected as members of the Board of Directors who comply with the conditions set out in the Civil Code, the Banking Act, other laws and Erste Bank Hungary Zrt.'s Statutes.

Members of the Supervisory Board

The Supervisory Board consists of a minimum of 3 (three) and a maximum of 9 (nine) members (5 members on 31 December 2025) who are elected by the Sole Shareholder for a maximum of 5 (five) years. The members of the Supervisory Board may be re-elected and recalled by the Sole Shareholder.

The members of the Supervisory Board may be executive officers and Supervisory Board members in other business organisations pursuing – among others – the same activity as the Bank. If such business organisation pursuing (among others) the same activity is not a member of Erste Group, the approval of the Sole Shareholder is necessary for holding such position in the other business organisation.

The Sole Shareholder shall elect the chair of the Supervisory Board from its members.

The Chair of the Supervisory Board may be invited to the meetings of the Board of Directors with consultation rights.

Members of the Remuneration Committee

The members of the Committee shall be 3 (three) delegated person from the external members of the Board of Directors.

The chair of the Committee is elected by the Committee itself from the members of the Committee.

Members of the Nomination Committee

The members of the Committee shall be 3 (three) delegated person from the members of the Supervisory Board. The chair of the Committee is elected by the Supervisory Board from the members of the Committee.

Members of the Risk Governance Committee

The members of the Committee shall be 3 (three) delegated person from the external members of the Board of Directors.

The Risk Governance Committee elects the chair of the Committee from among the members of the Committee.

Members of the Managing Board

The Managing Board (the "Managing Board") is a body that exercises operative control over the Bank, makes the necessary decisions and specifies principles to manage the daily operation of the Bank and shall be established by the Board of Directors, within its own organisation. Members of the Managing Board are the Chair of the Board of Directors, the Chief Executive Officer of the Bank and each deputy CEO if such person is a member of the Board of Directors.

44) Audit fees and consultancy fees

The following table contains audit and other fees invoiced by the auditors, PwC in the fiscal years 2024 and 2025:

in HUF million	2024	2025
Audit fees	211	253
Other assurance services	105	76
Other services	68	243
Total	384	572

Other assurance services includes the CSRD (Sustainability Reporting) audit fees.

45) Assets and liabilities denominated in foreign currencies

Assets and liabilities not denominated in forint were as follows:

in HUF million	2024	2025	of which outside Hungary	
			2024	2025
Assets	919,907	1,418,939	57,307	58,645
EUR	899,788	1,335,022	52,434	48,150
CHF	2,212	31,373	1,309	644
USD	15,698	48,532	1,969	6,408
JPY	215	237	103	30
Other	1,994	3,775	1,492	3,413
Liabilities	1,422,508	1,515,815	110,946	32,251
EUR	1,190,164	1,083,378	104,279	28,216
CHF	17,531	16,905	971	401
USD	200,709	397,121	4,840	3,387
JPY	415	4,105	9	169
Other	13,689	14,306	847	78

Further details of the exchange rate open positions in Note 33) 'Market Risk'.

46) Analysis of remaining maturities

The breakdown of expected remaining maturities of the Bank's assets and liabilities are modelled:

in HUF million	2024		2025	
	< 1 year	> 1 year	< 1 year	> 1 year
Assets				
Cash and cash equivalents	673,283	-	364,205	-
Financial assets held for trading	62,524	34,332	186,330	21,155
Derivatives	32,769	34,332	21,185	21,155
Other financial assets held for trading	29,755	-	165,145	-
Non-trading financial assets at fair value through profit or loss	44,103	404,985	78,225	511,037
Equity instruments	-	4,213	-	5,905
Debt securities	-	545	-	219
Loans and advances to customers	44,103	400,228	78,225	504,913
Financial assets at fair value through other comprehensive income	-	362,528	88,077	470,036
Debt securities	-	362,528	88,077	470,036
Financial assets at amortised cost	928,773	2,240,664	1,217,061	2,024,818
Debt securities	141,806	897,824	211,525	736,563
Loans and advances to banks	99,247	182,030	154,347	181,111
Loans and advances to customers	687,720	1,160,810	851,189	1,107,144
Finance lease receivables	10,184	23,893	14,334	23,438
Property and equipment	-	30,969	-	34,943
Investment properties	-	191	-	189
Intangible assets	-	30,304	-	32,567
Investments in joint ventures and associates	-	-	-	104,232
Deferred tax assets	-	364	-	977
Trade and other receivables	13,701	-	11,759	-
Other assets	47,215	13	46,784	12
Total assets	1,779,783	3,231,199	2,006,775	3,223,404

in HUF million	2024		2025	
	< 1 year	> 1 year	< 1 year	> 1 year
Liabilities and equity				
Financial liabilities held for trading	25,498	29,299	22,944	18,031
Derivatives	25,498	29,299	22,944	18,031
Financial liabilities at amortised cost	2,653,451	1,573,356	2,718,861	1,745,788
Deposits from banks	239,945	397,940	231,215	366,033
Deposits from customers	2,184,972	1,002,169	2,284,636	1,243,053
Debt securities issued	228,534	173,247	202,196	136,702
Other financial liabilities	-	-	814	-
Lease liabilities	3,920	15,278	3,592	10,696
Provisions	8,368	(1,479)	3,287	5,356
Current tax liabilities	11,618	-	5,788	-
Other liabilities	79,177	-	67,815	-
Total equity	-	612,497	-	628,021
Equity attributable to owners of the parent	-	612,497	-	628,021
Subscribed capital	-	146,000	-	146,000
Additional paid-in capital	-	117,492	-	117,492
Retained earnings and other reserves	-	349,005	-	364,529
Total liabilities and equity	2,782,032	2,228,950	2,822,287	2,407,892

47) Events after the balance sheet date

Change in the mandatory reserve ratio

Effective 1 March 2026, following the decision of the Monetary Council, the Hungarian National Bank reduced the compulsory reserve requirement for banks from 8% to 6%.

Reduction of the base rate

Starting from 25 February 2026, the Hungarian National Bank reduced the base rate by 25 basis points to 6.25%.

Conflict in the Middle East

The conflict in the Middle East does not have a direct impact on Erste Bank, as the Bank's exposures to the affected countries are not significant; therefore, no risk provisions are required in relation to the conflict. However, certain indirect effects must be considered, such as increased volatility in financial markets and secondary impacts on customers arising from disruptions in supply chains. Further geopolitical tensions may lead to economic difficulties; however, their impact cannot be reliably estimated at this time.

Dividend

The proposed dividend to be presented at the Annual general meeting is amounting to 120 billion forint.

48) Other information**Erste Bank's signing representatives for separate financial statements of business year 2025:**

Name	Address
Radován Jelasity	1055 Budapest, Kossuth Lajos tér 13-15. 2. em. 9.a
Manfred Schmid	1051 Budapest, Dorottya utca 6. 5.e. 528.a

Responsible for preparation of the separate financial statements:

dr. Edina Bodonyi-Kovács (mother's maiden name: Emma Székely)

Registration number: 151013, certificate number: 006745, registration expertise: IFRS, finance

49) Details of the companies wholly or partly-owned by Erste Bank at 31 December 2024 and 2025 respectively

Company name	Interest of Erste Bank in % - directly or indirectly at 31.12.2024	Interest of Erste Bank in % - directly or indirectly at 31.12.2025
Subsidiaries:		
Erste Befektetési Zrt.	100%	100%
Erste Ingatlan Kft.	100%	100%
Erste Lakástakarék Zrt.	100%	100%
Collat-real Kft.	100%	100%
Erste Jelzálogbank Zrt.	100%	100%
Commerzbank Zrt. "v.a."	100%	100%
Erste Tower Kft.	100%	100%
Other investments:		
Union Vienna Insurance Group Zrt.	1.36%	1.36%
Budapest Stock Exchange Ltd.	2.32%	2.32%
Garantiqa Hitelgarancia Zrt.	1.86%	1.86%
VISA Incorporated	0.000004%	0.000004%

in HUF million	Subscribed capital 2024	Subscribed capital 2025
Subsidiaries:		
Erste Befektetési Zrt.	2,000	2,000
Erste Ingatlan Kft.	141	141
Erste Lakástakarék Zrt.	2,000	2,000
Collat-real Kft.	3	3
Erste Jelzálogbank Zrt.	3,015	3,015
Commerzbank Zrt. "v.a."	2,467	2,467
Erste Tower Kft.	42,000	42,000

The Bank opted to measure investments in its subsidiaries at cost in accordance with IAS27.

The registered office of all of the subsidiaries is 24-26. Népfürdő utca, 1138 Budapest, Hungary.