

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS OPERATIONS IN 2024



GRÁNIT BANK
PUBLIC LIMITED COMPANY
INDIVIDUAL BUSINESS REPORT
31 DECEMBER 2024

BUDAPEST, 7 APRIL 2025

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Gránit Bank closed one of its most successful business years in 2024 and became a publicly listed Company through the most substantial initial public offering in 25 years; the IPO had a valuation in excess of the sector average

1. Introduction to Gránit Bank

1.1. A brief history

Over the past decade, the Bank has achieved faster growth than the sector average and has been at the forefront of innovation.

The Bank started trading under the name GRÁNIT Bank in May 2010, when it was still effectively an empty, “greenfield” bank operating with total assets of barely over HUF 7 billion. After fourteen and a half years of operations, as of the end of December 2024, Gránit Bank had achieved an individual balance sheet total of HUF 1,598.2 billion and an individual pre-tax profit of HUF 18.0 billion, continuously growing the number of its retail and corporate customers, and its deposit and loan volumes.

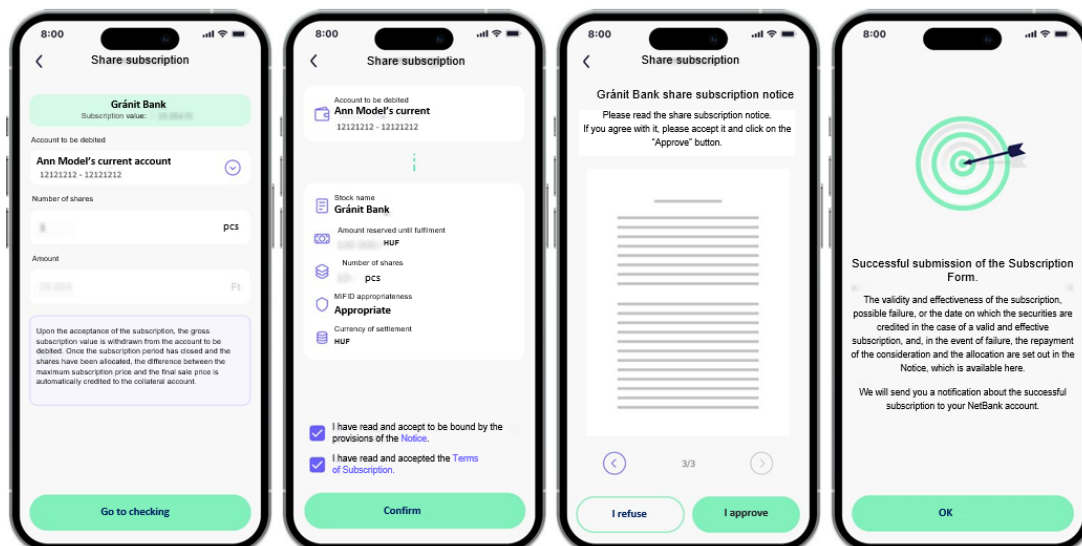
As a result of its dynamic growth, Gránit Bank has now become a major actor in the financial sector, while the business model it has implemented has earned widespread professional recognition. The Bank engages in extremely conservative lending practices that comply with market standards; as part of its wide-ranging activities, it has also participated in a wide range of economic development and residential programmes (MNB NHP, NKP bond programme, Gábor Baross Reindustrialisation Loan Programme, Széchenyi card/loan schemes, MFB Points, Eximbank refinancing schemes, CSOK, Green Loan Programme, etc.), has been a BUBOR market maker since 2018, actively participates in programmes aimed at improving financial literacy, is a committed supporter of environmentally conscious banking, and also supports the development of national culture and sports.

In recent years, the Bank has carried out a number of successful acquisitions in line with its long-term business strategy. By the end of 2024, it has become a Banking Group that has three major subsidiaries.

In 2022, Gránit Bank acquired a majority stake in Equilor Befektetési Zrt; in 2023, it acquired Gránit Alapkezelő Zrt (formerly known as Diófa Alapkezelő Zrt), while in July 2024 the Bank acquired a 100% stake in Gránit Lízing, which was purchased from the Dutch DeLage Landen company.

Its dynamic growth makes the Bank an attractive investment opportunity for investors, as demonstrated by a steady increase in the number of owners and shareholders.

Management decided it was time for the Bank to go public, which had been a strategic objective from the outset. In December 2024, with more than three times oversubscription, the Bank completed a highly successful IPO worth HUF 17.7 billion. Through the IPO, the Company’s ordinary shares were listed on the Budapest Stock Exchange. It has been the most substantial capital raising in the CEE region in the last 25 years through an IPO, involving more than 1,800 new investors, both private and institutional.



1.2. The Bank's ownership structure

Gránit Bank was established in 2010, when Sándor Demján bought the former Hungarian subsidiary of WestLB. Éva Hegedüs is one of the bank's founding co-owners (through her stake in E.P.M. Kft.). Having developed the digital business model, she has led the bank as its CEO since the outset. (Through E.P.M. Kft.,) the CEO has remained a minority shareholder in the bank, and thus has an interest in increasing the bank's shareholder value not only as its chief executive officer, but also as an owner.

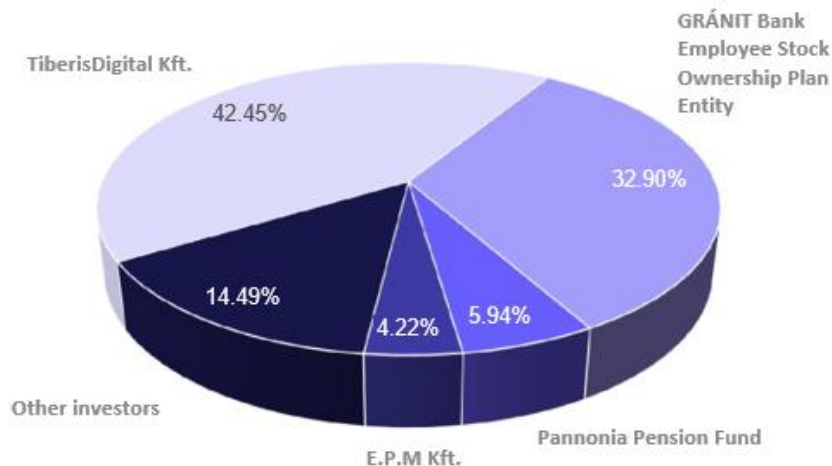
Since 2010, the Bank's ownership circle has gradually expanded to include institutional, financial and private investors.

In 2022, István Tiborcz became the Bank's key owner through Tiberis Digital Kft. The transaction was driven by the bank's innovative digital strategy and dynamic growth, while no changes were made to its strategy and management.

Gránit Bank launched its first employee share ownership programme (ESOP) in 2017, which was followed by three more. The main goal of the programmes was to further motivate employees to increase shareholder value in the long term. In October 2024, prior to the initial public offering, Gránit Bank's ESOP Entity completed a capital increase of HUF 30 billion, increasing its ownership stake to 32.90%.

During the IPO carried out in December 2024, HUF 17.7 bn of new capital was raised, 65% from private investors and 35% from institutional investors. Through the transaction, the Bank's ordinary shares were listed on the Budapest Stock Exchange. The shares were sold through Gránit Bank, Equilor Befektetési Zrt., MBH Bank Nyrt. and MBH Befektetési Bank Zrt. 61.6% of all accepted offers were subscribed with Gránit Bank; more than 90% of such subscriptions were made through the bank's mobile application, reflecting the investor community's commitment to digitalisation.

Gránit Bank Nyrt's ownership structure as at 31 December 2024



Name of shareholder	Proportion within ordinary shares
TiberisDigital Kft.	39.19%
Gránit Bank Employee Stock Ownership Plan Entity	34.96%
Pannonia Pension Fund	6.31%
E.P.M Kft.	4.15%
Other small investors	15.39%
Total	100.00%

In the initial public offering carried out at the end of 2024, the shareholders E.P.M. Tanácsadó Kft., the GRÁNIT Bank ESOP Entity, MBH Gondoskodás Pension Fund, Pannónia Pension Fund and Tiberis Digital Kft. pledged not to sell or transfer their ordinary shares held prior to the transaction on the stock exchange or through an OTC transaction for a period until the end of the 6th month from the first day of trading of the shares (23.12.2024) (lock-up).

An exception to this commitment is the sale of the MBH Gondoskodás Pension Fund and the Pannónia Pension Fund pursuant to Section 9(1) of Gov. Decree No 281/2001 (XII. 26.) in order to comply with the law.

1.3. Ownership of securities issued by GRÁNIT Bank Nyrt. by persons performing managerial functions as at 31 December 2024

Type	Name	Job title	Start of order	End of order	Treasury shareholding
Board of Directors	Éva Hegedűs	chairman and CEO, chairman of the Board of Directors	2010	2027	Indirectly, through E.P.M. Tanácsadó Kft. 61,375 preference shares and 750,143 ordinary shares
Board of Directors	Péter Bence Jendrolovics	member of the Board of Directors, deputy CEO, Retail Division	2022	2027	1727 ordinary shares
Board of Directors	János Major	member of the Board of Directors, deputy CEO, IT and Subsidiaries Directorate	2022	2027	0
Board of Directors	Dr. Judit Tóth	member of the Board of Directors	2022	2027	0
Board of Directors	István Vida	member of the Board of Directors	2024	2027	0
SB	Sándor Nyúl	President of the Supervisory Board	2012	2027	10,405 ordinary shares
SB	Dr. Judit Gubuznai	member of supervisory board	2022	2027	0
SB	István Árkovics	member of supervisory board	2022	2027	200 ordinary shares
SB	Márton Oláh	member of supervisory board	2024	2027	0
SB	Szabolcs Gábor Tóth	member of supervisory board	2024	2027	0
managing director	Jenő Siklós	Deputy CEO, Financial and Operations Division (First Deputy CEO)	2011	indefinite term	53,934 ordinary shares
managing director	László Balázs Hankiss	Deputy CEO, Strategic Division	2017	n/a	0
managing director	Zoltán Nagy	Deputy CEO, Compliance Directorate	2013	n/a	100
managing director	Zoltán Béla Tölgyesi	Deputy CEO, Corporate Division	2016	n/a	200

2. Corporate Governance Statement

GRÁNIT Bank Nyrt. is a credit institution domiciled in Hungary and therefore has a corporate governance system in accordance with the provisions of the Civil Code ('Ptk.'), which also governs businesses, and operates in compliance with the legal provisions applicable to credit institutions. In addition to the applicable legal requirements, it annually declares its compliance with the Corporate Governance Recommendations of the Budapest Stock Exchange, which is published on the website of the Stock Exchange (www.bet.hu) and the website of GRÁNIT Bank Nyrt. (www.granitbank.hu) once it has been adopted by its General Meeting.

2.1. System of internal controls

The Bank has developed and operates its internal lines of defence in accordance with the relevant legal requirements, supervisory requirements and the specificities, scope, complexity and risks of the service activities conducted by the Bank.

Accordingly, the Bank has developed and operates internal lines of defence that promote:

- the reliable and efficient operations of the Bank in accordance with laws and internal regulations,
- the protection of the Bank's assets, as well as the economic interests and social goals of its customers and owners,
- through these, the Bank's smooth and efficient operations and the preservation of trust towards the Bank.

The Bank's internal lines of defence comprise responsible internal governance and the internal lines of defence, such as the first line of defence (controls embedded in business processes), the second line of defence (risk control and compliance) and the third line of defence (internal audit). The Bank ensures the implementation of responsible internal management by establishing and operating the organisational structure, organisation and system of bodies and commissions defined in its Organisational and Operational Regulations, and by exercising management and control functions. The tools of the internal control functions are risk control functions, the compliance function and the internal audit function. The Bank's separate policies govern these tools, which are independent of each other and the functions they control.

The Bank has detailed risk management policies in place, which cover all types of risks and are in line with national and EU legislation governing prudent banking practices.

2.2.IT controls

Gránit Bank has the necessary regulatory framework in place for the operation of its IT systems, and its policies are in compliance with the applicable legal requirements.

IT investments and improvements are determined on the basis of business objectives.

The Bank's applications are developed by contracted development partners.

Gránit Bank applies risk-based administrative, logical and physical control measures to protect its IT systems for data storage and management.

The Bank:

- has a data asset management system that ensures appropriate physical and logical controls are in place;
- has an IT risk management system that is capable of effectively managing risks to IT systems;
- has operational instructions and technical and accounting documents in place for the operation of its IT systems;
- has an adequate level of physical protection to safeguard its IT systems;
- access to data and systems is only possible on the basis of a predefined authorisation management process based on the necessary minimum principle (ensuring the segregation of responsibilities and regular monitoring of access rights and the timely revocation of access for staff members leaving the company);
- user authentication, authorisation assignment and password management are controlled and monitored;
- the test environment of IT systems is separate from the live environment and an appropriate change management process is in place;
- IT systems are protected by appropriate network perimeter protection and security devices, segmentation, and network communications are secured by encryption;
- the regular backup and storage of the IT system storing and managing the data are properly controlled, and the secure long-term preservation of backup media is ensured;
- high availability of IT systems is provided to ensure business continuity and disaster resilience of the IT systems which store and manage data;

- a Disaster Recovery Plan (DRP) to recover critical systems and a Business Continuity Plan (BCP) to manage critical business processes are in place, tested and reviewed annually in accordance with internal policies;
- confidential storage, availability, integrity and authenticity of log files are ensured;
- in its regulatory system, IT security requirements are adequately ensured;
- IT and related policies are regularly reviewed and updated at the intervals specified in the relevant policies and in the event of major changes;
- ensures that vulnerability scans and penetration tests are carried out on its IT systems on an ongoing basis;
- maintains a software inventory that includes the software that can be installed, tolerated or prohibited on IT equipment;
- regularly organises data protection and IT security training and awareness campaigns for its employees.
- the protection of its IT systems against malicious code is continuous and up-to-date;
- ensures that vendor patches and updates for the environments used are installed regularly;
- implements data leakage protection solutions to mitigate data leakage risks;
- ensures continuous monitoring of its IT infrastructure and the detection and management of incidents;
- ensures that the measures implemented by the IT organisation are documented at an appropriate level, which ensures adequate traceability of the implementation of data security requirements;
- ensures the appropriate handling, safe storage, deletion and, where necessary, destruction of data media;
- enforces data protection requirements at the design stage and throughout the life cycle of the IT system storing and processing personal data;
- has appropriate Incident Management Procedures in place which adequately cover the relevant actions from the detection of an incident until its closure.
- has a procedure for teleworking in place, which includes the applicable technical and safety requirements;

2.3. Risk management

The Bank's internal lines of defence comprise responsible internal management and second- and third-line internal control functions that complement the controls built into the business processes (i.e. the first line of defence).

The second line of defence includes the risk control function and the compliance function, while the third line of defence comprises the internal audit function (collectively referred to as 'internal control functions'). The internal control functions are independent of each other and of the departments and activities they control and supervise.

The Bank's risk management organisation has been designed along the internal lines of defence.

The Bank operates a Risk Management Directorate and a Problem Case Management Department as part of its first line of defence, a Risk Management Methodology Directorate performing the risk control function as part of the second line of defence and a Compliance Directorate performing the compliance function.

The risk management organisation is complemented by a complex structure of internal committees. In the risk area, the Bank has the following committees in place:

- Lending Committee
- Asset-Liability Committee
- Problem Claims Committee

As part of its responsible internal governance, the Bank has a Board of Directors and a Supervisory Board to carry out the management and supervisory functions respectively.

In its annual report, the Bank provides information on the operation of its internal control system and the effectiveness of its risk management procedures.

The Bank manages its risks prudently and conservatively, and makes sure that its customers should not become indebted to an extent over their capacity of repayment, which must not be exceeded even during a potential economic turbulence.

The Bank's portfolio of assets is of impeccable quality thanks to the Bank's exceptionally well-regulated and conservative risk-taking policy.

The Bank develops its portfolio in compliance with conservative risk management and prudent business policy to ensure the best possible quality of it. The Bank's risk management strategy and policies are reviewed annually with the involvement of the relevant areas and are approved by the Board of Directors.

The organisational framework of the process by which risk appetite can be established, the extent of the risks undertaken can be monitored and continuously maintained, has been set out within the risk strategy. The Bank does not limit risk management activities to the risk management areas only, as being a company with a risk-conscious approach, the management of the Bank's risks is also the responsibility of its governing body, its management and employees alike.

The main principles of the policies pertaining to risk mitigation and credit risk coverage, the strategies and processes for risk mitigation and the control of the effectiveness of credit risk coverage tools, as well as the key aspects of the measurement of collateral, are set out in the Bank's Collateral measurement policy.

Key elements of the Bank's effective risk management activities

- effective communication of risks and risk appetite within the organisation,
- continuous improvement in the identification, measurement, monitoring and management of risks,
- keeping key risk management processes and procedures up-to-date and user-friendly,
- improving the performance of risk management processes; and
- employing an appropriately skilled workforce.

2.4. Description of the Bank's internal control system

The internal control system of Gránit Bank Nyrt covers the entire operation of the Bank and the Banking Group, all members and departments of the Group, including those areas with internal control functions and special control functions and tasks, as well as its business processes and activities, including outsourced activities.

The Bank has designed its system of internal control in accordance with the specific nature, scope, complexity and risks of the service activities it performs. The internal control system is based on the Bank's databases and is supported by comprehensive analyses and risk assessments.

The control system consists of embedded controls, ex-ante and ex-post management controls, as well as independent internal and external audits; it also includes a management information system.

Internal Audit is managed and supervised by Gránit Bank Nyrt's Supervisory Board in accordance with the applicable provisions of the Credit Institutions Act.

As part of managing the internal control system, the Supervisory Board approves the annual audit plan of Internal Audit, discusses and approves the reports prepared by Internal Audit at least every six months, monitors the implementation of the necessary measures and, if necessary, assists Internal Audit by hiring external experts.

The functional structure of the Bank's internal audit organisation is as follows:

- Group audit and methodological development
- General banking controls
- IT and digitalisation audit

Internal Audit draws up an annual summary report and a semi-annual periodic report on its activities and submits it to the Supervisory Board. The annual summary report drawn up by Internal Audit also covers climate change and environmental risks.

Internal Audit also forwards its audit reports to the Supervisory Board for approval as part of its half-yearly, annual and, where appropriate, ad hoc reporting.

The control system applied at Banking Group level ensures the auditing and functional control of members of the Banking Group concerned. The purpose of the system is to monitor the control environment at subsidiaries, to apply internal control methods in line with international best practices at Group level, to ensure the quality of internal control activities and to regularly inform the Bank's Management Boards of the risks identified by the audits.

Members of the Banking Group develop the internal control methodology at individual level in accordance with the Bank's Internal Control Methodology, and regularly provide data and information on the performance of the individual level control functions in order to ensure the effective operation of internal controls at Group level.

2.5. Shareholders' Meeting

The Bank's supreme governing body is the General Meeting of shareholders. The procedure for convening and operating the General Meeting, and the way in which

participation and voting rights are exercised, are laid down in the Articles of Association.

The General Meeting shall be convened at least once a year by the Board of Directors. The person entitled to exercise a shareholder's rights at the General Meeting is the person whose name appears in the register of shareholders at the time of its closure. Shareholders may exercise their rights to attend the General Meeting and cast their votes there in person or by proxy. The shareholder or shareholder's proxy can participate in the General Meeting if they were registered in the register of shareholders no later than the second working day before the start of the general meeting.

Holders of ordinary registered shares of a nominal value of HUF 1,000 each (ISIN: HU0000094149) are entitled to vote per share at a rate corresponding to the nominal value of their shares. Holders of Series D preference shares (ISIN: HU0000123187) of a nominal value of HUF 1,000 each shall be entitled to ten times the voting rights attached to the nominal value of one share for the decisions described in Section IV.2(2)(b) of the Bank's Articles of Association, while they shall be entitled to the same voting rights as holders of ordinary shares for all other decisions. The Bank's Articles of Association do not restrict the transfer of ordinary shares.

The General Meeting must be convened at least thirty (30) days before its start date, by means of an invitation (announcement) published in accordance with the provisions of section XIV of the Articles of Association. A duly convened General Meeting shall constitute a quorum if it is attended by right holders representing more than half of the votes entitled to be cast. If the quorum is not present, a reconvened General Meeting shall be quorate for matters on the original agenda, irrespective of the voting rights represented by those present, provided that it is convened at least ten days and not more than twenty-one days after the original date.

Unless otherwise provided by the Civil Code or the Articles of Association, the resolutions of the General Meeting require a simple majority of the votes of the shareholders present. In matters listed in points V.1(2)(a), (b), (c), (g), (j) and (q) of the Articles of Association, the proposal for a decision shall be adopted by a majority of at least three-quarters of votes. The decision according to subsection V.1(2) point (o) must be adopted with at least 75% of the votes represented by the shares present. When adopting a resolution of the General Meeting, Section 3:19(2) of the Civil Code shall not apply, i.e. when adopting resolutions of the General Meeting, a vote can be cast by a person who otherwise under Section 3:19(2) of the Civil Code would not have the right to vote on that decision.

The method of exercising voting rights (show of hands, use of ballot papers, etc.) shall be proposed by the Board of Directors and decided by the General Meeting under the agenda item following the election of the officers responsible for conducting the General Meeting.

Minutes of the General Meeting must be taken. The Board of Directors shall place and retain the minutes of the General Meeting and the attendance register among its own documents. The Board of Directors shall submit (a summary of) the minutes of the General Meeting and the attendance register to the court of record within thirty days of the conclusion of the General Meeting. Any shareholder may request the Board of Directors to issue a copy of the minutes of the General Meeting or an extract containing a part of the minutes.

2.6. The Bank's Board of Directors, Supervisory Board and Management

The group of managers responsible for the Bank's operational management and administration has remained virtually unchanged since the foundation of the Bank.

The table below shows the composition of the Board of Directors and the Supervisory Board as at the end of December 2024.

Board of Directors	Supervisory Board
Éva Hegedüs (Chairperson & CEO)	Sándor Nyúl (Chairman)
Péter Bence Jendrolovics (Deputy CEO)	István Árkovics
János Major (Deputy CEO)	Dr. Judit Gubuznai
István Vida (External member of the Board of Directors)	Márton Oláh
Dr. Judit Tóth (External member of the Board of Directors)	Gábor Szabolcs Tóth

Member of the management	Job title
Éva Hegedüs	Chairperson & CEO
László Balázs Hankiss	Deputy CEO, Strategic and Analytical Division
Péter Bence Jendrolovics	Deputy CEO, Retail Division
János Major	Deputy CEO, IT and Subsidiaries Coordination Division
Zoltán Nagy	Deputy CEO, Compliance Division
Jenő Siklós	Deputy CEO, Financial and Operations Division (First Deputy CEO)
Zoltán Béla Tölgyesi	Deputy CEO, Corporate Division

Audit Committee	Job title
Sándor Nyúl	Member of the Audit Committee
Dr. Judit Gubuznai	Member of the Audit Committee
Márton Oláh	Member of the Audit Committee
Szabolcs Gábor Tóth	Member of the Audit Committee

The résumés of members are included in the Responsible Corporate Governance Report.

Changes in personnel

On 14 October 2024, the General Meeting elected Mr. István Vida as a member of the Board of Directors of the Bank for a fixed term from 13 November 2024 to 31

The Bank's management has remained almost unchanged since the beginning

May 2027. The mandate of Mr. László Balázs Hankiss as a member of the Board of Directors ended on 13 November 2024.

On 14 October 2024, the General Meeting elected Mr. Márton Oláh and Mr. Gábor Tóth Szabolcs as members of the Supervisory Board of the Bank for a fixed term from 13 November 2024 to 31 May 2027. With the election of Mr. Márton Oláh and Mr. Gábor Tóth Szabolcs, the term of office of Ms. Gyuláné Lajtos and Mr. István Vida as members of the Supervisory Board ended on 13 November 2024.

On 14 October 2024, the General Meeting elected Mr. Sándor Nyúl, Ms. Judit Gubuznai, Mr. Márton Oláh and Mr. Gábor Tóth Szabolcs as members of the Bank's Audit Committee. Members of the Audit Committee remain in office for a fixed term, i.e. until the expiry of the term of office of the members of the Supervisory Board.

2.7. Operation of Bodies

The Bank has a dual governance structure, where the Board of Directors acts as the executive management body of the company with management powers, while the Supervisory Board acts as the company's executive body with supervisory powers, which is responsible for monitoring the Bank's management, its business affairs, the legality of its operations and, among other things, for adopting the provisions of the Remuneration Policy of the Banking Group. The Audit Committee, as a body, facilitates the effective functioning of the Supervisory Board and monitors the internal control, risk management and reporting systems and the auditor's activities. The Board of Directors has set up and maintains standing committees and other committees to support its management functions, including the Management Committee, the Asset-Liability Committee, the Lending Committee, the Problem Claims Committee, the Subsidiaries Committee and the Committee for Preventing Money Laundering and Terrorist Financing Activities.

The Bank has other standing committees in place to ensure effective operations, including the Consequences Management and Ethics Committee, the Breach of Confidentiality Management Committee and the Fraud Management Committee. Each year, the Bank reports on the functioning of the bodies and committees listed above in the Corporate Governance Report.

In 2024, the Board of Directors met 7 times, while the Supervisory Board was convened 6 times and the Audit Committee met 3 times. In addition to the meetings, 97 resolutions were adopted by written vote for the Board of Directors and 35 for the Supervisory Board.

2.8. Information about the voting securities issued by the Company and about the Company's ownership structure

The Bank's share capital consists of listed ordinary shares and Series D Preference Shares (Voting Preference Shares).

31.12.2024	Nominal value (HUF)	Number of shares	Number of votes per share in general issues, i.e. issues not covered by Series D preference shares	Total number of votes in general issues, i.e. issues not covered by Series D preference shares	Number of votes per share in issues covered by Series D preference shares	Total number of votes in issues covered by Series D preference shares
Ordinary shares	1,000	18,091,889	1	18,091,889	1	18,091,889
Series D preference shares	1,000	1,131,188	1	1,131,188	10	11,311,880
Total		19,223,077		19,223,077		29,403,769

* According to the Company's Articles of Association.

The holders of ordinary shares shall be entitled to voting rights per share as afforded them in accordance with the nominal value of the share.

Each voting preference share has ten times the voting rights attached to the nominal value of the share in the following decisions, which fall under the exclusive competence of the General Meeting according to the Civil Code, under the Articles of Association:

- the election, removal and remuneration of members of the Board of Directors, its Chair and Vice-Chair, and
- the election, removal and remuneration of members and the Chair of the Supervisory Board;
- the establishment and termination of the employment of the Chief Executive Officer; and
- the increase of the share capital or the authorisation of the Board of Directors to increase the share capital.

The Voting Preference Shares, in all other respects, confer rights equal to Ordinary Shares.

The voting preference shares have not been listed on the stock exchange.

Gránit Bank's ownership structure by share class is as follows:

Name of shareholder	Ownership and general voting ratio (%)	Indirect influence on matters relating to Voting Preference Shares (%)
TiberisDigital Kft.	42.45%	60.50%
Gránit Bank Employee Stock Ownership Plan Entity	32.90%	21.51%
Pannonia Pension Fund	5.94%	3.88%
E.P.M Kft.	4.22%	4.64%
Other small investors	14.49%	9.47%
Total	100.00%	100.00%

The voting rights attached to shares are not restricted. The Company is not aware of any agreement between its shareholders that may result in any restriction on the transfer of the issued shares or the voting rights.

2.9. Rules on the appointment and removal of senior officers and amendments to the Articles of Association

The exclusive powers of the General Meeting as defined in Section V.1(2) of the Articles of Association shall include (but is not limited to) the following:

- the establishment and amendment of the articles of association (unless the Civil Code provides otherwise),

- b) election, recall and determining the remuneration of the members, chair and vice-chair of the Board of Directors and of the members and chair of the Supervisory Board, decision on the establishment and termination of the employment of the CEO as the person in charge of the Company's work organisation and who performs the operative management of the Company, election, recall and determination of the remuneration of the Auditor based on the proposal of the Supervisory Board.

In matters listed in point V.1(2)(a) of the Articles of Association, the proposal for a decision shall be adopted by a majority of at least three-quarters of votes.

Unless otherwise provided by the Civil Code or the Articles of Association, the resolutions of the General Meeting require a simple majority of the votes of the shareholders present.

2.10. Description of the powers of senior officers, in particular as regards their powers to issue and buy back shares

The executive body of the Company is the Board of Directors elected by the General Meeting, consisting of the chair, the vice-chair and other members of the Board of Directors.

The work organisation of the Company is headed by the chief executive officer who performs the operative management of the Company and is also the chair of the Board of Directors, and whose duties and competence are determined by the Board of Directors. If the chair of the Board of Directors is unavailable, his/her competence is exercised by the vice-chair of the Board of Directors.

The Board of Directors carries out its activities in accordance with the legislation in force, the Articles of Association, the resolutions adopted by the General Meeting, the Company's internal regulations and the provisions of the Rules of Procedure of the Board of Directors. The Board of Directors exercises the rights conferred on it by the Articles of Association and decides on matters falling within its exclusive competence. The matters within the exclusive competence of the Board of Directors are set out in the Articles of Association.

The Board of Directors shall have exclusive competence in the following areas:

- a) acceptance of the Company's organisational and operational regulations,
- b) acceptance and submission to the General Meeting of the Company's financial statements under the Accounting Act, and making proposals for the use of the after-tax profit,
- c) decision on the increase of the share capital based on the authorisation granted by the General Meeting,
- d) decision to acquire treasury shares based on the authorisation of the General Meeting,
- e) with the prior approval of the Supervisory Board, a decision on the payment of dividends in place of the General Meeting,
- f) exercising of the employer's rights with respect to the employment of the Company's chief executive officer and Deputy CEO as well as the chair of the Company's Board of Directors, subject to the provisions of Article VI.1 (2) d) of the articles of association,
- g) maintenance of the Company's business books in compliance with the rules,
- h) appointing of the Company's employees authorised to sign for the Company,
- i) acceptance of the annual business plan of the Company,

- j) approving new customer limits above the amount set in the procedural rules of the Board of Directors,
- k) reporting on the management and on the Company's net worth position and business policy at least once a year to the General Meeting and every three months to the Supervisory Board,
- l) maintaining the Company's register of shareholders (unless the Civil Code or the articles of association provide otherwise),
- m) approving decisions relating to the establishment, operation and dissolution of the ESOP entity, and on the related costs and expenses, within the limits set out in the Company's Remuneration Policy,
- n) making proposals regarding the latest Remuneration Policy system,
- o) being responsible for implementing the Remuneration Policy as approved and reviewed by the Supervisory Board,
- p) performing other tasks as defined by law or by the authorisation granted by the statutory provisions or by resolutions of the General Meeting,
- q) taking all decisions that do not fall within the exclusive competence of the General Meeting, and that are not referred to the competence of another corporate body by the Company's organisational and operational regulations or the Board of Directors' rules of procedure.

The Board of Directors is authorised to accept the interim balance sheet - in connection with the exercising of rights related to redeemable shares, the acquisition of treasury shares, the payment of dividend advances and increases in share capital that are charged to assets in excess of the share capital - subject to the consent of the Supervisory Board.

2.11. Diversity policies for the Bank's management, executive and supervisory bodies

The Bank's policy places a strong emphasis on ensuring diversity in the selection of its executive bodies and management. The promotion of diversity and inclusiveness is considered a key factor that contributes to the long-term success of the Bank. It ensures that people from different backgrounds, experiences and perspectives can work together to enhance creativity, innovation and the ability to solve problems. This is particularly important for the management and supervisory bodies, where strategic decisions are made and the Bank's direction is shaped. It is considered of paramount importance that professionalism, high-level managerial and human competences, a broad educational background and business experience are taken into account when nominating members of the Bank's managing and executive bodies. In the selection process, the Bank takes into account people's reputation for integrity and reliability. In addition, the Bank is committed to promoting diversity and pays particular attention to increasing the participation of women. In filling senior management positions, the Bank seeks to ensure that both sexes are adequately represented, while also taking into account the principles mentioned above. According to the Bank's strategy in force, the Board of Directors has two female members, while the Supervisory Board has one. As the Bank is a public limited company, the election of the members of the executive bodies is the exclusive responsibility of the General Meeting, which means that, other than the nomination of candidates, the Bank has no substantive influence on its decisions. The Bank's Board of Directors and the Supervisory Board each consist of five members, with a total of three women members in the two Boards. The Bank's management currently consists of seven members, including one female member. Overall, 58% of the Bank's employees are women, while 42% are men.

Hungary was characterised by low production rates and a weakening currency. GDP grew in most EU countries, except Germany, Hungary's most important commercial partner. In the EU, the negative outlook for industrial production, the ongoing Russian-Ukrainian war and the geopolitical situation that this entails pose a major risk to economic growth in 2025.

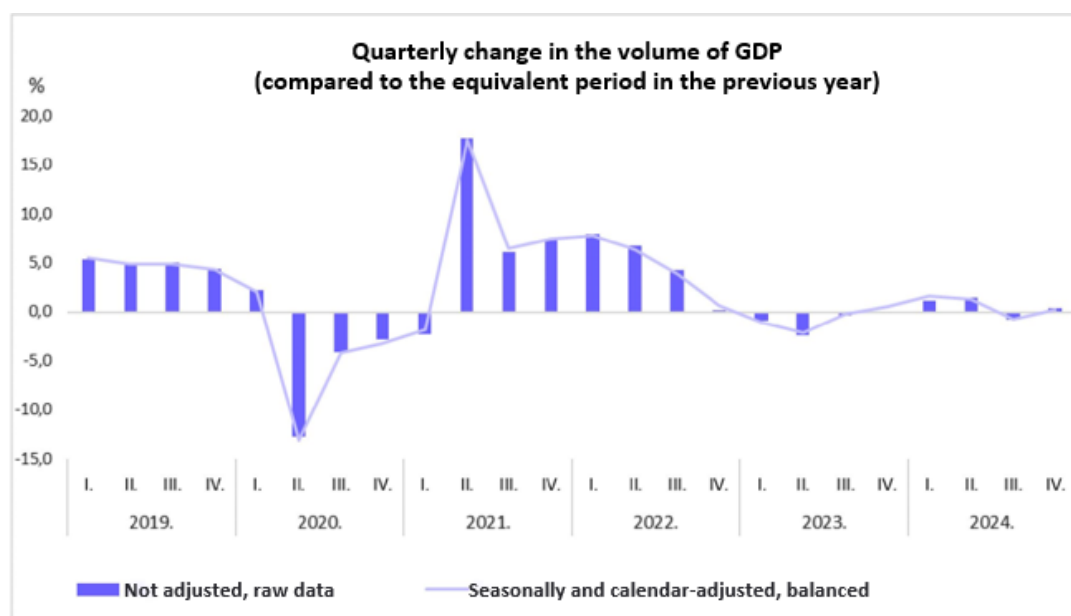
3. Macroeconomy¹

0.6% growth in gross domestic product is expected in 2024 for the Hungarian economy. Moderate growth is therefore expected in 2025, supported by rising household consumption. Prior to the pandemic, the Hungarian economy continued to grow at an annual average rate of 4.1%, which has now slowed down significantly. Inflation in Hungary has slowed to 3.7%. Hungary's credit rating with the major credit rating entities is as follows: Moody's: Baa2 (negative outlook), S&P: BBB- (stable outlook), Fitch: BBB (stable outlook).

3.1. Gross domestic product (GDP)

According to raw data, economic output was 0.5% higher in 2024 than in the previous year, while it was 0.6% higher according to seasonally and calendar-adjusted and balanced data. While the economy grew by 0.2% in the last quarter, it had contracted by -0.7% year-on-year in the third quarter. The first two quarters showed a slight increase on a quarterly basis (1.6 and 1.3 q/q). The slowdown in the second half of the year was due to a decline in industrial production in the heavy industry, construction and agriculture sectors, while there was growth in the services sector. Domestic consumption started to rise slowly in parallel with the rise in real wages. A sharp fall in investment restrained growth by about 4 percentage points. Investment fell in sectors producing for the domestic and export markets, in the public sector and in sectors indirectly linked to the government. This contraction was only partly offset by an increase in household investment.

The unemployment rate dropped to 4.3%. Employment in the private sector remained level. The unemployment rate for the year as a whole was at its lowest in September and October compared to the previous months, while demand for labour also declined.



source: KSH

¹The chapter on Macroeconomy is based on the National Bank of Hungary's Inflation Report for Q4 2024 and the Economic Report of the Hungarian Statistical Office for Q1-Q3 2024.

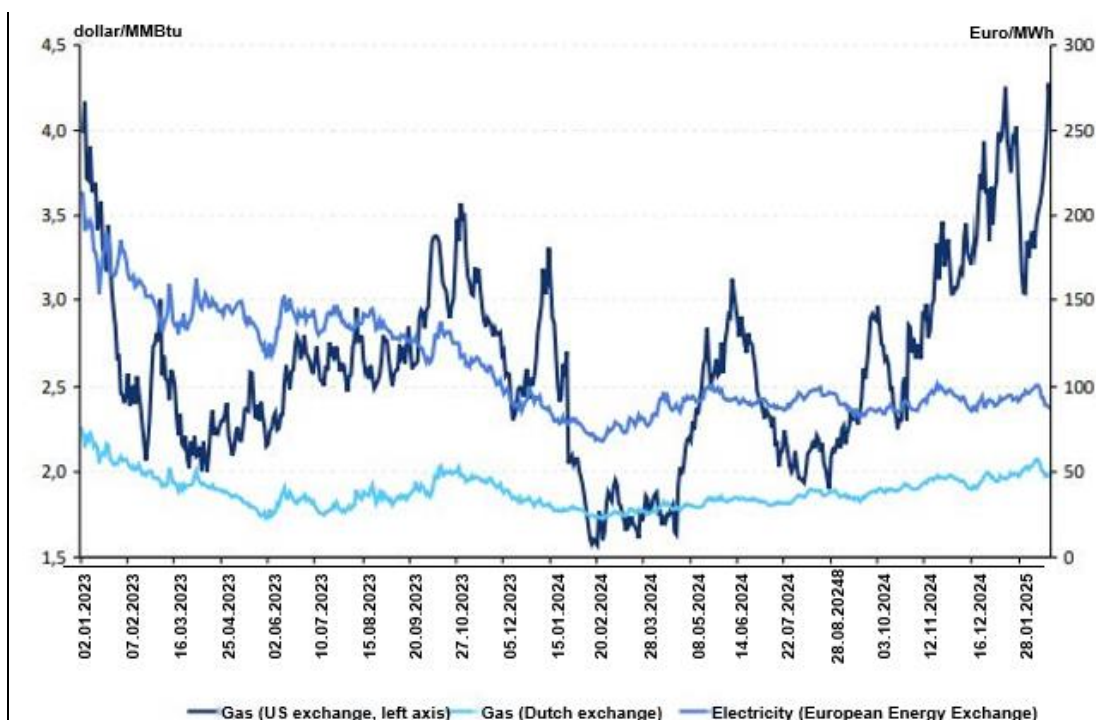
3.2. Changes in the interest rate environment

By the end of September of the period under review, the MNB cut the base rate by 425 basis points to 6.5%, leaving it unchanged ever since. Interbank interest rates (BUBOR) have fallen steadily to 6.5-6.4% in line with the base rate. Of the major central banks, the European Central Bank (ECB) cut its key policy rate by 25 basis points twice, in October and December. The Federal Reserve, acting as the US central bank, cut the federal funds rate by a quarter of a percentage point to between 4.25% and 4.5% at its December policy meeting. In the Central and Eastern European region, the Czech central bank continued to cut its base rate, while the Polish and Romanian central banks left their policy rates unchanged.

The 10-year US bond yield rose to 4.24%, while the German yield dropped to 2.12%. Long yields rose by 10 to 40 basis points across the region. The US dollar strengthened significantly against emerging market currencies towards the end of last year, while it appreciated by 6% against the euro, 4.3% against the Swiss franc and 7.1% against the Japanese yen. In contrast to other currencies in the region, the Hungarian forint weakened significantly toward the end of last year. Both government bond yields and interbank market yields rose.

The MNB's NHP GO! and NKP programmes were exhausted by the end of 2021 and have not been renewed. In 2023, the Hungarian government launched the Gábor Baross Re-industrialisation Loan Programme for enterprises with a budget of HUF 700 billion. In October 2021, the MNB launched the Green Home Programme as a continuation of the Growth Loan Programme (NHP). For domestic individuals, the 'baby loan' programme was launched, the first phase of which expired in 2022 and was extended until the end of 2024.

The per barrel price of Brent crude oil saw significant fluctuations. Its price fluctuated around USD 70-82 in October, around USD 70-75 in November and around USD 71-74 in December. In Europe, the prices of natural gas and electricity were at levels last seen before the Russian-Ukrainian conflict, while prices on the global market fluctuated around EUR 40-50 per MWh.



Source: Bloomberg.

The exchange rate of the Euro fluctuated between HUF 377 and HUF 415, closing the year at HUF 410.09. Market forecasts suggest that the HUF/EUR exchange rate could move between HUF 410 and HUF 450 in 2025.

Hungary's country default spread (CDS) rose to 125 points in 2024.

3.3. Financial institutions sector

The unconsolidated balance sheet total of credit institutions was 6.6% higher at the end of 2024 than a year earlier. The annual growth rate of loans to customers (including bonds issued by businesses and credit institutions) was 8.0% in 2024. Of that growth, loans to non-financial corporations grew by 5.3%, while loans to households increased by 10.7%.

To boost lending to small and medium-sized enterprises and support SME growth, on 1 June 2013, the MNB launched the Growth Loan Programme (NHP), which revitalised lending to the SME sector in two phases. The NHP had a positive impact on investment activity, employment and economic growth. In early 2016, the third phase of the FGS was launched as part of a growth support programme to help banks to switch to market-based lending; at the end of 2018, the MNB announced a new FGS Fix programme to maintain the growth rate of lending to the SME sector, and in 2019 it also announced the Bond Funding for Growth Scheme for companies. On 20 April 2020, the MNB launched the FGS Go! scheme, as part of the FGS, to provide micro, small and medium-sized enterprises with a fast and reliable solution for financing their latest investments and their operations, in order to mitigate the negative economic impact of the coronavirus and avoid disruptions in the credit market.

In 2021, the FGS Go! and Bond Funding for Growth Schemes were exhausted. For the rest of the year, lending was supported by the Garantiqa crisis guarantee schemes, the schemes available under the Széchenyi programmes and those offered by MFB and Eximbank. In October 2021, the NHP Green Home scheme was

introduced in order to promote environmental sustainability in the domestic housing loan market, which could contribute to stimulating the demand for and thereby the supply of green homes.

In February 2023, the Government launched the Gábor Baross Reindustrialisation Loan Programme (Baross Gábor Újraiparosítási Hitelprogram, BGH), which was available to businesses and had an overall budget of HUF 700 billion. With this, in 2023 the Government will provide financing sources of approximately HUF 3,000 billion, equivalent to 4 percent of GDP, to companies through the loan and capital programmes of the Hungarian Development Bank (*Magyar Fejlesztési Bank*, MFB) and Eximbank, as well as the Széchenyi Card (SZKP) programmes. The BGH can be used for any credit purpose on a forint and euro basis. The Programme provided an additional interest discount for investments that improve energy efficiency.

An important contributing factor to the growth in household loan volumes was the borrowing linked to the “babaváró” support scheme for expectant mothers launched in July 2019, a product that has served as a catalyst for growth in retail lending in general in 2022, while the measures launched under the Family Protection Action Plan will also provide support for an upswing in demand for loans.

In October 2024, the Hungarian government announced a 21-point economic policy action plan, which includes recovery measures. As part of those measures, the Worker Loan scheme was launched in January 2025 to encourage young workers without a college degree to take out loans. The Village Home Renovation Programme was launched at the same time. As part of the Economic Policy Action Plan, a large-scale equity financing programme for SMEs, the Sándor Demján Programme, an SME Investment Incentive Programme, was also launched in January 2025, followed by the EXIM Bank Export Support Programme.

3.4. Outlook

In 2020 the fight against the coronavirus epidemic and in 2021 the economic recovery determined economic developments. In 2022 it was the consequences of inflation and the Russian-Ukrainian conflict (high inflation, sanctions, fluctuating energy prices) that shaped monetary and economic policy responses, while 2023 was about falling inflation and interest rates, as well as a shrinking and stagnating economic growth. In 2023, consumer prices remained high but increased at a decelerating rate from the second half of the year, and interest rates were still high on an annual average basis. 2024 saw a decline in both the growth rate of consumer prices and the interest rate environment and the rate of inflation came within the MNB's tolerance band, while gross domestic product growth remained low. The Russian-Ukrainian conflict has remained unresolved while a new war-torn situation has emerged in the Middle East.

In 2024, consumer prices in Hungary rose by 3.7% on an annual basis. In January 2025, inflation continued to rise, temporarily creeping above the MNB's tolerance band. However, it is expected to fall during the year and will probably reach the desired 3% rate only in January 2026. In 2025, we will see a depreciation of the foreign exchange rate and changes to the consumption tax regime. Core inflation will remain at the current level of around 4.5% in the coming months, before it starts to moderate from spring 2025 to around 3% in the second half of the year. Inflation is expected between 4.5 and 5.5 percent in 2025 and between 2.5 and 3.9 percent in 2026 and 2027.

In the real economy, GDP growth will primarily be driven by the services sector, while industrial output, construction are expected to weigh on growth, along with agriculture due to adverse weather conditions in 2024.

In terms of growth in 2025, domestic consumption by households and net exports should contribute to growth, while investments are expected to decline. Growth

may resume in the world and in Europe in mid-2025.

In 2025, investment levels will stabilise in both nominal and real terms. Domestic industrial production and exports will be driven by external economic activity, such as a recovery in exports, vehicle manufacturing and battery production. The Hungarian economy is expected to grow by 1.8-2.5 percent in 2025, 3.7-4.7 percent in 2026 and 2.5-3.5 percent in 2027.

4. Gránit Bank's business strategy

Gránit Bank's digital strategy has remained unchanged since its foundation, using innovative digital channels to provide high quality financial services to businesses and individuals.

Gránit Bank is committed to improving the competitiveness of the Hungarian economy, aims to serve household customers and companies as a strategic partner, and to provide innovative and integrated financial services as a result of which finances can be managed simply, conveniently and quickly, as well as flexibly in terms of time and space.

A key element of Gránit Bank's strategy is to provide corporate and retail customers with clearly understandable, yet high-quality and value-added financial services through customised solutions in the context of a cost-effective operating model. Gránit Bank wishes to leverage all the technological advances of the digital development to provide a fast, safe and convenient customer service, while at the same time considering the environmental and sustainability ramifications of its business, and for this reason it ascribes a key role to the provision of services through electronic channels.

Gránit Bank is a partner in the pre-financing and co-financing of state and EU subsidies, and has an interest in the long-term operation of the projects thus implemented. In this regard the Bank relies, in strategic terms too, on relationships with large corporations that, with the Bank's active involvement, can help stimulate the small and medium-sized enterprise sector.

Other key areas of the Bank's strategy include the provision of retail payment services, the sale of diversified account packages and bank cards based on varied customer requirements, the provision of investment services, and the sale of home loans, home improvement loans, "babaváró" loans, green loans and overdrafts to its customers. The Bank also builds on the owners and employees of its corporate clients using financial services, who can conduct their personal banking at Gránit Bank on favourable terms.

The basis of the Bank's strategy is to develop its services for retail and corporate customers in line with the latest developments in electronic banking, and at the same time to optimise its internal processes for this purpose. The changes in the available means of using banking services, in parallel with the spread of the internet and mobile devices (laptops, smart phones, tablets), have generally resulted in the vast majority of transactions already being conducted electronically, while a considerable proportion of sales are no longer generated by the traditional branch networks, and sales of financial services - including the opening of first accounts - over the internet are also growing.

Gránit Bank's business model results in lower costs compared to the average

The Bank's digital business model uses resources efficiently while supporting a sustainable economic structure.

for the banking sector (in terms of operating costs/total assets, Gránit Bank's 1.0% figure is already significantly better than the 2.3% average for the banking sector, net of bank tax and extra profit tax), and this allows the Bank to provide customers with sustainably competitive terms while still achieving a high rate of return and profitability. Gránit Bank's adjusted operating cost/balance sheet total (net of bank tax, extra profit tax and transaction tax) ratio is 0.89%. This banking strategy is in line with the changes in customer habits, as numerous international and domestic research studies show that the proportion of people who bank online, and more specifically, on their mobile phones, is growing.

The Bank achieved profitable operations significantly sooner than the international benchmark, in its fourth full business year, and has consistently posted a profit ever since, and 2024 was its eleventh profitable year.

The Bank has achieved an average balance sheet growth of 45% over the past fourteen and a half years, proving that customers satisfied by high-quality, innovative financial services offered at favourable terms can be acquired even in a highly competitive environment.

Innovation is the driving force behind Gránit Bank's growth and the cornerstone of its strategy, with which the Bank aims to simplify and facilitate for its customers what are traditionally considered complex financial transactions. Gránit Bank regards the continuous expansion of its range of convenience services provided to customers as a fundamental business objective.

Innovative digital solutions simplify everyday finances

Gránit Bank has always been at the forefront of online banking. It was already possible to open a retail account online simply and quickly, but on 20 July 2017, immediately after it had fulfilled the required legal conditions, Gránit Bank became the first in the country to launch an online retail account-opening function linked to video-based authentication, with its state-of-the-art Gránit Bank VideoBank service. Thanks to this development, the Bank's prospective retail customers are able to open a fully usable retail bank account from anywhere in the country without having to show up in person or visit a branch. For the first time in Hungary, with this innovative service a bank account can be opened on a smartphone, laptop or desktop computer. An account can be opened in as little as 15 minutes, during which time the customer receives their contract and can already transfer money to the account they have opened. Experience shows that more than 99% of the Bank's retail customers open their account in VideoBank or via another online channel.

Customers can manage their day-to-day financial matters via NetBank, using a computer or an application optimised for smartphones, and monitor their card transactions via text message. Gránit Bank uses electronic signatures, so all bank certificates and documents are available to customers via the NetBank. If the customers have questions, they can use the live-voice call centre or VideoBank, which provides the personal banking experience mentioned earlier. The VideoBank service, introduced in 2012, has created a unique opportunity on the Hungarian market for customers to deal with a member of the Bank's

staff in person, receive official banking documents and perform various banking transactions without travelling or standing in line.

In 2014, the Bank introduced the innovative Gránit eBank service, which has been continuously developed since then for the convenience of customers. The award-winning mobile app not only makes day-to-day financial management faster and simpler, but also more cost-effective and environmentally friendly for customers. The application includes a number of innovative, security and convenience features. A new feature in 2015 was that customers would receive free iSMS messages after their transactions, instead of the previous SMS format.

Launched in 2016 as the first service of its kind to be introduced in Europe, Gránit Pay is a new-generation mobile banking wallet, which is able to digitise a bank card in a few seconds, after which the NFC compatible Android phone can be used to pay at touch-pay enabled POS terminals.

In the summer of 2018, for the first time in the Hungarian banking market, Gránit Bank's mobile banking application (Gránit eBank) was extended to include a cost-analysing financial management function (My Finance), a function that until then had not been integrated into any mobile banking application. The module of eBank shows the expenditures and revenues, which are represented by the app's self-learning algorithm on charts, in a monthly breakdown, categorised by type.

Customers were able to block and unlock their card through the app before, as well as to set limits on card transactions (separately for purchases via a physical POS terminal, for ATM cash withdrawals and for online purchases), and in 2018 it became possible to launch payments and open term deposits through the app.

With these services, customers can effectively hold their personal bank branch in their hands via their smartphones, reflecting the Bank's slogan "My mobile is my branch". The application can be downloaded from the App store, the Android marketplace or the Google Play webshop. This solution is becoming more and more popular among customers, as the smartphone is effectively the new bank branch that can be accessed at the touch of a button without having to travel or queue, and through which customised solutions needed to achieve private or business goals are immediately accessible.

New additions in 2019 include, as part of the drive to expand digital functionality, the option of opening a securities account and purchasing government securities through VideoBank, which is also available via the internet banking system. Besides this, the Bank introduced a function enabling retail customers to apply for a "babaváró" loan online, and added ApplePay to its own GránitPay function.

Among the innovations introduced in 2020 are the launch and acceptance of payment requests through the Instant Payment System and the possibility to make payments based on the MNB standard QR code. The account opening process has been revolutionised by artificial intelligence, which enabled Gránit

The digital business model protects the environment and contributes to healthier living conditions

Bank to be the first in Hungary to introduce the selfie-based account opening function, which means that a full-fledged retail bank account can be opened from home, without the help of an administrator, in just a few minutes. Another development is the Gránit Digital Card Service, which provides new customers with a plastic-free digital bank card suitable for purchases, as early as on the next day after account opening; Gránit Bank was also the first among Hungarian banks to introduce this service. In 2020, the FGS Go! business loan first became available in Hungary at Gránit Bank with instant online pre-screening and fast online application. In the field of lending, the Bank has launched a unique digital smart calculator for household customers. With the Kiszámítható Mortgage Calculator, customers can calculate precisely, in just 5 minutes and with just a few swipes or clicks, what size mortgage (home loan) they can apply for, and what the repayments will be.

In 2021, the Bank has optimised the entire mortgage lending process for the digital channel. The customer can use the calculator to set up the optimal combination of loans and available state schemes (home loan, “babaváró” loan, CSOK). Customers can submit and monitor the entire loan process through the digital customer account.

Gránit Bank was one of the first banks in the world - and the first commercial bank - to introduce the Mastercard Carbon Calculator on 15 November 2021, which allows cardholders to see the impact (CO₂ emissions) of their purchases on the environment in their mobile bank. In the eBank app, this impact can be offset with one click by financing tree planting. The function is popular among customers; thousands of trees have already been planted.

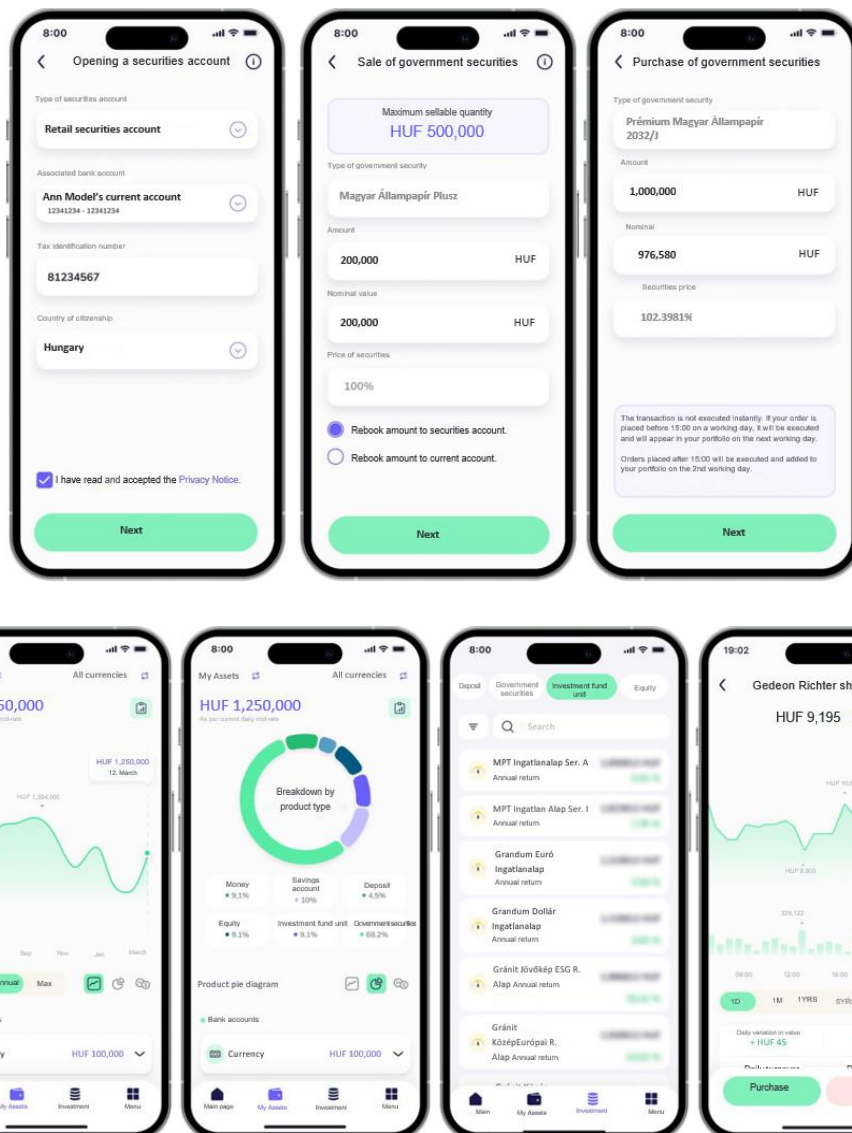
At the same time as the Eco Calculator, the “My Assets” function was added to the app, which customers can use to track their total assets (current account, savings account and long-term savings account balance, fixed deposits and government bonds).

The Bank has introduced a green bank card, which is made of a rapidly degradable, environmentally friendly material. In the spirit of environmental awareness, the letters accompanying the cards and even the envelopes are made from recycled paper.

The Gránit Family app was a market-leading innovation of 2022: it gives 6-18-year-olds a tool they can use to take control of their finances and improve their financial literacy under the safety of parental supervision. The app is paired with the Gránit end-to-end user experience and a design tailored for children. The Bank also launched the FairPay service, which is a payment request-based electronic payment solution integrated with the Neptun system used in higher education.

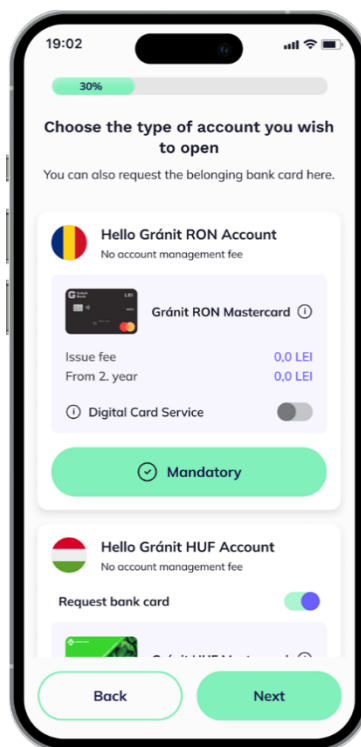
In 2023, we made available the opening of securities accounts, the buying and selling of government securities and discounted foreign exchange at the mid-market rate up to a monthly limit of HUF 550,000 in the eBank mobile app. By redesigning the application process for a “babaváró” (baby) loan, the application can be completed in just 30 minutes. New bank card functions were added

to the eBank mobile application, allowing customers to apply for a new bank card and view their card details and PIN code.



In 2024, the Banking Group acquired a new subsidiary. By acquiring the Hungarian subsidiary of the Dutch DeLage Landen company, the Bank has entered the leasing market under the name Gránit Leasing.

In 2024, the Bank launched its cross-border services in Romania, currently offering bank account, payment and foreign exchange services.



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In 2024, the eBank mobile banking application was enhanced with new features such as a home insurance calculator and Gránit GURU, a mortgage loan assistant powered by a generative AI solution.

At the end of 2024, the Bank also launched investment services for customers through the mobile application.

In 2024, the Bank started to develop a number of business processes related to lending based on a generative AI solution in order to improve the efficiency of processes.

All of these innovative solutions and services, tailored to suit customer needs, are a part of the “Bank of the Future Today” concept being implemented by Gránit Bank.

5. Sustainability

The Bank applies a sustainable business model and conducts an increasingly wide range of CSR activities

Since its establishment in 2010, Gránit Bank's strategic goal has been to make financial transactions simpler, faster and more convenient through innovative digital solutions. In implementing the strategy, the Bank considers its mission to be strengthening environmental awareness among its counterparties and

customers, in addition to developing financial awareness. The radically innovative digital operating model applied by the Bank focuses on customer needs and aims to enhance the customer experience, while operating in a cost-effective manner and promoting environmentally conscious and sustainable economic operations through the full digitalisation of financial management. We are convinced that Gránit Bank's digital operating model contributes to the social realisation of responsible and sustainable development.

The basis of Gránit Bank's sustainability strategy is the development of services based on digital banking solutions. As a result of the rapid development of information technology, society is becoming more and more digitally oriented, creating new needs in the financial sector and enabling banks to increasingly contribute to the provision of environmentally conscious, resource-efficient financial services through digital technology. Gránit Bank is committed to minimising the environmental impact of retail customer acquisition and financial transactions through electronic channels (as opposed to the branch banking model, which leaves a significantly larger ecological footprint), thus enhancing customer experience and reducing harmful environmental impacts.

Gránit Bank structures its sustainability strategy around ESG (Environmental, Social and Governance) factors.

The Bank prepares a Sustainability Report for the business year 2024.

Gránit Bank is proud to contribute to the spread of environmentally conscious digital banking through its digital services and processes.

Gránit Bank has identified 4 priority objectives within the environmental aspects.

Environmentally conscious internal operations	Reducing pollutant emissions
Reducing energy use	Promoting sustainability

The Bank's digital processes and products have a positive impact on the following measurable environmental key performance indicators (KPIs):

Use of paper: Gránit Bank, by promoting digital banking and its financial products, contributes significantly to the significant reduction of paper use by the Bank and its customers, and in some cases to paperless operations.

CO₂ emissions: Gránit Bank, as a digital bank, strives to enable customers to bank from home with as little travel as possible, in a convenient and environmentally conscious way, thus saving travel time and pollutant emissions.

Electricity consumption: Gránit Bank serves its tens of thousands of customers with only one large central branch and one small sales point. By using digital technology, Gránit Bank, unlike traditional financial institutions, does not need to set up an extensive, expensive and energy-intensive branch system, as a

result of which it saves significant amounts of electricity, paper, construction-related emissions and waste.

Environmentally conscious lending: Gránit Bank is continuously striving to finance environmentally conscious, ‘green’ projects in its corporate lending, while the MFB lending point operating at the Bank also targets energy efficiency in the SME and retail sectors. The FGS Green Home Scheme provided a retail green mortgage loan during 2021 with unique favourable conditions in the market through a digital application process.

Continued expansion of the range of green banking products: At Gránit Bank, 94 percent of retail bank accounts are opened fully online with an electronically downloadable bank account agreement. During 2021, the Bank digitised its loan application processes. The online application process for the “Babaváró” Loan was moved to a 100 percent digital platform with the conclusion of contracts in VideoBank, while in the case of the Market Home Loan and the FGS Green Home Loan an end-to-end digital loan application process was developed, which is unique in the domestic market. In 2021, Gránit Bank became one of the first banks in Hungary to start issuing bank cards made of environmentally friendly materials while recycled PVC will be used for the production of 100% of all new bank cards from mid-2024.

Gránit Bank considers it its mission to strengthen environmental awareness among its customers, in addition to developing financial awareness. In this context, it was the first in Hungary to introduce the Carbon Calculator solution based on a cooperation between Mastercard and Doconomy, a Swedish company, which calculates the estimated size of the individual ecological footprint of cardholders based on their spending and, with the help of the Eco Calculator downloadable from the Gránit eBank application, offers its Customers the opportunity to monitor and - with a donation intended for tree planting - reduce their ecological footprint.

As a result of the business model and principles applied, since 2011, we and our customers have saved a total of more than 1,495 tonne of paper, saved 14,952 trees from felling and prevented 128,808 tonne of CO₂ emissions.

Since the closed business year of 2020, the Bank has completed the Scope 1 and Scope 2 modules of the official Carbon Footprint calculation every year to obtain a more realistic and accurate picture of the extent of its carbon emissions. By offsetting Scope 1 and Scope 2 emissions calculated based on the internationally recognised methodology of the GHG Protocol, the Bank’s operation is carbon neutral.

As the financial institution with the smallest ecological footprint in Hungary, Gránit Bank was awarded third place in the category “Sustainable Bank of the Year” in the Mastercard Bank of the Year competition in 2021.

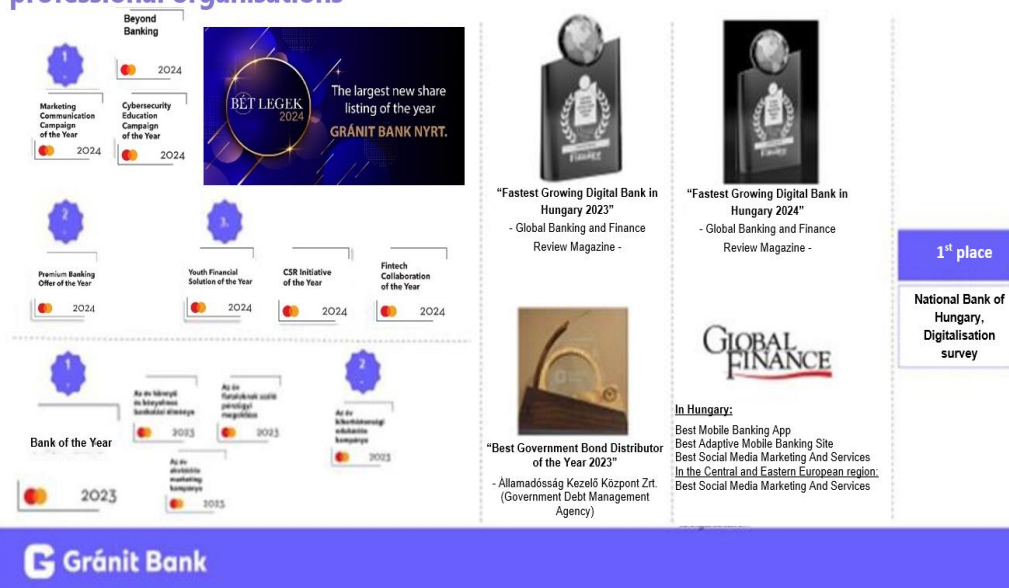
In 2024, the Bank's performance was acknowledged through six awards

In 2023, Gránit Bank was awarded 4 first places in Mastercard's 'Bank of the Year' competition, and was a joint winner of the prestigious 'Bank of the Year' award. In 2024, the Bank received the Beyond Banking Award, winning first place in the categories 'Marketing Communication Campaign of the Year' and 'Cybersecurity Education Campaign of the Year', second place in the category 'Premium Banking Offer of the Year' and third place in the categories 'Youth Finance Solution of the Year', 'CSR Initiative of the Year' and 'Fintech Collaboration of the Year'.

In total, the Bank has thus won 51 awards at this competition, which has been organised since 2012.

Gránit Bank won 4 awards in the 2024 digital retail banking competition of the New York-based financial magazine 'Global Finance'. It was awarded first prize in the categories Best Mobile Banking App, Best Adaptive Banking Website and Best Social Media Marketing and Services in Hungary, topping the latter category in the entire Central and Eastern European region. In 2024, Gránit Bank was awarded the 'Fastest Growing Digital Bank in Hungary' prize for the second time by the renowned British Global Banking and Finance Review Magazine.

The achievements of the Gránit Group are recognised by awards issued by professional organisations



Gránit Bank makes sustainable, cost-effective banking available to a wide range of consumers through new, high-tech digital solutions that are free for customers. The VideoBank, NetBank and eBank applications come as free basic functions with the account packages, and the chat function that is available in VideoBank helps people with disabilities to manage their finances. The 100% digital, paperless bank-account and securities-account opening, government securities purchase and "babaváró" loan application process enables a significant reduction in environmental impact.

Under its corporate social responsibility (CSR) strategy, in 2024 Gránit Bank supported the improvement of quality of life and social inclusion for a wide

range of people, and people in difficult situations. The Bank's strategic partner in achieving the set goals is the Interchurch Aid.

In 2024, the Bank provided an exceptional grant of HUF 5 million to the relief organisation to help those affected by the biggest floods in a decade and to support the relief work of Interchurch Aid. Several Bank employees also volunteered to help filling sandbags. Employee donations helped raise hundreds of thousands of forints for the young residents of the Kaposvár institution of the relief organisation. They received toys, sweets and baking supplies for Easter and Christmas through the fund-raising campaign. More than 20 mothers attend the institution, many of them single mothers, while 95 percent of the families are disadvantaged or severely disadvantaged. In autumn 2024, Bank staff also joined the charity's Back to School fund-raising campaign, donating several boxes of school supplies.

Gránit Bank sponsors the athletes and mass sports events of the Hungarian Canoeing Federation under a multi-year framework agreement, which was renewed again in 2024. The Bank is also a key sponsor of the Hungarian Water Polo Federation, which is also supported by the Bank's CEO as a social chair.

The Bank has been the principal sponsor of the outstanding exhibitions of the Museum of Fine Arts for over 10 years. In 2024, the Bank was involved in the opening, for the first time, of a comprehensive exhibition of the works of internationally renowned photographers of Hungarian origin. The representative exhibition featured photographs by world-famous photographers including André Kertész, László Moholy-Nagy, Robert Capa and Martin Munkácsi. In 2024, the Bank supported the 'Earthly Wonders Exhibition and Immerse Show', presenting the latest works of Karolina Sávolt, a young painter who has gained international fame.

Every year, staff volunteers plant hundreds of saplings, including those purchased from donations received through the Eco Calculator feature of the Bank's app. With support from the Bank and with the active participation of President and CEO Éva Hegedüs and students and parents of Ady Endre Secondary Grammar School in Budapest, Hungary's first Miyawaki forest was planted in a schoolyard in 2024.

As part of the Bank's corporate social responsibility programme, financial education is a key focus of the Bank's activities. To support these efforts, volunteers from the Bank's senior management team have been participating for years in the national Money7 programme for financial education in schools, while they have also regularly given lectures at universities to introduce young people to the latest banking trends and technology, and to broaden their knowledge on banking and finances.

In addition to educating the younger generation in finance, the Bank also organises cultural programmes for young people. In cooperation with the Museum

of Fine Arts, in 2024 it offered high school students the opportunity to participate in a guided tour of the museum, which explores the relationship between money and art.

6. Figures of the 2024 business year

Main profit items (mHUF)	YTD											
	2022 FY	2022 PL	FY/PL'22	2023 FY	2023 PL	FY/PL'23	2024 FY	2024 PL	FY/PL'24	Y/Y'23/22	Y/Y'24/23	CAGR '24/22
Individual profit after tax (accounting)	11,189	4,432	152.4%	19,038	11,245	69.3%	16,865	13,910	21.2%	70.2%	-11.4%	122.8%
Profit before tax (post-adjustments)	15,437	6,374	142.2%	25,436	16,763	51.7%	21,857	20,228	8.1%	64.8%	-14.1%	119.0%
Gross revenue	25,531	15,753	62.1%	38,964	29,835	30.6%	37,503	37,018	1.3%	52.6%	-3.7%	121.2%
Total operating costs (adjusted)	-8,833	-8,670	1.9%	-12,166	-11,524	5.6%	-14,199	-15,884	-10.6%	37.7%	16.7%	126.8%
Total risk costs (adjusted)	-1,262	-708	78.1%	-1,362	-1,548	-12.0%	-1,447	-1,311	10.4%	7.9%	6.2%	107.1%
Main balance sheet items (mHUF)	YTD											
	2022 FY	2022 PL	FY/PL'22	2023 FY	2023 PL	FY/PL'23	2024 FY	2024 PL	FY/PL'24	Y/Y'23/22	Y/Y'24/23	CAGR '24/22
Balance sheet total	1,018,888	757,629	34.5%	1,274,123	1,056,165	20.6%	1,598,239	1,435,941	11%	25.1%	25.4%	125.2%
Loans to customers* (net)	471,392	368,551	27.9%	530,499	466,775	13.7%	715,651	620,799	15%	12.5%	34.9%	123.2%
Loans to customers* (gross)	472,110	369,687	27.7%	532,026	469,062	13.4%	718,560	622,952	15%	12.7%	35.1%	123.4%
Impairment on loans granted to customers	-718	-1,137	-36.8%	-1,527	-2,287	-33.2%	-2,909	-2,153	35%	112.7%	90.5%	201.3%
Customer deposits	674,367	487,437	38.3%	896,117	708,299	26.5%	1,168,593	1,047,011	12%	32.9%	30.4%	131.6%
Equity	56,262	47,794	17.7%	76,656	71,473	7.3%	140,693	91,534	54%	36.2%	83.5%	158.1%

* Claims from customers, loans granted to banks and securities issued by debt securities companies and credit institutions

Performance indicators (%) Based on adjusted and accounting profit figures	YTD					
	2022 FY	2023 FY	2024 FY	Y/Y'23/22	Y/Y'24/23	CAGR '24/22
ROAE aT (Return on Average Equity after Tax)	25.2%	28.8%	18.3%	3.6%-pt	-10.5%-pt	85.2%
ROAE bT (Return on Average Equity before Tax)	34.8%	38.5%	23.7%	3.7%-pt	-14.8%-pt	82.6%
ROAA (return on average assets)	1.4%	1.8%	1.2%	0.4%-pt	-0.6%-pt	93.0%
TRM (Total Revenue Margin - adjusted)	3.4%	3.8%	2.8%	0.4%-pt	-1%-pt	91.5%
CIM (Business margin - adjusted)	3.0%	3.7%	2.5%	0.8%-pt	-1.2%-pt	92.0%
NIM (Net interest margin - adjusted)	2.8%	3.6%	2.4%	0.8%-pt	-1.2%-pt	92.5%
NCM (Net Commission Margin - adjusted)	0.2%	0.2%	0.1%	0%-pt	0%-pt	83.8%
C/TA (Operating cost / balance sheet total - adjusted)	0.9%	1.0%	0.89%	0.1%-pt	-0.1%-pt	101.2%
CIR (Cost/revenue ratio - adjusted)	34.6%	31.2%	37.9%	-3.4%-pt	6.6%-pt	104.6%
C/AGL (Operating cost/Aver. gross loans)	2.2%	2.4%	2.3%	0.2%-pt	-0.2%-pt	100.6%
Risk% (Risk costs(+) rate)	0.3%	0.4%	0.3%	0.1%-pt	-0.1%-pt	102.4%
EPS (Earnings Per Share)	HUF 780.6	HUF 1,236.6	HUF 1,069.7	58.4%-pt	-13.5%-pt	117.1%
Stock indicators (%)	YTD					
	2022 FY	2023 FY	2024 FY	Y/Y'23/22	Y/Y'24/23	CAGR '24/22
Impairment/balance sheet total	0.07%	0.12%	0.18%	0.05%-pt	0.06%-pt	157.8%
CAR (Capital Adequacy Ratio)	20.01%	19.1%	27.0%	-0.9%-pt	7.8%-pt	116.1%
RWA/balance sheet total	23.2%	28.7%	28.8%	5.4%-pt	0.1%-pt	111.23%
LTD (Loan-to-Deposit Ratio)	69.9%	59.2%	61.2%	-10.7%-pt	2%-pt	93.6%
NPL% (Non-Performing Loans)	0.02%	0.02%	0.21%	0%-pt	0.18%-pt	304.2%

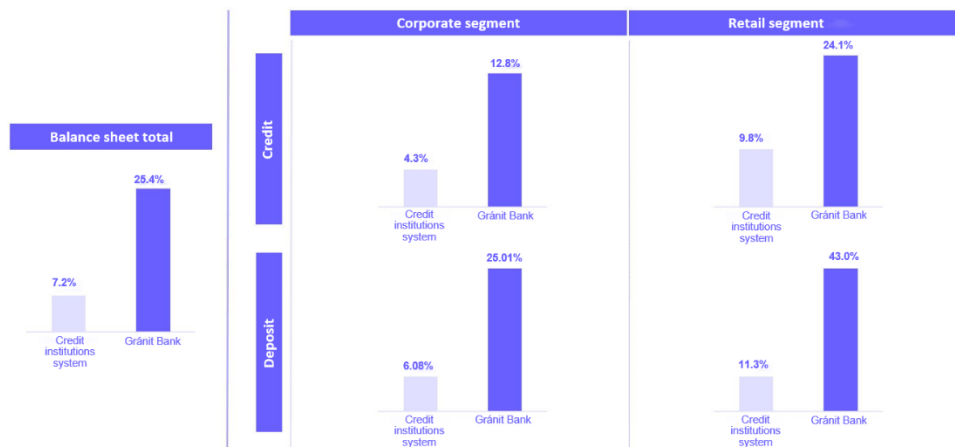
The 2024 financial result of Gránit Bank was 31.5% higher compared to its strategic scenario and 8.1% higher compared to the plan. The Bank's growth and key financial indicators have also been consistently higher in recent years compared to the targets set out in the strategic and business plans.

Looking at the 2022-2024 period collectively, adjusted profit before tax (net of the bank tax and extra profit tax) increased by 19% on annual average. Gross income increased by 21.2% on average per annum between 2022 and 2024; in particular, net interest income increased by 22.5% while commission income increased by 11.1%.

Gránit Bank's specific result was affected by various individual items in 2024 compared to 2023. Simultaneously with a change in the interest rate environment, the Bank implemented a number of improvements to increase its future

profitability (investment services, cross-border services, eBank upgrades, Gránit Guru), which resulted in additional costs compared to the previous year. The bank tax and extra profit tax burden is HUF 3.85 billion, an increase of HUF 205 million compared to the previous year.

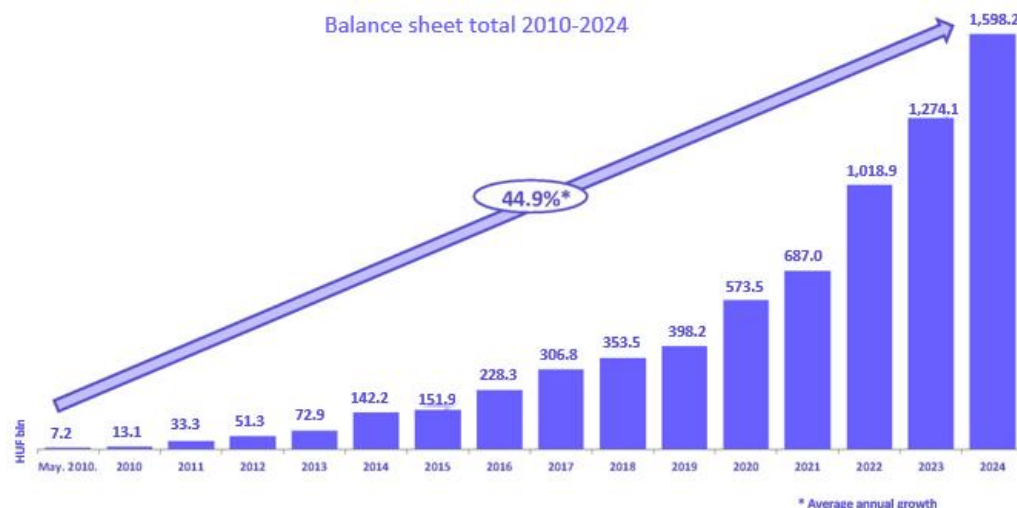
In 2024, Gránit Bank continued to outperform average market growth in all target market segments
Change between 31 December 2024 and 31 December 2023.



6.1. Report on business operations in 2024

In 2024, the Bank continued its bank-building process in line with the long-term strategy adopted by the General Meeting. As a result of the growth in business activity, the Bank's balance sheet total amounted to HUF 1,598.2 billion at the end of 2024, a 25% increase compared to the previous year.

Gránit Bank broke into profit in 2014, its fourth full business year, as a result of the capital investments it had made until then and the building of an excellent portfolio. In 2024, the Bank had a pre-tax profit of HUF 18 billion.



The Bank closed its 14th business year in 2024 with an outstanding result. In the Bank's eleventh profitable year of business, it achieved a pre-tax profit of HUF 18.0 billion.

Customer savings held at the Bank (deposits and government securities) exceeded HUF 1,235 billion, which was 26% higher than at the end of the previous year.

The Bank's total exposure (loans to customers, corporate and institutional bonds and guarantees combined) exceeded HUF 772 billion, up 36% compared to the end of the previous year. Corporate lending amounted to HUF 489 billion

The Bank has a balance sheet total of HUF 1,598.2 billion.

(excluding bonds), of which non-financial companies accounted for 60.3%, i.e. HUF 294 billion. The SME and micro segment accounted for 65.5% of the non-financial corporate loan portfolio, amounting to HUF 193 billion at the end of 2024. The quality of the portfolio remains excellent: the ratio of performing loans is 99.79%, principally as a result of the Bank's continuous conservative lending policy.

In 2024, the number of Gránit Bank's customers grew even more dynamically than in the previous year, the number of retail and corporate customers increased by 71% and 4.0% respectively. On average, one and a half times as many accounts were opened every day during the year compared to a year earlier, thanks to innovations focused on customer experience, convenience and ease of banking, a number of new features available in the eBank app, and effective marketing communication activities. Almost one out of four new retail accounts were opened with Gránit Bank in the country. The satisfaction of customers and rapidly growing awareness of the Bank have helped to drive the dynamic growth in the number of customers. Digital platforms play an important role in raising brand visibility, which is also reflected in the marketing presence. Although the Bank was featured on television and in print last year, communication campaigns were launched on a number of new digital channels, including TikTok, involving influencers. The share of digital account opening using a selfie increased strongly, with more than 94% of customers opening their account with Gránit Bank via fully digital means (mobile app or Video-Bank). Another 5% of customers started the process digitally, but eventually decided to go to a branch to complete the process. This means that 99% of our customers initiated their account opening digitally.

The change in the number of customer accounts managed by the Bank is illustrated by the following graph:

99% of retail customers initiated the opening of an account online.



In the Mastercard - Bank of the Year awards, Hungary's most prestigious banking competition, Gránit Bank won first place in two of the nine categories in three segments and was the winner of the Beyond Banking segment in 2024.

The independent jury awarded Gránit Bank first place in the categories ‘Cybersecurity Education Campaign of the Year’ and ‘Marketing Communication Campaign of the Year’, second place in the category ‘Premium Banking Offer of the Year’ and three third places in the ‘Financial Solution of the Year for Young People’, ‘CSR Initiative of the Year’ and ‘Fintech Collaboration of the Year’ categories. The awards recognised Gránit Bank’s business strategy, which set the Bank apart from its competitors through continuous innovation and premium solutions that deliver outstanding customer experience.

A winner of the ‘Superbrands’ award, the Bank has been awarded the ‘Outstanding Digital Credit Institution’ brand under the ‘Digital Wellbeing Financial Trade-mark Programme’ due to its outstanding digital services such as VideoBank, retail account opening with facial identification and the convenience services of the Instant Payment System available through the Bank’s mobile app.

6.2. The Bank’s key financial indicators

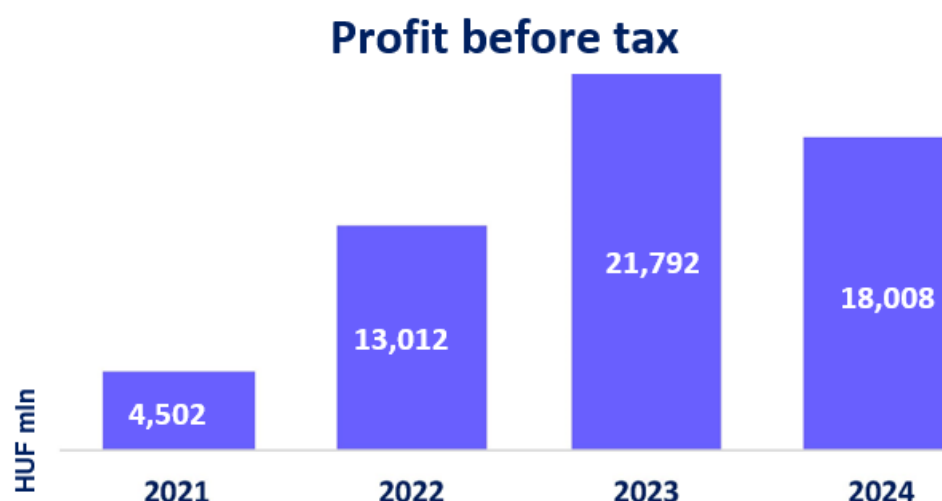
At the end of December 2024, the Bank’s balance sheet total was HUF 1,598.2 billion, which is 25% higher than the year-end balance sheet total of 2023.

The Bank’s equity as at 31 December 2024 was HUF 140.7 billion, which is 84% higher than the previous year-end figure.

Balance Sheet, Profit (HUF million)	2023	2024	2024/2023
Balance sheet total	1,274,123	1,598,239	125%
Loans and advances to customers*	520,809	709,994	136%
Customer deposits	908,360	1,164,077	128%
Equity	76,656	140,693	184%
Regulatory capital	69,817	123,881	177%
Regulatory capital, expected after audit	69,817	131,948	189%
Profit before tax	21,792	18,008	83%
Profit after tax	19,038	16,865	89%

* Claims from customers, loans granted to banks and securities issued by debt securities companies and credit institutions

The Bank had a profit before tax of HUF 18.0 billion and a profit after tax of HUF 16.9 billion in 2024.



Gránit Bank is one of the most liquid banks in Hungary.

International experience shows that 6-8 years are usually required following launch to reach the profit-generating phase, and so it can be regarded as an exceptional achievement that Gránit Bank was already operating profitably by its fourth full year of business. This exceptional result was due to the excellent quality of its portfolio and to its cost-effective digital business model.

Indicators		2023	2024	Change
EPS (profit after tax/number of shares)	HUF	1,237	1,070	87%
CIR (operating costs/net business profit)	%	42.8%	51.2%	120%
ROAA (return on average assets)	%	1.8%	1.2%	68%
ROAE (return on average equity)	%	28.8%	18.3%	64%
Non-performing loan ratio	%	0.03%	0.21%	0.18%

The Bank's financial ratios developed favourably again in 2024. The Bank's return on average equity (ROAE) is 18.3%.

The Bank also ensured the fulfilment of the capital adequacy ratios specified in the legal conditions during 2024, with its Total Capital Adequacy Ratio being 27.0% as of 31 December 2024. Currently, the indicator does not yet include the full 2024 earnings, only the first half-year's earnings that can be included as part of the Tier 1 capital with the MNB's approval. Based on the result of the second half of 2024, the expected capital adequacy ratio is 28.7%.

Capital adequacy	2023	2024	Change
Total capital adequacy ratio	19.1%	27.0%	141%

In 2024, the Bank's average annual headcount increased by 76, in line with the significant growth in its business activity, to 338 (up 29% compared to 2023), with a 36% increase in the assets portfolio and a 27% increase in deposits, while profit before tax was 83%.

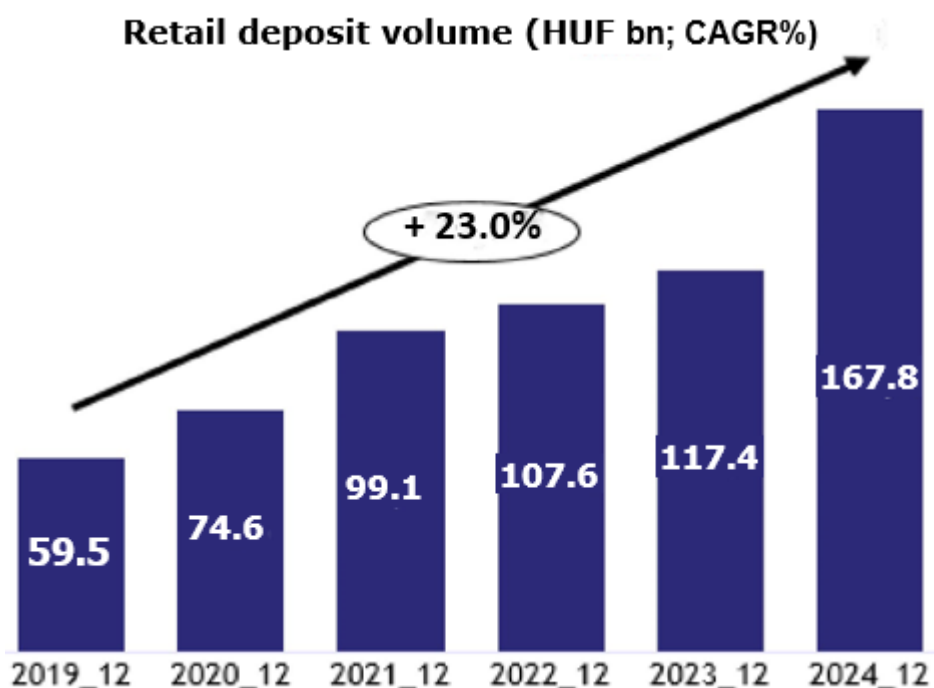
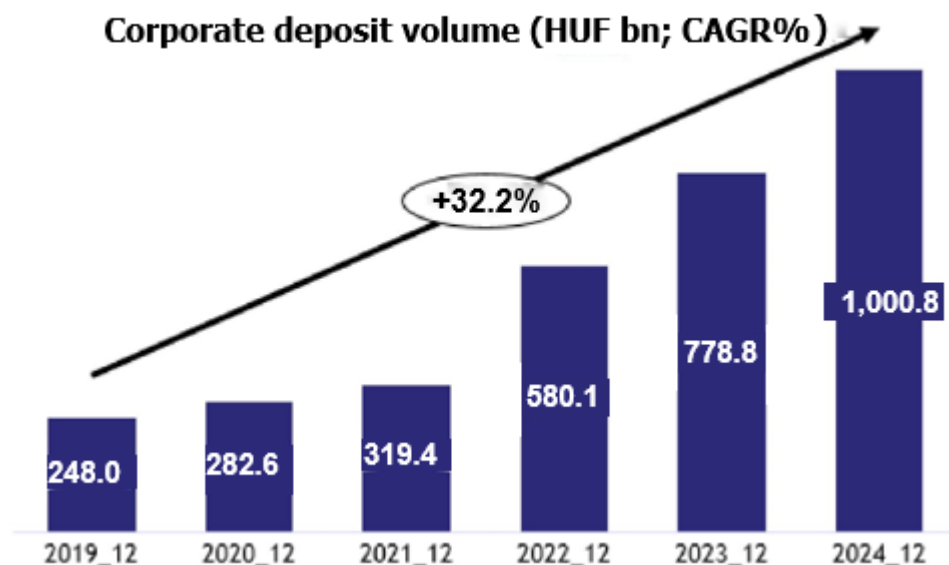
Average number of employees (persons)	2023	2024	Change
Annual average number of persons on the payroll	262	338	129%

6.3. Liabilities

The Bank has been able to continuously offer favourable deals for its customers, and thus deposits increased by 28% by the end of 2024 compared to the end of 2023, reaching HUF 1,164 billion (net of accrued interest). The average annual growth in deposits was 44.8% between the time of the Bank's foundation and the end of the reporting period. Customer savings held at the Bank (deposits and retail government securities) exceeded HUF 1,218 billion, which was 26.7% higher than at the end of the previous year.

The Bank has significant refinancing on the liabilities side as a result of the intermediation of refinanced facilities.

Overall, the Bank remains Hungary's most liquid bank, with a loan-to-deposit ratio of around 61.0%, and loans are financed in a diversified funding structure. The graphs below show the changes in corporate and retail deposits:

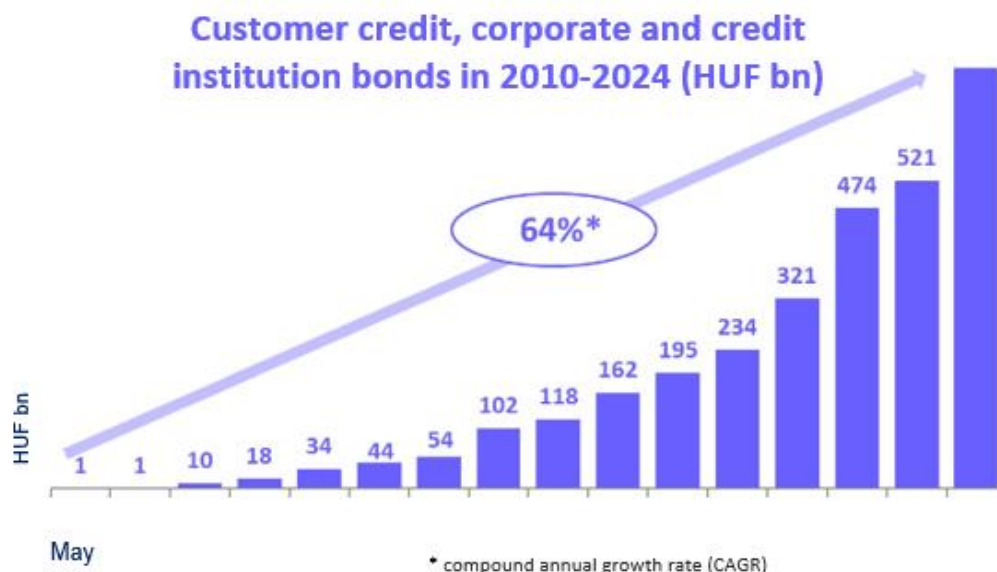


6.4. Receivables, lending

On the asset side, in 2024 the Bank continued to hold a significant volume of liquid assets - central-bank and interbank deposits, government securities - in line with its prudent and conservative business policy. The share of debt securities in the balance sheet at the end of 2024 is 22.5%.

At the end of 2024, the Bank's gross receivables from customers (loans, corporate and institutional bonds) amounted to HUF 710 billion, i.e. 36% higher compared to the end of the previous year. The average annual growth in the portfolio from the Bank's foundation to the end of the reporting period was 64%.

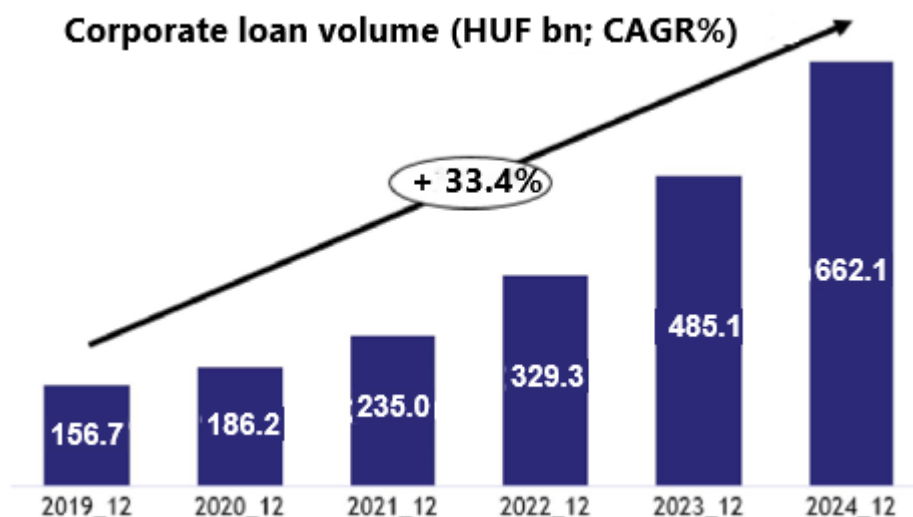
The Bank's loan portfolio is growing steadily every year, while the quality of the portfolio is constantly excellent.

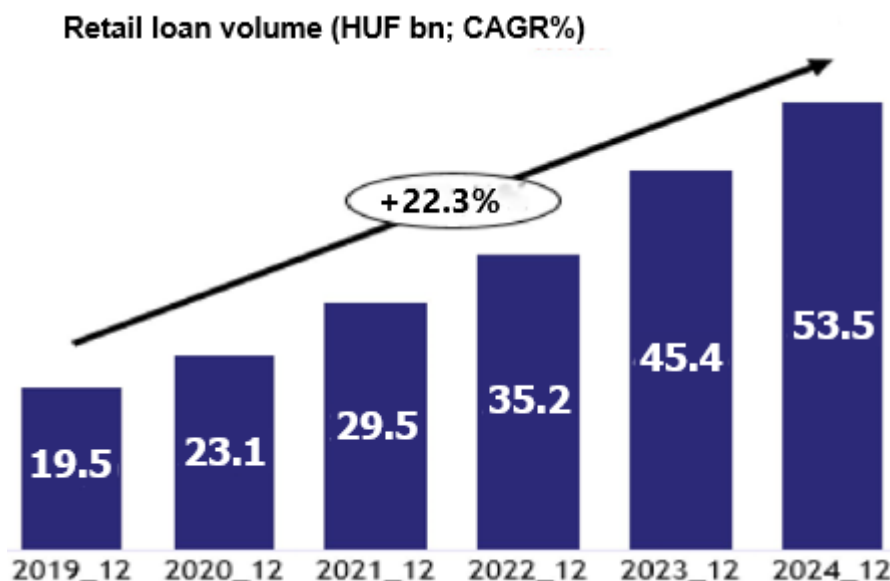


The quality of the portfolio is excellent, and the Bank's asset portfolio is 99.79% problem-free. The outstanding portfolio quality is due to the Bank's highly regulated and conservative risk-taking policies and practices.

The Bank is an active participant in the MNB's Funding for Growth Scheme (FGS in English, or NHP in Hungarian) and Bond Funding for Growth Scheme (BGS in English, or NKP in Hungarian), besides which the Bank offers a full range of lending products, from plain vanilla loans to complex financing facilities, in accordance with their needs.

The graphs below show the changes in corporate and retail lending:





6.5. Treasury

During the year, Treasury grew its business activity further while ensuring stable liquidity management remained a priority.

On the assets side, in parallel with the increase in loans, part of the asset-side activity of the balance sheet was managed by Treasury using money and capital market instruments. The gains from managing the securities portfolio made a positive contribution to the Bank's profit for the year.

During the year, the number of customers carrying out spot and forward FX (hedge), deposit and securities transactions with the Bank's Treasury department continued to grow.

In the course of the Bank's liquidity management and its management of currency and interest-rate risk, the Treasury also successfully made use of the altered range of options provided by the MNB, thus contributing substantially to the Bank's positive profit figure.

6.6. Risk management

The Bank's management considers risk management to be an area of key importance in terms of protecting depositors and ensuring long-term profitable operations and thus increasing shareholder value. In its risk management standards, the Bank has taken a very conservative approach since its inception. One of the most important elements of the risk management policy is that there is virtually no purely collateral-based lending; all customers must primarily fund their loan repayments from cashflow, although in all cases the Bank tries to minimise credit risk by requesting additional collateral.

The primary objective of risk management is to safeguard the Bank's financial strength and reputation, and contribute to ensuring that its capital is used for the purpose of competitive business operations, and thus to an increase in shareholder value.

Prudent risk management is one of the key pillars of the Bank's business philosophy.

The Bank, in its risk management system, identifies, measures and analyses the Bank's various types of risk exposures. During the process of risk management, the Bank processes the information, analyses the portfolio, formulates risk-taking rules, maintains a limit system, and operates the daily processes involved in risk management.

In the multi-stage business decision-making process for loan transactions, a thorough assessment is made of the macroeconomic environment, the customer's activity and the specified objective of the loan. In the course of this, the Bank takes particular care to only provide financing to support the objectives of companies that through their stable and profitable operations, generate value for themselves and the economy as a whole.

Credit risk is the risk of the Bank sustaining a loss due to a failure on the part of its debtor, customer or counterparty to fulfil its contractual obligation towards the Bank. Before assuming credit risk, the Bank rates the creditworthiness of its customers and counterparties, and classifies them into debtor and partner rating categories. Risks can only be undertaken with respect to customers of a suitable rating. The Bank regularly monitors the creditworthiness of customers and counterparties.

The Bank sets strict requirements with regard to the types of acceptable collaterals, the method used for evaluating them, and the coverage ratio. It uses a wide range of collateral to reduce risk, in particular loan guarantees, cash collateral, securities collateral, payment guarantees, mortgages, and pledges established on receivables and/or movable assets.

The Bank uses benchmark-based pricing or offers fixed interest-period schemes. As part of this process, in the case of self-funded loans the Bank applies regularly repriced, margin-based interest rates tied to a market reference rate and adjusted to the currency of the loan, in a manner that is transparent for the customer. For refinanced products, the Bank also minimises its interest rate risk. In the case of fixed interest rate schemes, the interest rate risk is covered by the Bank.

Market Risk Management works with the business departments to oversee the entire portfolio in terms of the matching of the repricing periods of liabilities and assets.

Ensuring liquidity is a fundamental part of banking activity. The Banking Group ensures its liquidity by matching the maturities of its receivables and liabilities, and at the same time, while maintaining solvency at all times, it performs limit-restricted maturity transformations to help ensure the Bank's profitability.

The Bank aims to maintain currency risks at a low level, in accordance with both its strategic and short-term business objectives. Depending on market circumstances, wherever possible the FX open position arising in the course of its business operations is immediately hedged.

The assessment of asset and liability matching is performed separately for each currency, to ensure the maintenance of matching by currency.

The Bank's trading book typically contains transactions aimed at the management of liquidity, the servicing of partner banks and customers and the con-

clusion of hedging transactions, primarily with spot FX and securities transactions and currency forwards.

Owing to its conservative product policy, at present the Bank does not deal in high-leverage options or volatile commodity and precious metal trades.

In the course of the risk management of liquid-market transactions, as a part of the limit system the partner bank and customer limits, margin requirements, decision-making levels and limits, and market variable-based exposure rates, are all regulated.

The objective of operational risk management is to support efforts to keep operating costs low, and to promote efficient organisational operations. The Bank primarily manages operational risks, concentrating on prevention, through the establishment of suitable internal regulations and procedures, the appropriate training of employees participating in the work processes, and the provision of built-in control mechanisms.

Measurement of the levels of risk takes place through the continuous gathering of data on events that occur, and regular self-assessments based on forward-looking estimates made at the level of the individual departments. These surveys outline the patterns in the distribution of the events, thereby helping to identify the areas where intervention is necessary. The process is supported by a network of operational risk officers appointed in each department of the organisation.

6.7. Income statement

The Bank closed 2024 with an after-tax profit of HUF 16,865 billion.

The net business profit of HUF 41,057 billion was 99% of the outstanding result achieved in 2023. Net interest income decreased by 14% due to the shrinking interest margins, while net commission income increased by 24% (HUF 0.8 billion).

In 2024, the Bank paid HUF 1.7 billion in bank tax, HUF 2.10 billion in extra profit tax and HUF 2.7 billion in transaction tax.

The increase in operating expenses was due to the growth in business activity, the implementation of digital innovations and to more intensive marketing activity, as well as to the increasing depreciation recorded on capital investments.

*The after-tax profit of the Bank was HUF 16,865 billion.
The Bank's net business profit was HUF 41,057 billion.*

Income statement (HUF million)	2023	2024	2024/2023
NET BUSINESS PROFIT	41,536	41,057	99%
Net interest income	36,969	31,707	86%
Net fee and commission income	3,229	4,016	124%
Other business profit	1,338	5,334	399%
Other profit	-1,086	-1,206	111%
Risk costs	-1,362	-1,447	106%
NET OPERATING PROFIT	39,088	38,404	98%
Operating costs	-17,296	-20,396	118%
PROFIT BEFORE TAX	21,792	18,008	83%
Income taxes	-2,754	-1,143	42%
PROFIT AFTER TAX	19,038	16,865	89%

7. Key events occurring after the closure of the balance sheet

There were no extraordinary events following the close of the 2024 financial year.

8. Overview of the Bank's business plan for 2025

The results of the last fourteen and a half years have confirmed that the implementation of the conservative portfolio building and digital banking strategy launched by the Bank in 2010 has been successful, and that the business model has been well received by customers. Accordingly, in the 2025 business year the Bank will continue its business operations in accordance with the approved 10-year strategic plan. The most important objective is to increase shareholder value through sustainable, balanced business and profit growth over the long term. Along with the digital strategy already launched, the Bank will continue to strengthen its market role, and increase its market share and its recognition.

In line with its performance in recent years, the Bank expects business activity to increase in excess of the market average in 2025 in an economic environment characterised by lower inflation and slightly rising growth. In an economy that is expected to support slower growth, the Bank has set the goal of implementing major IT developments and of establishing new services by 2025 in order to access a broader range of business opportunities over the medium term. The plan is to build a conservative loan portfolio by providing the appropriate stable resources and taking advantage of the available guarantee facilities. The Bank plans to grow above the market average, both in terms of customer loans and customer deposits in both the corporate and retail divisions. In addition to lending, the increase in customer numbers will be driven by the growing awareness of the Bank among the public and through the constant development and launch of innovative new services.

To enhance the customer experience and increase business volumes, new products and services will continue to be developed in 2025, including the introduction of credit cards as unsecured credit products and innovative payment solutions based on instant payments. The Bank will continue its international expansion in other countries and to apply generative AI-based solutions in various areas.

Bank won a non-refundable grant within the framework of the "Support for Market-Driven R&D and Innovation Projects (2019-1.1.1-MARKET RDI)" tender, with its development concept for "A Progressive Payment Solution Focusing on Bulk Invoice Issuers", which was completed in 2023 and then entered its maintenance period.

The Bank's operations and 2025 earnings will certainly be affected by loan demand trends driven by interest rates and business opportunities, the availability of government-subsidised schemes, the global economic growth rate, inflation developments and further escalation of geopolitical tensions. The Bank will implement a fully digital model and adopt a conservative lending approach that allows for greater flexibility as uncertainty increases. The Bank is continuously monitoring changes in its customers' financial situations and, in accordance with government and MNB measures, is working hard to serve the changing needs of customers and play an active role in countering the potential negative economic effects and in stimulating the economy.

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Board of Directors, Gránit Bank
Nyrt.