**GRÁNIT BANK PUBLIC LIMITED COMPANY**

# CONSOLIDATED FINANCIAL STATEMENT

**IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EUROPEAN UNION**

**31 DECEMBER 2024**

**WITH AN INDEPENDENT AUDITOR'S REPORT**

Contents

## CONSOLIDATED INCOME STATEMENT

*Data in HUF millions*

| | Annex | 2024 | 2023 |
|---|---|---|---|
| Interest income based on the effective interest method | | 72 339 | 85 629 |
| Other interest income | | 30 052 | 37 062 |
| **Interest income** | | **102 391** | **122 691** |
| Interest expense based on the effective interest method | | 55 622 | 63 122 |
| Other interest expense | | 14 908 | 20 919 |
| **Interest expense** | | **70 530** | **84 041** |
| **Net interest income** | 5 | **31 861** | **38 650** |
| Fee and commission income | | 24 848 | 10 500 |
| Fee and commission expense | | 6 467 | 2 739 |
| **Net fee and commission income** | 6 | **18 381** | **7 761** |
| Net gains less losses (+)/net losses (-) from financial instruments measured at fair value through profit or loss | 7 | 2 594 | 2 436 |
| Net gains less losses from financial instruments not classified as measured at fair value through profit or loss | 8 | 452 | 642 |
| Gains less losses from FX transactions | | 1 183 | -1 763 |
| Dividend income | | 2 | 61 |
| **NET BUSINESS INCOME** | | **54 473** | **47 787** |
| Other operating income | 9 | 1 779 | 1 171 |
| Other operating expenses | 9 | 1 465 | 1 242 |
| Expected credit loss (+) charge on assets at amortised cost | 10 | 1 557 | 959 |
| Provisioning (+) or release of provisions (-) | 10 | -138 | 475 |
| Modification gain / loss (-), net | | 27 | -70 |
| **NET OPERATING INCOME** | | **53 395** | **46 211** |
| Personnel expenses | 11 | 11 412 | 7 306 |
| Other general administrative costs | 12 | 15 444 | 12 269 |
| Depreciation and amortization | 26-27 | 3 114 | 1 804 |
| **PROFIT BEFORE TAX** | | **23 425** | **24 832** |
| Income taxes | 13 | 2 265 | 3 251 |
| **PROFIT AFTER TAX** | | **21 160** | **21 581** |
| | | | |
| **Share of parent company's owners in profit after tax** | | **19 216** | **19 892** |
| **Share of non-controlling owners in profit after tax** | | **1 944** | **1 689** |

| | Annex | 2024 | 2023 |
|---|---|---|---|
| **Earnings per share (HUF)** | | | |
| Basic EPS | 40 | 1 219 | 1 292 |
| Diluted EPS | 40 | 1 219 | 1 292 |

The Board of Directors authorized the consolidated financial statements for issue on 07.04.2025

| Éva Hegedűs | Jenő Siklós |
|---|---|
| Chairperson & CEO | Deputy CEO |

## CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT

*Data in HUF millions*

| | Annex | 2024 | 2023 Restated* |
|---|---|---|---|
| **Profit after tax** | | **21 160** | **21 581** |
| Net gains/losses from financial instruments measured at fair value through other comprehensive income | | -296 | 1 411 |
| Deferred-tax effect of change in fair value | | 26 | -116 |
| Change in impairment on debt securities measured at fair value through other comprehensive income | | 1 | 1 |
| **Items to be reclassified to profit or loss subsequently:** | | **-269** | **1 296** |
| **TOTAL OTHER COMPREHENSIVE LOSS** | | **-269** | **1 296** |
| **TOTAL COMPREHENSIVE INCOME** | | **20 891** | **22 877** |
| | | | |
| **Share of parent company's owners in total comprehensive income** | | **18 955** | **21 188** |
| **Share of non-controlling owners in total comprehensive income** | | **1 936** | **1 689** |

** Restated according to prior year negative sign corrections. For further details please see the note 4.2.*

The Board of Directors authorized the consolidated financial statements for issue on 07.04.2025

| Éva Hegedűs | Jenő Siklós |
|---|---|
| Chairperson & CEO | Deputy CEO |

## CONSOLIDATED BALANCE SHEET

*Data in HUF millions*

| | Annex | 12.31.2024 | 12.31.2023 Reclassed* | 01.01.2023 Reclassed* |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 14 | 625 709 | 465 517 | 55 693 |
| Restricted cash and cash equivalents | 15 | 32 969 | 22 009 | 27 597 |
| Receivables from the MNB | 16 | 39 971 | 99 867 | 280 196 |
| Interbank placements | 16 | 88 597 | 53 207 | 49 513 |
| Securities | 17 | 367 235 | 283 524 | 290 036 |
| Derivative financial assets | 18 | 11 837 | 11 480 | 36 603 |
| Loans and advances to customers | 19 | 465 620 | 347 420 | 307 769 |
| Other assets | 25 | 18 374 | 11 886 | 6 711 |
| Intangible assets | 26 | 11 710 | 8 254 | 4 701 |
| Property, plants and equipments | 27 | 3 755 | 3 216 | 2 924 |
| Goodwill | 26 | 6 785 | 6 200 | 971 |
| Deferred tax assets | 28 | 168 | 134 | 142 |
| **TOTAL ASSETS** | | **1 672 730** | **1 312 714** | **1 062 856** |
| **Liabilities** | | | | |
| Liabilities to the NBH | 21 | 186 508 | 200 783 | 219 698 |
| Liabilities to credit institutions | 21 | 134 275 | 98 798 | 72 844 |
| Liabilities to customers | 22 | 1 187 418 | 912 946 | 698 904 |
| Derivative financial liabilities | 18 | 5 362 | 7 377 | 5 127 |
| Income tax payment liability | | 625 | 1 509 | 1 580 |
| Deferred tax liability | 28 | 228 | 323 | 115 |
| Provisions | 29 | 447 | 735 | 237 |
| Other liabilities | 30 | 9 792 | 8 723 | 5 250 |
| **TOTAL LIABILITIES** | | **1 524 655** | **1 231 194** | **1 003 755** |
| **Equity** | | | | |
| Subscribed capital | 31 | 19 223 | 15 395 | 15 395 |
| Capital reserve | | 66 999 | 23 466 | 23 466 |
| Treasury stock | | 0 | 0 | 0 |
| Profit reserve | | 52 170 | 34 882 | 16 655 |
| Reserve for share-based payment transactions settled in equity instruments | | 370 | 180 | 303 |
| Other reserves | | 5 652 | 3 965 | 2 061 |
| Accumulated other comprehensive income (AOCI) | | -141 | 136 | -1 160 |
| Total Equity attributable to owners of the parent company | | 144 273 | 78 024 | 56 720 |
| Non-controlling interests | 36 | 3 802 | 3 496 | 2 381 |
| **TOTAL EQUITY** | | **148 075** | **81 520** | **59 101** |
| **Total liabilities and equity** | | **1 672 730** | **1 312 714** | **1 062 856** |

** The equity structure has been reclassed according to the ESOP restructure process, for further details please see the note 4.2*

The Board of Directors authorized the consolidated financial statements for issue on 07.04.2025

| Éva Hegedűs | Jenő Siklós |
|---|---|
| Chairperson & CEO | Deputy CEO |

## CHANGE IN CONSOLIDATED EQUITY

*Data in HUF millions*

| | Subscribed capital | Capital reserve | Treasury stock | Accumulated other comprehensive income (AOCI) | Profit reserve | Other reserves | Reserve for share-based payment transactions settled in equity instruments | Total Equity attributable to owners of the parent company | Share of non-controlling owners | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at start of period – 01.01.2024 | **15 395** | **23 466** | **0** | **136** | **34 882** | **3 965** | **180** | **78 024** | **3 496** | **81 520** |
| Dividend payment | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **-1 604** | **-1 604** |
| Profit after tax | **0** | **0** | **0** | **0** | **19 216** | **0** | **0** | **19 216** | **1 944** | **21 160** |
| Other comprehensive income | **0** | **0** | **0** | **-261** | **0** | **0** | **0** | **-261** | **-8** | **-269** |
| **Total comprehensive income** | **0** | **0** | **0** | **-261** | **19 216** | **0** | **0** | **18 955** | **1 936** | **20 891** |
| Issue of new shares (pls. refer to note 31) | **3 828** | **43 533** | **0** | **0** | **0** | **0** | **0** | **47 361** | **0** | **47 361** |
| Employee Stock Ownership Plan (transactions with owners) | **0** | **0** | **0** | **0** | **0** | **0** | **190** | **190** | **0** | **190** |
| Employee Stock Ownership Plan - other reclassifications | **0** | **0** | **0** | **0** | **-472** | **0** | **0** | **-472** | **-26** | **-498** |
| Business combinations - other reclassifications | **0** | **0** | **0** | **-16** | **61** | **0** | **0** | **45** | **0** | **45** |
| Other reclassifications | **0** | **0** | **0** | **0** | **169** | **0** | **0** | **170** | **0** | **170** |
| Transfer of general reserve | **0** | **0** | **0** | **0** | **-1 687** | **1 687** | **0** | **0** | **0** | **0** |
| **Balance at end of period – 31.12.2024** | **19 223** | **66 999** | **0** | **-141** | **52 170** | **5 652** | **370** | **144 273** | **3 802** | **148 075** |

| | Subscribed capital | Capital reserve | Treasury stock *Reclassed** | Accumulated other comprehensive income (AOCI) | Profit reserve *Reclassed** | Other reserves | Reserve for share-based payment transactions settled in equity instruments *Reclassed** | Total Equity attributable to owners of the parent company *Reclassed** | Share of non-controlling owners *Reclassed** | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at start of period – 01.01.2023 | 15 395 | 23 466 | -19 707 | -1 160 | 16 467 | 2 061 | 303 | 36 825 | 22 275 | 59 100 |
| Employee Stock Ownership Plan - other reclassifications | 0 | 0 | 19 707 | 0 | 188 | 0 | 0 | 19 895 | -19 894 | 1 |
| **Balance at start of period – 01.01.2023 - reclassed** | **15 395** | **23 466** | **0** | **-1 160** | **16 655** | **2 061** | **303** | **56 720** | **2 381** | **59 101** |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | -754 | **-754** |
| Profit after tax | 0 | 0 | 0 | 0 | 19 892 | 0 | 0 | **19 892** | 1 689 | **21 581** |
| Other comprehensive income | 0 | 0 | 0 | 1 296 | | 0 | 0 | **1 296** | 0 | **1 296** |
| **Total comprehensive income** | 0 | 0 | 0 | 1 296 | 19 892 | 0 | 0 | **21 188** | 1 689 | **22 877** |
| Issue of new shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | **0** |
| Employee Stock Ownership Plan (transactions with owners) | 0 | 0 | 0 | 0 | 0 | 0 | -123 | **-123** | 0 | **-123** |
| Employee Stock Ownership Plan - other reclassifications | 0 | 0 | 0 | 0 | 238 | 0 | 0 | **238** | -241 | **-3** |
| Acquisition of Diófa Group (pls. refer to Note 2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 421 | **421** |
| Transfer of general reserve | 0 | 0 | 0 | 0 | -1 904 | 1 904 | 0 | **0** | 0 | **0** |
| **Balance at end of period – 31.12.2023** | **15 395** | **23 466** | **0** | **136** | **34 882** | **3 965** | **180** | **78 024** | **3 496** | **81 520** |

** Reclassed according to the ESOP restructure process, for further details please see the note 4.2.*

The Board of Directors authorized the consolidated financial statements for issue on 07.04.2025

| Éva Hegedűs | Jenő Siklós |
|---|---|
| Chairperson & CEO | Deputy CEO |

## CONSOLIDATED CASH FLOW STATEMENT

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 reclassed* |
|---|---|---|
| **Profit before tax** | **23 425** | **24 832** |
| ***Modifying items*** | | |
| Interest income | -102 391 | -122 691 |
| Interest expense | 70 530 | 84 041 |
| Impairment of tangible assets, and intangible assets | 3 114 | 1 804 |
| Net realised profit on the sale of tangible assets | 109 | 0 |
| Impairment on debt securities, loans and other assets not measured through profit or loss | 1 531 | -1 029 |
| Change in provisions | -138 | -475 |
| Non-realised profit from financial instruments measured at fair value through profit or loss | 2 608 | -17 659 |
| Deferred tax | 120 | 356 |
| Change in ESOP benefit plan reserve | 190 | -123 |
| Dividend income | -2 | -61 |
| Change in the revaluation difference of financial instruments measured at fair value through other comprehensive income | -277 | 1 296 |
| Non-controlling interests | 305 | -421 |
| Foreign exchange difference of cash and cash equivalents | -1 626 | 1 591 |
| **Cash flow from pre-tax operating income before change in operating assets and liabilities** | **-2 502** | **-28 540** |
| Change in held-for-trading debt securities | -4 157 | 5 927 |
| Change in debt securities designated as measured at fair value through profit or loss | -29 056 | -14 890 |
| Change in receivables from the MNB and other credit institutions | 23 733 | 179 303 |
| Change in loans and advances to customers | -76 500 | -33 582 |
| Change in other assets | -20 722 | 232 |
| Change in derivative assets | -357 | 25 124 |
| **Change in operating assets** | **-107 059** | **162 114** |
| Change in liabilities to the MNB and credit institutions | -26 063 | 6 980 |
| Change in liabilities to customers | 274 807 | 211 984 |
| Change in other liabilities | -936 | -2 025 |
| Change in derivative liabilities | -2 015 | 2 249 |
| **Change in operating liabilities** | **245 793** | **219 188** |
| Interest received | 103 357 | 118 345 |
| Interest paid | -70 682 | -81 923 |
| Income tax paid | -3 908 | -3 607 |
| **Net cash flow from operating activities** | **165 624** | **385 577** |

*Data in HUF millions*

| **Cash flow from investment activities** | **12.31.2024** | **12.31.2023** |
|---|---|---|
| Purchase of debt securities measured at fair value through other comprehensive income | -131 787 | -17 447 |
| Income from the sale or maturity of debt securities measured at fair value through other comprehensive income | 129 565 | 40 777 |
| Purchase of debt securities held at amortised cost | -80 969 | -49 452 |
| Gross Income proceeds from the sale or principal repayment of debt securities held at amortised cost | 33 944 | 59 722 |
| Purchase of tangible assets | -1 925 | -211 |
| Sale of tangible assets | 1 377 | 0 |
| Acquisition of intangible assets | -5 306 | -2 058 |
| Sale of intangible assets | 117 | 0 |
| Dividend received | 2 | 61 |
| Net cash flow from business combination (ref Note 2)** | 563 | -6 484 |
| **Net cash flow from investment activities** | **-57 419** | **24 908** |
| **Cash flow from financing activities** | | |
| Issue of shares | 3 828 | 0 |
| Share premium contribution by shareholders | 43 533 | 0 |
| Transactions with owners | 0 | 930 |
| Dividend paid | 0 | 0 |
| **Net cash flow from financing activities** | **47 361** | **930** |
| Foreign exchange difference of cash and cash equivalents | 1 626 | -1 591 |
| **Net increase/decrease in cash and cash equivalents** | **160 192** | **409 824** |
| Cash and cash equivalents at the beginning of the year | 465 517 | 55 693 |
| Cash and cash equivalents at the end of the year | 625 709 | 465 517 |

** Reclassed according to prior year negative sign corrections. For further details please see the note 4.2.*
***Net cash flow from business combination has been reclassed from financing activities to investment activities*

| **Components of cash and cash equivalents** | **12.31.2024** | **12.31.2023** |
|---|---|---|
| Cash | 1 515 | 1 268 |
| Account receivables from central banks | 614 633 | 447 206 |
| Other demand deposits | 9 561 | 17 043 |
| **Total** | **625 709** | **465 517** |

The Board of Directors approved the consolidated financial statements on 07.04.2025.

| Éva Hegedűs | Jenő Siklós |
|---|---|
| Chairperson & CEO | Deputy CEO |

# NOTES

## 1. GENERAL INFORMATION

***Date of establishment***

GRÁNIT BANK ("Bank") is a commercial bank operating as a public limited company incorporated in Hungary, established on 25 September 1985 under the name Általános Vállalkozási Bank Rt.

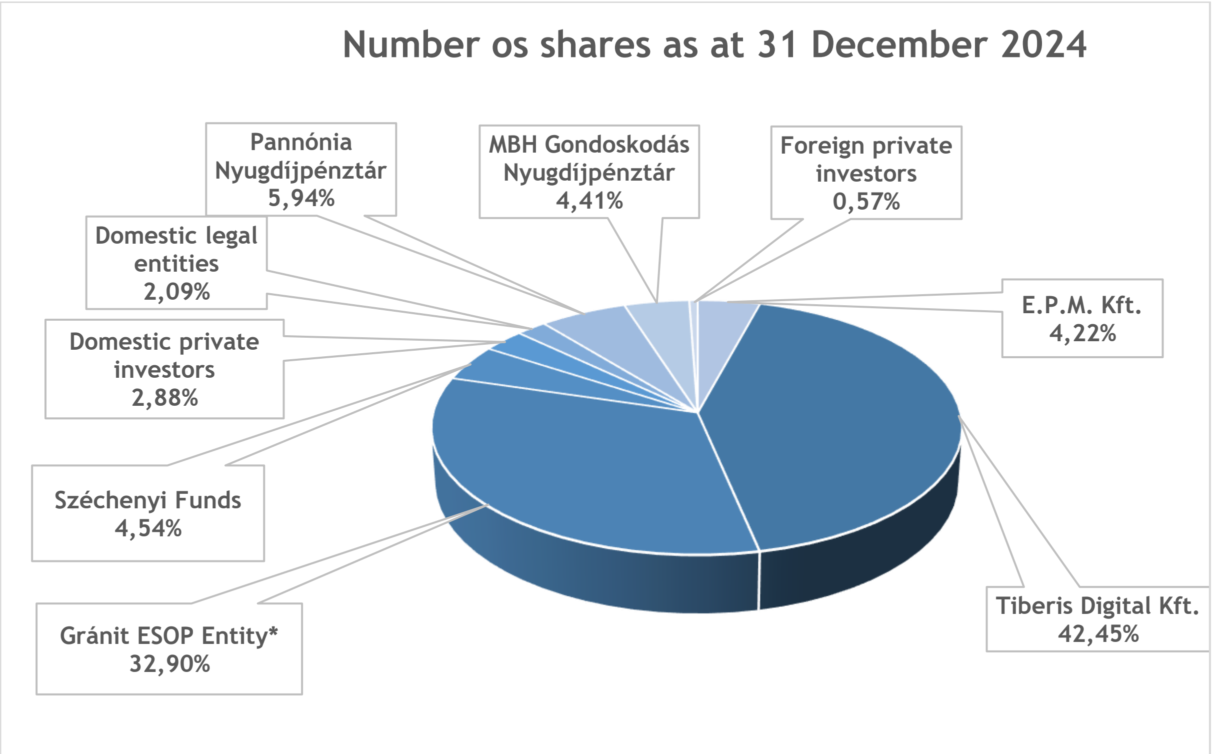
Following several changes of ownership, as the legal successor of the previous banks, the Bank has, since 20 May 2010, been trading under the name GRÁNIT Bank Zrt . From November 25, 2024, the operating form of Gránit Bank changed from a private limited company to a public limited company, and its existing ordinary shares were listed on the Budapest Stock Exchange on November 25, 2024.

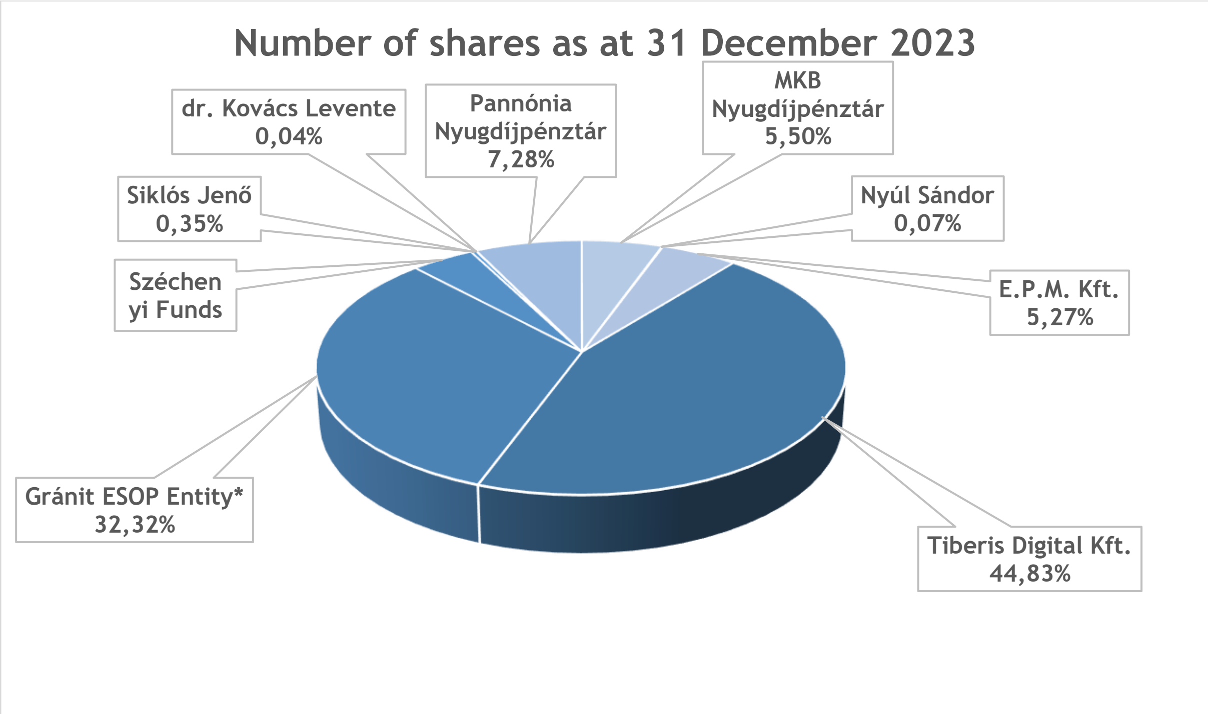
The company's registered office: 1095 Budapest, Lechner Ödön fasor 8.
Company court registration number: 01-10-041028
Website: www.granitbank.hu

***Range of activities***

The Bank is entitled to offer financial and supplementary financial services as listed in Section 3 of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises.
The National Bank of Hungary issued a foreign-exchange authority licence to the Bank on 20 July 1994, in which it authorised the Bank to provide financial services in foreign currencies.
Since 17 April 2000, based on resolution 41031-4/1999 of the Hungarian Financial Supervisory Authority (MNB), the Bank has been engaged in universal banking activities.

***Ownership structure***






*ESOP Entity – GRÁNIT Bank ESOP Entity

As of November 25, 2024, the operating form of Gránit Bank changed from a private limited company to a public limited company, and its existing ordinary shares were listed on the Budapest Stock Exchange on November 25, 2024. In parallel, the Board of Directors of the Bank decided to publicly increase the share capital of the Bank, within the framework of which 1,220,820 ordinary shares with a nominal value of HUF 1,000 and an issue value of HUF 14,500 were issued, in a total amount of HUF 17,701,890,000, which were subscribed by retail and institutional investors. The capital increase was registered on December 16, 2024, from which date the Bank's subscribed capital became HUF 19,223,077,000.

***Ultimate controlling party of the Bank***

The ultimate controlling party of the Bank is Mr. István Ferenc Tiborcz, being the ultimate beneficial owner controlling Tiberis Digital, which has 42.45% ownership rights in the Bank. Beside ordinary shares he also has Type D voting preference shares.

Type D preferential shares providing ten times voting rights in case of the following topics: listing the shares of the Bank on the stock exchanges (IPO), appointment and withdrawal of Chairperson, Deputy Chairperson and members of Board and Supervisory Board as well as determination of their remuneration in respect of the Type A and Type B shares, appointment of CEO, decision on the raise of Bank' share capital). Tiberis Digital owns the majority of Type D shares.

***Companies in which the Bank has a majority influence***

In 2024 the following change in the Group's corporate structure took place, designed to support the Group's economic activity and to help it achieve its strategic and business plans:

- July 2024, in a transaction considered a business combination, the Bank acquired a 76.66% stake in De Lage Landen Finance Zrt and a 100% stake in De Lage Lande Leasing Kft. The latter company owns 23.34% of De Lage Landen Finance Zrt. The Bank paid the fixed purchase price of HUF 7,320 million in cash.

The Bank's ownership interest in Equilor Group (acquired in 2022) has not changed compared to previous year.

In 2024, the Bank's ownership stake in Tarragona Vagyonkezelő Zrt increased from 94.2% to 95%, after paying the last purchase price installment.

The Bank's stake in the ESOP Entity has been included in the consolidation as a subsidiary of the Bank Group, given that the company qualifies as a structured entity under IFRS 12. That means under IFRS 10 the control necessary for inclusion is in place. The Bank's control over the ESOP entity is not exercised through voting rights or ownership shares, but through the right to establish rules governing the operation and purpose of the ESOP Entity, such as the Articles of Association and the remuneration policy.

The Bank founded its subsidiary GBG Szolgáltató Kft. in 2024 with a share capital of HUF 10 million. Bank holds 100% ownership in its new subsidiary. The new entity was included in the group members to be consolidated with the date of 29.02.2024.

Further information on the changes in the structure of the Group is presented in Note 2.

***Persons authorised to sign the consolidated annual financial statements of the Bank Group***

Éva Hegedűs (Chairperson & CEO)

Jenő Siklós (Deputy CEO)

***Members of the Bank's Board of Directors and Supervisory Board***

| **Board of Directors** | **Supervisory Board** |
|---|---|
| Hegedűs Éva (Chairperson & CEO) | Nyúl Sándor (president) |
| Jendrolovics Péter Bence (deputy CEO) | Oláh Márton |
| Vida István | Tóth Szabolcs |
| Dr. Tóth Judit | Dr Gubuznai Judit |
| Major János (deputy CEO) | Árkovics István |

## 2. CHANGES IN THE STRUCTURE OF THE GROUP

### *1. Acquisitions made during the reporting year*

The acquisition process of De Lage Landen Finance Zrt. (hereinafter Zrt.) and De Lage Landen Leasing Kft. (hereinafter Kft.) was completed on 31 July 2024. As part of this, the Bank acquired 76.66% of the ownership share of Zrt. directly and 23.34% indirectly, as well as 100% of the ownership share of Kft. Since Kft. owns 23.34% of the ownership share of Zrt., with the purchase of Kft. the Bank also became the 100% owner of Zrt. No minority share was created during the acquisition transaction. The previous owner of Zrt. and Kft. was De Lage Landen International B.V.

The purpose of the acquisition was to support the economic activities of the Bank Group and to implement its strategic and business plans. The acquisition qualifies as a business combination under IFRS 3.

Following the acquisition, the Bank Group, taking advantage of the business synergies resulting from the brand value, renamed the acquired companies, the Zrt to Gránit Pénzügyi Lízing Zrt, and the Kft to Gránit Lízing Kft (hereinafter the two companies together: Leasing Group).

The Kft. operates as a financial leasing company, while Zrt. is a financial leasing and lending company. Kft. and Zrt. are active players on the domestic market, mainly in the financing of agricultural, heavy-duty vehicles and construction machinery*Details of the purchase price, the net assets acquired, and goodwill are as follows:*

*Data in HUF millions*

| *Purchase price:* | **Gránit Financial Leasing Ltd.** | **Gránit Leasing Corp.** |
|---|---|---|
| Fix consideration paid in cash | 537 | 6 783 |
| *Share acquired in Gránit Financial Leasing Ltd.* | *76.66%* | *23.34%* |
| *Quota acquired on Gránit Leasing Corp.* | *0.00%* | *100.00%* |
| *Purchase price allocation for 100% ownership* | *163* | *-163* |
| **Adjusted purchase price** | **700** | **6 620** |

*Fair value of the assets and liabilities of the acquired companies at the acquisition date:*

*Data in HUF millions*

| | **Gránit Financial Leasing Ltd.** | **Gránit Leasing Corp.** |
|---|---|---|
| **Fair value** | | |
| Cash and cash equivalents | 1,761 | 6,122 |
| Financial leasing and loan receivables | 41,487 | 3,895 |
| Intangible assets | 59 | 0 |
| *- of which:* | | |
| *Existing intangible assets* | *59* | 0 |
| *Newly identified intangible assets* | *0* | 0 |
| Tangible assets | 219 | 522 |
| -of which: | | |
| Tangible assets under operating lease | 0 | 522 |
| Tangibles assets for own use | 219 | 0 |
| Existing deferred tax assets | 4 | 4 |
| Deferred tax assets arising due to PPA | 11 | 0 |
| Share in Gránit Financial Leasing Ltd. | 0 | 130 |
| Share in Gránit Financial Leasing Zrt adjusted due to purchase price allocation | 0 | -130 |
| Other assets | 865 | 214 |

| | | |
|---|---|---|
| **TOTAL ASSETS** | **44,406** | **10,753** |
| Loans payable | 43,053 | 4,105 |
| Current tax liability | 10 | 5 |
| Deferred tax liability arising due to PPA | 0 | 24 |
| Existing Deferred tax liability | 0 | 19 |
| Other liabilities | 894 | 312 |
| **Total liabilities** | **43,957** | **4,465** |
| **Net asset value** | **449** | **6 288** |

*Data in HUF millions*

| | Gránit Financial Leasing Ltd. | Gránit Leasing Corp. |
|---|---|---|
| **Goodwill derivation - 07.31.2023** | | |
| Purchase price | 700 | 6 620 |
| Fair value of net assets | 449 | 6 288 |
| **Goodwill** | **251** | **332** |

*Costs related to acquisitions*

Acquisition-related costs of HUF 48 million have been charged to administrative expenses in the income statement and are included among operating activities in the cash flow statement.

*Contribution to profit*

The acquired companies contributed interest income of HUF 1,434 million and profit after tax of HUF 33 million to the Group’s results for the period from 1 August to 31 December 2024 The whole year’s interest income is HUF 3,362 million and the profit after tax of the Leasing Group is HUF 114 million.

*Purchase price – cash outflow*

Cash outflow due to the acquisition of subsidiaries without the liquid assets of the acquired companies:

| | |
|---|---|
| Consideration paid in cash | (7,320) |
| Less: Acquired balances: | |
| Cash and cash equivalents: | 7,883 |
| Use of a bank credit line | 0 |
| **Net cash inflow – investment activity cash flow** | **563** |

2. *Sale of subsidiary*

During the year 2024 there was no sale of any subsidiaries.

## 3. SIGNIFICANT AND UNUSUAL EVENTS THAT OCCURRED DURING THE YEAR

**ESOP 4 program, increase in share capital**

The Bank launched the ESOP (Employee Share Program) 4 program in 2024, under which the Bank issued HUF 30 billion in capital (2,607,335 shares at a price of 1,150.6%), which was subscribed by the ESOP Entity. Of the HUF 30 billion, HUF 27 billion was sourced from external loans, so this part of the issued capital can also be taken into account in the Bank's regulatory capital; while the remaining HUF 3 billion was made available by the Bank to the ESOP Entity as a founder's contribution, which is not taken into account in the Bank's regulatory capital.

**Stock exchange listing, public increase of share capital**

As of November 25, 2024, the operating form of Gránit Bank changed from a private limited company to a public limited company, and its existing ordinary shares were listed on the Budapest Stock Exchange on November 25, 2024. In parallel, the Board of Directors of the Bank decided to publicly increase the share capital of the Bank, within the framework of which 1,220,820 ordinary shares with a nominal value of HUF 1,000 and an issue value of HUF 14,500 were issued, in a total amount of HUF 17,701,890,000, which were subscribed by retail and institutional investors. The capital increase was registered on December 16, 2024, from which date the Bank's subscribed capital became HUF 19,223,077,000.

**Acquisition of ownership in the Hungarian leasing companies of De Lage Landen International B.V.**

On 8 December 2023, the Board of Directors of the Bank authorized the Bank's management to make a binding tender offer to purchase the 76.66% share package of De Lage Landen Finance Zrt. and the 100% share package of De Lage Landen Leasing Kft. The Bank's tender offer was accepted, and the transaction was closed on 31 July 2024, following the approval of the Hungarian National Bank and the Hungarian Competition Authority.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

Name of person responsible for compiling the IFRS statements: Jenő Siklós (registration number: 133130),

### 4.1. Basis for preparing the statements

The Bank's consolidated financial statements were prepared on a historical cost basis, except for the following essential elements:

| Items | Basis for measurement |
|---|---|
| Financial instruments measured at fair value through profit or loss | Fair value |
| Financial assets measured at fair value through other comprehensive income | Fair value |
| Reserve for share based payment transactions settled in equity instruments (IFRS 2) | Fair value |

The Bank (or Group) keeps its accounting records and compiles its ledger in accordance with the provisions of commercial banking and financial legislation in force in Hungary, based on the principle of continuation of the business. The management is not aware of any event or significant uncertainty that would doubt the Group's business. The Bank's books are kept in Hungarian forint ("HUF"). Unless otherwise stated, balances are shown in million forints ("million HUF").

***Declaration of conformity***

As from 1 January 2018, the Bank uses IFRSs for statutory purposes instead of the Hungarian accounting standards (the date of transition is therefore 1 January 2017).
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and also comply with the additional requirements of Act C of 2000 on Accounting for individual financial statements prepared in accordance with the IFRS as adopted by the EU.

The Bank's stand-alone and consolidated statements are approved and published on the same day.

### 4.2. Corrections of comparative figures in the balance sheet

In its balance sheet, the Bank has made the following corrections of comparative information:

- In 2024, the Bank reviewed the presentation of the ESOP Entity's capital components in the consolidated balance sheet. As a result of the revision shares held by the ESOP Entity, are not classified as treasury shares, as the Bank has no legal obligation to repurchase the shares, furthermore the risk and rewards of these shares do not belong to the Bank, but to external parties. Therefore the Bank decided to revise the presentation of the equity components in order to be more appropriate. The shares previously presented as treasury shares and the related capital component presented as non-controlling interests, which were previously presented on separate lines, were combined within capital and not presented as separate capital components. In order to ensure comparability, the Bank made the following adjustments to the comparative data for 2023:

*Data in HUF millions*

| | 2023.12.31. reclassified | 2023.12.31 original | Impact |
|---|---|---|---|
| Treasury Shares | 0 | -18,777 | 18,777 |
| Minority interest | 3,496 | 20,621 | -17,125 |
| Profit reserve | 34,882 | 34,453 | 429 |

| | 2023.01.01. reclassified | 2023.01.01 original | Impact |
|---|---|---|---|
| Treasury Shares | 0 | -19 707 | 19 707 |
| Minority interest | 2 381 | 22 275 | - 19 894 |

| | | | |
|---|---|---|---|
| Profit reserve | 16 655 | 16 467 | 188 |

The reclassification impact on the EPS is presented in the Note 40.

- Negative/positive sign corrections, reclassifications and rounding differences have been corrected in the consolidated comprehensive income statement. The following adjustments made to the comparative data for 2023:

| | 12.31.2023 Restated | 12.31.2023 Original | Impact |
|---|---|---|---|
| **Profit after tax** | **21 581** | **21 581** | **0** |
| Net gains/losses from financial instruments measured at fair value through other comprehensive income | 1 411 | -1 381 | 2 792 |
| Deferred-tax effect of change in fair value | -116 | 87 | -203 |
| Change in impairment on debt securities measured at fair value through other comprehensive income | 1 | -1 | 2 |
| **Items to be reclassified to profit or loss subsequently:** | **1 296** | **-1 295** | **2 591** |
| **TOTAL OTHER COMPREHENSIVE LOSS** | **1 296** | **-1 295** | **2 591** |
| **TOTAL COMPREHENSIVE INCOME** | **22 877** | **20 286** | **2 591** |
| **Share of parent company's owners in total comprehensive income** | 21 188 | 18 598 | 2 590 |
| **Share of non-controlling owners in total comprehensive income** | 1 689 | 1 688 | 1 |

- Negative/positive sign correction of the depreciation, and the corresponding cash flow line. The foreign exchanges revaluation difference of the cash and cash equivalents was presented in a stand-alone line within the net cash flow from operating activities. Furthermore the calculation method of the net cash flow from operating activities was corrected. The following adjustments made to the comparative data for 2023:

| | 12.31.2023 Reclassed | 12.31.2023 Original | Impact |
|---|---|---|---|
| Impairment of tangible assets, and intangible assets | 1 804 | -1 804 | 3 608 |
| Foreign exchange difference of cash and cash equivalents | 1 591 | 0 | 1 591 |
| **Cash flow from pre-tax operating income before change in operating assets and liabilities** | **-28 540** | **-33 739** | **5 199** |
| Change in other assets | 232 | 3 840 | -3 608 |
| **Change in operating assets** | **162 114** | **165 722** | **-3 608** |
| **Net cash flow from operating activities** | **385 577** | **417 725** | **-32 148** |
| Foreign exchange difference of cash and cash equivalents | | | |
| **Net increase/decrease in cash and cash equivalents** | **409 824** | **409 824** | **0** |

### 4.3. Estimates

In some cases, the management needs to make significant estimates or assumptions when preparing the financial statements under IFRS. These significant estimates and assumptions affect the value of assets and liabilities, and of income and expenses, shown in the financial statements, as well as the presentation of contingent assets and liabilities presented in the Notes. Actual results may differ from estimated data.

Estimates and related assumptions are based on past experience and other factors considered relevant. Accounting estimates and the underlying assumptions are reviewed by the Bank on an annual basis. Changes to accounting estimates are recognised by the Bank during the period of the respective change.

The Bank discloses the nature and amount of changes in accounting estimates that have an impact on the current period or are expected to have an impact on future periods, except for the effect on future periods in cases when making an advance estimate is impossible. If the amount of an impact on future periods is not disclosed because an estimate cannot be made, the Bank must disclose this fact.

Future changes in the economic environment, financial strategy, regulatory environment, accounting regulations, and other areas may result in changes in estimates that may have a significant impact on future financial statements.

The most important estimates and assumptions that have an impact on the Group's report:

- Classification of financial assets: assessment of the exclusive principal and interest requirement pertaining to the characteristics of the business model and the contractual cash flows (see Section 4.6.1 for details)
- Impairment on financial assets (see Sections 4.6.3, 40.7.1 and Note 21 for details)
- Determination of the fair value of financial instruments in cases where the fair value of a financial instrument is determined by the Bank on the basis of significant unobservable inputs (see Sectipn 4.6.2 and Note 25 for more details).
- Determination of deferred tax receivables: assessment with respect to the attainment of future taxable profit (see Section 4.5.15 for details).
- Provisioning: estimation of the likelihood or extent of liabilities arising from a past event (see Section 4.6.12 for details).
- The economic loss recognised as a result of the moratorium on payments due to Covid-19 (see paragraph 4.5.11 and Npte 12 for details).
- Adjustment loss recognised as a result of the interest rate freeze introduced (see paragraph 4.5.11 and Note 12 for details).
- IFRS 2 share based payment reserve (see paragraph 4.6.14 and Note 36 for details).

### 4.4. Currency translation

The functional currency of the Bank is Hungarian forint (HUF). **The Bank presents its financial statements in Hungarian forints rounded to the nearest million.**

The Bank records its foreign exchange and foreign currency reserves, as well as its receivables and payables denominated in foreign currency, at the time of their acquisition or generation, in the respective currency, and also records them in forint at the MNB mid-exchange rate valid at the time of acquisition.

The Bank revalues its foreign currency held on account and in cash, as well as its receivables and liabilities denominated in foreign currencies, once a month, at the MNB's prevailing mid foreign exchange rate.

The Bank recognises the profit from revaluation in its end-of-month and end-of-year financial statements in the Profit or loss from FX transactions line, except for the foreign currency exchange rate difference related to financial instruments measured at fair value through profit or loss, which is recorded in the Profit or loss from changes in fair value of financial instruments line.

### 4.5. Income Statement

#### 4.5.1. Interests

**Effective interest rate**

The Bank determines interest income and interest expense using the effective interest method and recognises them in profit or loss. The effective interest rate is the rate at which the estimated future cash flows over the term of the financial asset or financial liability can be discounted:

- in the case of financial assets, to the gross book value,
- in the case of financial liabilities, to the amortised cost.

When the Bank determines the effective interest rate for (non-impaired) financial instruments, it estimates future cash flows by taking into account all contractual conditions of the financial instrument (prepayment, prolongation of term, callback, or similar options), **but disregarding any expected credit losses.**

In the case of purchased or originated credit-impaired financial assets (i.e. financial assets that are already impaired at the time of initial recognition) the Bank determines the interest income by applying the *credit-adjusted effective interest rate* method. The credit-adjusted effective interest rate is the rate by which the estimated future cash payments or cash incomes over the life of the financial asset may be discounted precisely down to the amortised cost of the purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, the Bank estimates the expected cash flows taking into account all contractual terms applicable to the financial asset **and the expected credit loss**.

The effective or credit-adjusted effective interest rate includes all fees and items paid or received by the contractual parties that are an integral part of the effective interest rate, as well as transaction costs and any other premium or discount. Transaction costs are ancillary costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

**Determining interest income and interest expense**

The Bank determines interest income or interest expense based on the gross book value in the case of (non-impaired) financial assets and amortised cost in the case of financial liabilities, using the effective interest rate.

**Recognition of interest income and interest expense**

In the consolidated income statement, interest income and interest expense related to the following financial instruments are presented under *Interest income* and *Interest expense*:

- interest on financial assets and financial liabilities measured at amortised cost, that is determined using the effective interest method;
- interest on debt securities measured at fair value through other comprehensive income, that is determined using the effective interest method;
- other interest and similar income not determined using the effective interest method
    - interest income on derivative financial instruments: In case of interest rate swaps the Bank applies the “dirty” method: interest income/expense including interest accruals are recognized on the “other interest and similar income” profit and loss line, whereas the change in fair value is recognized on the “Net gains from financial instruments measured at fair value through profit or loss” P/L line. This is in line with the aim of economically hedging the interest rate risk of fixed interest bearing securities and loans via these interest rate derivatives.
    - interest income on loans and securities measured at fair value through profit or loss

### 4.5.2. Fees and commissions

Fees and commissions that are part of the effective interest rate are recognised in the income statement under *Interest income* or *Interest expense*. All other fee and commission income is recognised in the income statement under *Fee and commission income*.

Recognised fees that are not an integral part of the effective interest rate of a financial instrument include:

- commitment fees for the origination of a loan for which the loan commitment is not measured at fair value through profit or loss and it is unlikely that a special loan agreement will be concluded;
- credit syndication fees received by the Bank that arise where the Bank intermediates a loan and keeps nothing from the loan package for itself (or keeps a part of the package at the same effective interest rate and at similar risk as other participants).

Fees and commission expenses not included in the effective interest rate are usually service fees that are recognised by the Bank as an expense when it receives the service.

### 4.5.3. Net gains from financial instruments measured at fair value through profit or loss

In this line, the Bank recognises its net gains from held-for-trading financial instruments, financial instruments obligatorily measured at fair value through profit or loss, not for trading, as well as from financial securities designated as measured at fair value through profit or loss, except for the profit from the interest on those instruments, which is shown under other interest income line.

### 4.5.4. Profit from FX transactions

Under Profit from FX transactions are recognised the realised exchange rate gains on financial instruments held in non-functional currencies as well as the unrealised gains on exchange rate changes in respect of financial assets and liabilities not measured at fair value through profit or loss.

### 4.5.5. Other operating income

Under other income the Bank recognises

- the net result from the sale of non-financial assets, if it is net income
- other income related to non-financial assets and liabilities

### 4.5.6. Other expenses

Under other expenses the Bank recognises

- the net result from the sale of non-financial assets, if it is a net loss
- Non-income tax expenses, except for taxes on personnel expenses, which are recognised under personnel expenses.
- Recognised impairment on non-financial assets
- other expenses related to non-financial assets and liabilities

### 4.5.7. Other general administrative costs

Under Other administrative costs the Bank recognises material expenses (the value of the use of purchased materials, fuel costs and impairment on inventories) and other administrative costs (telecommunication and postal charges, IT operating costs, rents paid, costs of services used, costs of other services), as well as transaction tax and special bank tax. Since 2010, credit and financial institutions in Hungary have been subject to a special bank tax. The bank tax and its reversal must be recognised as an expense in the year to which it legally applies. As the bank tax is based on non-net revenue values, it does not qualify for income tax under IFRS and must therefore be presented as an operating expense in the report. In 2020, in addition to the bank tax already applied, an extraordinary special epidemiological tax liability has also been incurred. Pursuant to the relevant provision, the extraordinary special tax paid in 2020 is deductible from the ordinary bank tax liability for the next 5 years, so this item had no impact on the result for 2020, and is recognised as a receivable in the balance sheet under other assets.

### 4.5.8. Income taxes

Recognised profits or losses from current and deferred corporate tax are recognised under Income taxes.

Actual and deferred tax is recognised as income or expense and is included in the after-tax profit or loss for the period, except when the tax is incurred in the settlement of transactions or events – in the same or another period – that the Bank recognises through other comprehensive income or directly in equity.

**Actual tax**

Actual tax on profits includes corporate income tax, local tax and innovation contribution. The corporate tax is paid to the national tax authorities competent with respect to the Bank's place of business. The basis for tax payment is the pre-tax profit calculated from the tax-paying company's accounting profit adjusted by items reducing and increasing the tax base. The local tax and the innovation contribution are paid to the relevant local authority, and the tax is based on the Bank's annual net turnover determined by law.

Actual taxes relating to the current period and prior periods that are still not settled are recognised as liabilities by the Bank. If the amount already paid for the current period and prior periods exceeds the amounts due for these periods, the excess is recognised as an asset.

Actual tax liabilities (tax receivables) for the current period and prior periods are valued at the amount that is expected to be paid to the tax authority (or expected to be recovered from the tax authority), using tax rates (and tax laws) that were in force or substantially in force by the date on which the statement of financial position is based.

### 4.6. Balance sheet items

#### 4.6.1. Financial instruments

The Bank recognises financial instruments in accordance with IFRS 9.

**Financial assets** include liquid assets, government securities, receivables from credit institutions, loans and advances to customers, debt securities, shares, participations, and derivative transactions. Financial assets are recognised by the Bank in the following balance sheet lines:

(a) Cash and cash equivalents
(b) Receivables from the MNB
(c) Interbank placements
(d) Securities
(e) Derivative financial assets
(f) Loans and advances to customers
(g) Other assets (customer receivables)

**Financial liabilities** arise from claims for the repayment of money or other financial assets. They mostly include liabilities to credit institutions, liabilities to customers, suppliers, and derivative financial liabilities. Financial liabilities are recognised by the Bank in the following balance sheet lines:

(a) Liabilities to the MNB
(b) Liabilities to credit institutions
(c) Liabilities to customers
(d) Derivative financial liabilities
(e) Other liabilities (trade creditors)

**Recognition and initial measurement**

The Bank recognises loans and receivables, deposits, and debt securities when they are originated. All other instruments are recognised on the day the Bank commits to purchase or sell the asset.
With the exception of trade receivables, the Bank recognises all financial assets not measured at fair value at their fair value adjusted by the transaction costs that are directly related to their issue or purchase.

Financial assets measured at fair value are recognised at fair value, and the transaction costs directly related to their issue and purchase are recognised through profit or loss.

With the exception of financial liabilities measured at fair value through profit or loss, the Bank recognises financial liabilities at fair value adjusted by transaction costs. In the case of financial liabilities measured at fair value through profit or loss, the value at initial recognition is the fair value; directly related transaction costs are recognised through profit or loss.

Transaction costs include fees and commissions paid to agents, advisers, brokers, and traders, as well as fees charged by regulators and stock exchanges, and taxes and fees related to the transfer. Transaction costs exclude premiums and discounts arising from lending, financing costs, internal administrative or holding costs.

Trade receivables, if they do not contain a material financing component, are recognised by the Bank at transaction price.

**Classification**
***Classification of financial assets***

The Bank classifies its financial assets in the following categories:

a) financial assets measured at fair value through profit or loss;
b) financial assets measured at amortised cost;
c) debt instruments measured at fair value through other comprehensive income; and
d) investments in equity instruments measured at fair value through other comprehensive income.

The Bank measures the financial asset at amortised cost if both of the following conditions are met:

- the financial asset belongs to a group in which the business model is the collection of contractual cash flows; and
- the contractual cash flows of the financial asset only include principal and interest on the outstanding principal.

The amortised cost of financial assets or financial liabilities is the value of the financial asset or financial liability as determined at initial recognition less principal repayments, increased or decreased by the accumulated amortisation of the difference between this original value and the value at maturity using the effective interest rate method, and, in the case of financial assets, decreased by accumulated impairment.

The gross book value of financial assets is the amortised cost of the asset before impairment.

The Bank measures the financial asset as a financial asset measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset belongs to a group in which the business model is the collection of contractual cash flows and sale; and
- the contractual cash flows of the financial asset only include principal and interest on the outstanding principal.

Investments in equity instruments are measured by the Bank at fair value through profit or loss (FVTPL), unless the Bank, at the time of initial recognition, makes an irrevocable decision to choose the “measured at fair value through other comprehensive income” category for the financial asset in question.

All other financial assets are categorised by the Bank in the measured at fair value through profit or loss category.

At initial recognition, the Bank has the option to classify a financial instrument measured at amortised cost or measured at fair value through other comprehensive income as irrevocably classified in the measured at fair value through profit or loss category if this eliminates or significantly reduces an accounting inconsistency.

The decision-making person or body determines the classification of financial instruments at the time of purchase.

***Classification of financial liabilities***

The Bank classifies its financial liabilities in the following categories:

- financial liabilities measured at amortised cost

Non-trading financial liabilities are measured by the Bank at fair value at initial recognition, less directly attributable transaction costs; any subsequent measurement is at amortised cost using the effective interest method, unless the Bank at initial recognition designated the financial liability as measured at fair value through profit or loss.

If the Bank designated a financial liability as measured at fair value through profit or loss at initial recognition, in any subsequent measurements

- the changes in fair value, if related to the Bank's own credit risk, are recognised through other comprehensive income,
- all other fair value changes are recognised through profit or loss.

The Bank uses the contractual conditions of the issued instrument as a basis for classifying the instrument as a financial liability or equity.

***Specification of business model***

The Bank specifies the purpose of its business model relating to its portfolio of assets. To do this, it takes the following information into consideration:

- principles and objectives attached to the portfolio and the practical applications of these principles. The management's portfolio-related strategy may focus on collecting contractual interest income, maintaining a given interest rate level, adjusting the maturity of financial assets to the maturity of the financial liabilities that finance them, or realising cash flows through the sale of the asset;
- how the portfolio's performance is evaluated and reported to management;
- the risks affecting the performance of the business model (and the financial assets included in it), and the manner in which these risks are managed;
- the method of remuneration of the Bank's managers: whether it depends on the development of the fair value of the managed assets or the collection of contractual cash flows; and
- the frequency, extent and timing of sales of previous periods, the reason for sales, the expectations for future sales. When evaluating information about past sales, it takes into account the reasons for sales, the conditions prevailing at the time of the sales, and compares them with current conditions. The Bank does not evaluate the information on sales in an isolated manner but collectively, i.e. it looks at how the objective formulated by the Bank is achieved and how the cash flows related to the financial instrument are realised.

Based on the above, the Bank classifies its financial assets according to three business models:

- "Collection of contractual cash flows" includes the financial assets for which the key business objective is the collection of contractual cash flows;
- "Collection of contractual cash flows and sale" includes the financial assets for which the business objective is partly achieved by collecting the contractual cash flows of the financial assets and partly by selling the financial assets; and
- "Other" includes the financial assets that do not belong to the groups under the other two business models.

The financial assets held by the Bank for trading purposes, or the performance of which is measured at fair value, are measured at fair value through profit or loss, as in the case of these the objective is neither the collection of contractual cash flows nor the collection of contractual cash flows and the sale of the assets.

***Measurement of the characteristics of contractual cash flows***

Classification in a measurement group also depends on the characteristics of the cash flows associated with the financial asset. For financial assets that the Bank intends to measure at amortised cost or at fair value through other comprehensive income, the Bank must consider whether they in terms of the cash flows of the financial asset meet the solely principal and interest (SPPI) requirement under IFRS 9. The principal is the fair value of the financial asset at initial recognition. Interest primarily expresses the consideration for the time value of the outstanding amount of principal and the credit risk in a given period, but it also includes other basic credit risks and costs, as well as a profit margin.

If the SPPI requirement is met, the Bank examines, in the denominated currency of the financial asset, whether the cash flows arising from the contract are consistent with the basic loan agreements.

To assess whether the contractual cash flows only include principal and interest payments, the Bank examines the contractual terms of the financial instrument. The examination also includes the assessment of whether the financial asset contains any contractual conditions that result in a change in the amount or timing of contractual cash flows that makes the financial asset no longer meet the SPPI requirement. To assess this, the Bank takes into account:

- future events, the occurrence of which affects the amount and timing of contractual cash flows;
- leverage characteristics;
- conditions for prepayment and term extension;
- conditions that put a limit on the Bank's claims related the given asset's cash flows (e.g. non-recourse asset agreements); and
- the existence of a modified element related to the time value of money.

**Derecognition**

***Derecognition of financial instruments***

The Bank derecognises a financial asset if

- the contractual right to the cash flows from the financial asset expires; or
- the contractual rights are transferred in a manner by which substantially all risks and rewards associated with the financial asset are transferred; or
- the Bank does not transfer and neither does it retain substantially all risks and gains associated with the financial asset, but does not retain control over the financial asset.

***Derecognition of financial instruments***

The Bank derecognises a financial liability when it is terminated, i.e. when the commitments specified in the given contract have been fulfilled, they have been cancelled, or they have expired.

**Netting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset by the Bank against one another, and the resulting net amount is recognised in the balance sheet when and only if the Bank has a legally enforceable right to offset the amounts and it intends to realise the asset and meet the liability by netting or concurrently.

**4.6.2. Determining fair value**

Fair value is the price that the Bank would receive upon the sale of an asset, or that it would pay upon transferring a liability, on the primary market, or in the absence of this, on an optimal market, under a standard transaction between market participants at the time of the measurement. The fair value of a liability reflects the effect of the risk of default. Besides measurement at the time of initial recognition, the Bank performs the measurement of fair value on a daily basis.

IFRS 13 "Fair value measurement" creates a fair value hierarchy in order to increase the consistency and comparability of measurements at fair value and related disclosures. The hierarchy categorises the inputs of measurement methods used to determine fair value into the following three levels:

- Level 1 inputs: Quoted (unadjusted) prices on active markets of identical assets or liabilities to which the Bank has access at the time of the measurement;
- Level 2 inputs: Inputs included in Level 1 other than quoted prices, that are directly or indirectly observable concerning the asset or liability; and
- Level 3 inputs: Non-observable inputs of the assets or liabilities.

If available, the Bank determines the fair value of the instrument based on the price quoted on an active market. A market is considered active if transactions relating to the asset or liability are carried out with sufficient frequency and quantity to enable the market to provide ongoing pricing information.

If no quoted prices from an active market are available, the Bank uses measurement techniques that are appropriate under the given circumstances and for which sufficient data are available to determine fair value. The use of relevant observable inputs must be maximised and the use of non-observable inputs must be minimised during the process. Measurement techniques are regularly reviewed by the Bank and each measurement technique is based on the latest market data. Measurement techniques are based on available market data, so their use must entail certain estimates and assumptions (correlations, volatilities, etc.). Changes in assumptions may affect the fair value of financial instruments presented.

The fair value of a financial asset at initial recognition is usually the transaction price. If the Bank determines that the transaction price differs from the fair value at initial recognition, it will do the following:

- if the financial asset has an active market or the fair value is based on a measurement technique that only uses data from observable markets, the Bank immediately recognises the difference between the fair value at initial recognition and the transaction price in profit or loss.
- in all other cases, the Bank defers or accrues the difference between the fair value at initial recognition and the transaction price. The accrued or deferred difference is recognised in profit or loss so as to be consistent with the change in the value of the financial asset.

In the case of NHP loans (both receivables and payables) the Bank accrues or defers the difference between the transaction price and the fair value at initial recognition, and recognises it in profit or loss over the term of the loan in accordance with the change in the value of the loan.

Transfers between various levels of the fair value hierarchy are recognised at the end of the reporting period in which the change occurred and the movements between hierarchy levels are presented in the Notes.

The methodology used for the measurement of fair value, and the inputs and assumptions used for the calculations, are detailed in Note 23.

#### 4.6.3. Impairment

Due to expected credit losses, the Bank recognises impairment in respect of the following financial instruments not measured at fair value through profit or loss:

(a) debt instruments,
(b) issued financial guarantees, and
(c) issued loan commitments.

The Bank recognises no impairment on investments in equity, as these are recognised at fair value in the balance sheet.

The Bank calculates the impairment for the remaining term, except for the following financial instruments, for which impairment is calculated for 12 months:

- debt securities with low credit risk at the reporting date,
- other financial instruments the credit risk of which has not deteriorated significantly compared to that at initial recognition.

**Determining the expected credit loss**

Expected credit losses are the probability-weighted estimates of credit losses incurred over 12 months for exposures in Stage 1 and for the expected life of the financial asset in case of Stage 2 and Stage 3 exposures.

**Impaired financial assets**

At each reporting date, the Bank assesses whether its financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income are impaired. A financial asset is considered impaired if one or more events have occurred that had an adverse effect on the expected future cash flows associated with the financial asset.

If the conditions of a loan are renegotiated due to the deterioration of the debtor's position, the loan must be considered impaired, unless it can be shown that the risk of collecting the contractual cash flows is significantly reduced and there are no other indicators for impairment.

**Methodology for establishing impairment**

The Bank has developed a detailed methodology for the establishment of impairment, which is included in the effective RISK-007/2011 Transaction rating, measurement, and impairment and provisioning rules. See Note 38.8. for a summary of the methodology.

**Recognising impairment in the balance sheet**

Impairment recognised on expected credit losses is reported by the Bank as follows:

(i.) in the case of financial assets measured at amortised cost, as an amount decreasing gross book value;

(ii.) in the case of financial guarantee contracts and loan commitments, as a provision (when it exceeds the amount pf unamortized fee);

(iii.) if a financial instrument contains both drawn and undrawn components, and the Bank is unable to separate the expected credit loss calculated for the undrawn component from that related to the drawn component, the Bank determines the impairment on the two components in aggregate. The aggregate impairment will decrease the gross book value of the drawn component. If the impairment loss so determined exceeds the gross book value of the drawn component, the difference is recognised by the Bank as a provision.

(iv.) in the case of financial assets measured at fair value through other comprehensive income, the recognised impairment is not shown in the balance sheet as in the case of these the balance sheet value is the fair value. Recognised impairment modifies cumulative other comprehensive income (the Fair value reserve).

### 4.6.4. Designation as measured at fair value through profit or loss

At initial recognition, the Bank classifies some financial assets as measured at fair value through profit or loss, as this designation eliminates or significantly reduces an accounting inconsistency that would otherwise arise. The Bank typically applies this method to credit and securities instruments that have fixed interest rates and the interest rate risk is hedged with IRS transactions (interest rate swaps). The Bank does not apply the hedge accounting method, thus it uses the option of designating them as measured at fair value through profit or loss in order to reduce the accounting mismatch that would otherwise exist.

### 4.6.5. Hedging transactions

The Bank does not currently use hedge accounting in its statements.

### 4.6.6. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical form. The Bank recognises an intangible asset in its balance sheet if it meets the requirements of identifiability, control over the resource, the existence of future economic benefits, as well as reliable measurement. If an intangible asset does not meet the recognition requirements, the Bank recognises the cost of its acquisition or production as an expense when it is incurred (except for acquisition in a business combination, as this forms part of the goodwill recognised at the date of the acquisition).

**Software**

Intangible assets consist mainly of software. Computer software often contains both tangible and intangible elements. The Bank determines whether the asset is to be treated in accordance with IAS 16 Property, plant and equipment or IAS 38 Intangible assets by looking at which component of the given asset is more significant. When the software is not an integral part of a particular hardware, the software is treated as an intangible asset by the Bank.

The Bank measures purchased software at cost less accumulated depreciation and impairment.

The cost of the purchased software is the cash or cash equivalent paid for the acquisition, at the time of the acquisition of the given asset, or the fair value of any other consideration given.

The cost of an intangible asset acquired individually includes:

- the item's purchase price, including import duties and non-recoverable sales taxes, less any discounts (trade discounts and quantity discounts); and
- costs directly attributable to the preparation of the device for its intended use.

The subsequent costs associated with the software are activated by the Bank only if they increase the future economic benefits associated with the software. All other subsequent costs are recognised as an expense at the time they are incurred.

The useful life of all software owned by the Bank is fixed. The Bank depreciates software on a straight-line basis over its expected useful life and recognises depreciation in profit or loss.

The Bank does not calculate a residual value for core software and applies a depreciation rate of 10% for these assets. In the case of non-core software, the estimated residual value is 5% and the depreciation rate is 16.67%.

The depreciation methods and useful lives are reviewed by the Bank at each reporting date and, if necessary, adjusted.

**Self-funded investments**

The Bank recognises various projects as self-funded investments.

In accordance with the general rule relating to intangible assets, the Bank recognises self-funded investments in its balance sheet only if they meet the requirements of identifiability, control over the resource, the existence of future economic benefits, as well as reliable measurement.
For internally produced intangible assets, as required by IAS 38, processes need to be separated into a research and a development phase. Expenditures related to research must be recognised immediately through profit or loss.
Self-funded investments must meet the following additional conditions in order to be activated as intangible assets:

a) they must be technically feasible,
b) an intention to implement must be present,
c) the technical, financial and other conditions necessary for the implementation must be available,
d) an ability to utilise the investment must be present,
e) the investment must demonstrably generate future benefits.

The costs incurred can be activated as an asset only if the conditions (a) to (e) exist concurrently and if they can be reliably measured.

In terms of the eligibility of the costs incurred, IAS 38 requires that only the costs directly incurred for the development can be recognised, such as:

- materials, services directly used by the Bank for the development,
- personnel expenses that were needed for the production.

The Bank's accounts of self-funded investments do not include expenditures related to the research phase, as the settlements for each project begin/began when the given project reaches/reached the development phase.

Of the various costs settled in relation to self-funded investments, IAS 38 only accepts the costs that were incurred directly.

For self-funded investments, the Bank applies a 10% amortization rate.

**Brand name, customer contracts**

The brand name and customer contracts acquired in the business combination are recognised at fair value at the acquisition date. The customer contracts have a finite useful life and are subsequently measured at cost less impairment and accumulated amortisation. Brand names are not assets with finite useful lives and therefore are not amortized; however, they are required to be tested for impairment annually regardless of whether any impairment indicators have occurred.

#### 4.6.7. Leases

*The Bank as a lessee*

In accordance with IFRS 16, the lessee recognises a “right of use” receivable and a lease liability in its records. The “right of use” receivable is to be recorded in the manner of other non-financial assets, and depreciation must also be recognised on it. The lease liability is to be recorded in the books as the present value of the lease payments to be made during the lease term, discounted based on the internal rate of return of the transaction. As a result of the introduction of the new standard, the Bank writes off the right of use receivables (and lease liabilities) recognised in its balance sheet over 3-5 years. Further details are provided in Note 28. Tangible assets. The Bank does not apply the standard to intangible assets.

*The Bank as a lessor*

Leasing transactions are classified as finance leases or operating leases. The classification under IFRS 16 is based on the fact that the risks and rewards associated with ownership of leased assets are borne by the lessor or lessee.
A finance lease is a lease that essentially transfers all the risks and rewards associated with owning an asset. For assets under finance leases, net investment in leases appears as a receivable on the balance sheet under Receivables from customers.
When payments received are recognised during the lease term, they are divided between the net lease investment reduction item and revenue. Net lease investment is the present value of gross lease investment discounted to the implicit interest rate of the lease. Gross lease investment is equal to minimum lease payments plus any non-guaranteed residual value to the lessor. The difference between gross investment in leases and net investment in leases is unearned income from financial activities. Leasing income is included in profit or loss continuously throughout the leasing period, so a fixed interest rate can be applied to the remaining amount of the receivable. The requirements for subsequent measurements are based on IFRS 16 rules, but the rules of IFRS 9 apply to impairment and derecognition of finance lease receivables.
The Bank does not currently carry out operating leasing activities.

#### 4.6.8. Provisions

A provision is recognised by the Bank if there is an existing obligation resulting from a past event, and it is probable that the fulfilment of the obligation will entail an outflow of resources representing economic benefits to third parties, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the existing obligation at the balance sheet date, taking into account the risks and uncertainties inherent in the given obligation.

The Bank also recognises the established expected credit loss on financial guarantees and loan commitments among provisions.

#### 4.6.9. Financial guarantees and loan commitments

A financial guarantee agreement is a contract that requires the issuer to make specific payments to indemnify the owner for a loss resulting from the fact that a specific debtor has failed to pay at the due date in accordance with the original or modified terms of a debt instrument.

Loan commitments provide credit in an obligatory manner at a future date subject to predetermined conditions.

At initial recognition, the Bank measures the issued financial guarantees and the loan commitments that it has provided below market rates at fair value, and then this initial fair value is amortised over the term of the financial guarantee or loan commitment. In the subsequent measurement, the value of financial guarantees and loan commitments is the higher of the amounts of amortised cost and expected credit loss.
All other loan commitments are recognised by the Bank at the amount of the calculated credit loss.

#### 4.6.10. Employee benefits

**Short-term employee benefits**

Short-term employee benefits include:

- wages, salaries and social security contributions;
- paid short-term absences, if the absence is payable within twelve months of the end of the related employment service period;
- profit-sharing and bonuses, if payable within twelve months of the end of the related employment service period; and
- non-monetary benefits for current employees.

Short-term employee benefits are recognised by the Bank as personnel expenses when the related employee service is performed. The Bank will recognise a liability in the amount of the expected payment if the Bank has a legal or assumed obligation to pay the amount as a result of the employee's past service, and the obligation can be estimated reliably.

**Share-based benefits**

The Bank provides its employees with share-based benefits through the ESOP entity. The benefit is paid by the Bank's shareholders, but it is the Bank that receives the services as a consideration for the benefit, therefore the benefit is recognised by the Bank as a share-based payment transaction settled in equity instruments in accordance with IFRS2.43B(b). The expense or the related increase in equity is recognised in the period in which the employees render the service. When applying to transactions with employees, the Bank must determine the fair value of the services received on the basis of the fair value of the equity instruments granted, as the fair value of the services received typically cannot be determined reliably. The fair value of these equity instruments is to be determined at the date they are granted.

#### 4.6.11. Subscribed capital and reserves

The Bank divides its equity in the balance sheet as follows:

(i.) Subscribed capital
(ii.) Capital reserve
(iii.) Profit reserve
(iv.) Other reserves
(v.) Cumulative other comprehensive income

*Cumulative other comprehensive income* reflects the cumulative fair value changes and impairment losses of financial assets measured at fair value through other comprehensive income (FVOCI).

#### 4.6.12. Consolidation

##### 4.6.12.1. Consolidation of subsidiaries

Subsidiaries, i.e. companies in which the Bank Group holds control under IFRS 10, are consolidated.

Subsidiaries are consolidated from the date on which their control is obtained by the Bank Group (or when the subsidiary is established) and are excluded from consolidation upon the termination of such control. This date may also occur in the course of the year, that is, the exact date of obtainment (or establishment) must be taken into account.

The consolidated financial statements include the profit or loss of the subsidiary's operations from the date on which the acquisition (or establishment) took place, that is, after the control over the acquired subsidiary is actually transferred to the buyer, in which case the profit and loss statement of the subsidiary is to be split between the two periods.

Companies within the Bank Group are required to apply the single accounting policy when preparing their financial statements. If any companies do not apply a single accounting policy, this fact must be indicated in the consolidated financial statements, and the differences must be disclosed. Where there are material differences and their impact on the consolidated financial statements is significant, the differences caused by the different accounting policies in each balance sheet and profit or loss line must be explained. The Bank does not apply any significant differences in its consolidated financial statements from the accounting policies of the Bank Group companies.

#### 4.6.12.2. Capital consolidation

During capital consolidation the book value of the parent company's investment in each subsidiary and the parent company's share in the equity of each subsidiary is eliminated.

The acquisition of a subsidiary is recognised in accordance with the accounting policy for acquisitions. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.
The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.
The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired

is recorded as goodwill.
If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.
Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Loss of control: a reduction in ownership interest in a subsidiary that results in a loss of control necessitates a reassessment of the fair value of the remaining interest. If a subsidiary is removed from the consolidation circle, the amount of the remaining interest in the subsidiary must be measured at fair value. The difference between the fair value and the book value is the gain or loss on the derecognition of the interest that is to be recognised through profit or loss. Accordingly, the parent company may only realise any gain or loss on subsequent capital acquisitions of a subsidiary during disposal. The parent company is required to remove a subsidiary from the consolidation when it ceases to have control over it.

#### 4.6.12.3. Debt consolidation of subsidiaries

Transactions and balances, and unrealised profits and losses on the transactions between members of the Bank Group are eliminated.

The receivables, liabilities, accruals, deferrals and provisions existing between the companies involved in the consolidation must be eliminated.

Assets and liabilities of the same title, if their amount is equal, must be derecognised from the preliminary balance sheet against one another.
If their amount is not the same, then of the amount of the difference

- an amount equal to the difference from the previous year must be recognised as a change in equity (profit reserve),
- the amount of the difference between the differences of the current year and the previous year must be recognised in the consolidated income statement as an item adjusting the profit or loss.

Based on the principle of materiality and economy, it is not necessary to carry out the consolidation of the debt with respect to items that do not materially affect the assessment of the Bank's true equity and financial position.

#### 4.6.12.4. Profit and loss consolidation of subsidiaries

Assets acquired from entities belonging to the Bank Group must be recognised in the consolidated balance sheet at the value at which they could have been recognised in the annual balance sheet if the companies legally constituted a single company together.

In order to achieve the above, their interim profit or loss content must be eliminated from the balance sheet value of these assets. If the interim profit or loss eliminated in the current year and the previous year is not the same, then

- the amount of interim profit or loss eliminated in the previous year must be recognised as a change in the Bank's equity (profit reserve),
- and the change in volume (the difference between the eliminated interim profit or loss of the current year and the previous year) must also be recognised in the consolidated income statement as a change in profit or loss.

It is not necessary to consolidate any interim profit or loss that does not significantly affect the assessment of the Bank Group's situation.

#### 4.6.12.5. Income and expense consolidation of subsidiaries

Besides eliminating debts and interim profits or losses generated (from intercompany transactions) within the Bank Group, costs, expenditures and revenues generated within the Bank Group must be consolidated. The purpose of consolidation is to compile an income statement that does not include any accumulation.
During the compilation of the consolidated income statement the following must be eliminated:

- the amount of revenues resulting from the delivery of goods, rendering and use of services between undertakings included in the consolidation, as well as the amount of the related expenditure and direct costs,
- items arising from other business relationships between such companies that are recognised under other income, financial income or extraordinary income or expense in the stand-alone income statement.

#### 4.6.13. Standards and interpretations that became effective during the present reporting period

The following amendments are effective from 1 January 2024:

- Amendments to IFRS 16 Leases: Lease Obligations in Sale and Leaseback Transactions (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments apply to leaseback transactions that meet the requirements of IFRS 15 and are accounted for as sales. The amendments require a seller-lessee to subsequently measure its obligations under the transaction without recognising any gain or loss relating to the right-of-use that it retains. This means deferring such gains even if the obligation is for variable payments that are not index- or interest-rate-linked.
- Classification of Liabilities as Current and Non-Current – Amendments to IAS 1 (originally amended on 23 January 2020, subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify when liabilities are classified as current or non-current. Like most financial institutions, the Group arranges its statement of financial position by liquidity rather than classifying its assets and liabilities as current or non-current. Therefore, this amendment did not have an impact on the consolidated financial statements.
- Amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued: 25 May 2023). In response to concerns raised by users of financial statements about inadequate or misleading disclosure of financing arrangements, the IASB issued amendments to IAS 7 and IFRS 7 in May 2023 to require disclosure of an entity's supplier financing arrangements (SFA). These amendments require disclosure of an entity's supplier financing arrangements, which enables users of financial statements to assess the effects of these arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk. The additional disclosure requirements are intended to enhance transparency of supplier financing arrangements. The amendments do not affect recognition or measurement principles, only disclosure requirements.

The application of the above amendments did not have a significant impact on the Group's financial statements.

#### 4.6.14. Future changes to the accounting policy

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2025 and for which the Bank has not exercised its early application option.

- Amendments to the classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 as follows:
    - clarify the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system;
    - clarify and provide additional guidance on assessing whether a financial instrument meets the SPPI criterion;
    - adding new disclosures for certain instruments with contractual terms that could change cash flows (for example, certain instruments linked to the achievement of environmental, social and governance (ESG) objectives); and
    - updating disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

  The Bank is currently assessing the impact of the amendments on its financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB issued IFRS 18, a new standard on presentation and disclosure in financial statements that focuses on updating the income statement. The key new concepts introduced in IFRS 18 relate to:

- the structure of the income statement;
- mandatory disclosure in financial statements for certain measures of profit or loss that are reported outside the entity's financial statements (i.e. performance measures determined by management); and
- enhanced principles of aggregation and disaggregation, which generally apply to primary financial statements and notes.

IFRS 18 replaces IAS 1; many of the other existing principles of IAS 1 remain with limited changes. IFRS 18 will not affect the presentation or measurement of items in financial statements, but may change what an entity means by "operating profit or loss". IFRS 18 is effective for annual periods beginning on or after 1 January 2027 and includes comparative information.

The Bank is currently assessing the impact of the amendments on its financial statements.

- IFRS 19 Publicly Accountable Subsidiaries: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 19 allows qualifying subsidiaries to apply IFRS accounting standards with reduced disclosures. The Bank is not entitled to apply the reduced disclosure requirements introduced by this standard.
- IFRS 14, Regulated Deferral Accounting (issued on 30 January 2014). IFRS 14 allows first-time adopters to continue to account for amounts related to interest rate regulation in accordance with their previous GAAP requirements when applying IFRS. However, to improve comparability with entities that already apply IFRS and do not know such amounts, the standard requires that the effect of interest rate regulation be presented separately from other items. An entity that already prepares IFRS financial statements is not entitled to apply the standard. This standard is effective from a date to be determined by the IASB.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date specified by the IASB). These amendments are intended to address a conflict between the requirements of IFRS 10 and IAS 28 in relation to the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business activity. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

## 5. NET INTEREST AND SIMILAR INCOME

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| *Interest income based on the effective interest method* | | |
| Interest income on financial assets measured at fair value through other comprehensive income | 786 | 1 730 |
| Interest income on financial assets measured at amortised cost | 71 553 | 83 899 |
| **Total interest income based on the effective interest rate method** | **72 339** | **85 629** |
| Interest income on financial assets held for trading | 16 955 | 27 861 |
| Interest income on financial assets designated as measured at fair value through profit or loss | 10 490 | 8 148 |
| Interest income on financial assets obligatorily measured at fair value through profit or loss, not for trading | 1 720 | 1 054 |
| Financial leasing interest income | 861 | |
| Other interest income | 26 | 0 |
| **Total other interest income** | **30 052** | **37 064** |
| **Total interest and similar income** | **102 391** | **122 691** |
| *Interest expense based on the effective interest method* | | |
| Interest expense on financial liabilities measured at amortised cost | 55 622 | 63 121 |
| **Total interest expense based on the effective interest rate method** | **55 622** | **63 121** |
| Other interest expense | 54 | 0 |
| Interest expense on financial liabilities held for trading | 14 854 | 20 919 |
| **Total other interest expense** | **14 908** | **20 919** |
| **Interest expenses** | **70 530** | **84 041** |
| **Total net interest and similar income** | **31 861** | **38 650** |

## 6. NET FEE AND COMMISSION INCOME

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Investment services | 6 354 | 4 330 |
| Custody services | 424 | 336 |
| Loan and guarantee fee income | 109 | 0 |
| Cash flow and account management | 3 525 | 2 668 |
| Bank card services | 1 073 | 792 |
| Fund management fee | 11 570 | 1 890 |
| Other | 1 793 | 484 |
| **Total fee and commission income** | **24 848** | **10 500** |
| Investment services | 1 181 | 663 |
| Custody services | 140 | 105 |
| Loan and guarantee fee expenses | 285 | 126 |

| | | |
|---|---|---|
| Brokerage commission | 5 | 2 |
| Cash flow and account management | 304 | 1 078 |
| Bank card services | 751 | 141 |
| Fund management fees | 3 758 | 609 |
| Other | 43 | 15 |
| **Total fee and commission expense** | **6 467** | **2 739** |
| | | |
| **Net fee and commission income** | **18 381** | **7 761** |

Lump sum fees related to the origination of loans are part of the interest calculated with the effective interest method, so they are recognised under interest and similar income and expense over the life of the loan or receivable. The fees and commission income presented here are usually one time fees and recognised as revenue when service is given to the customer.

## 7. GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Gains or (-) loss from financial assets and liabilities held for trading, net | 5 002 | -26 389 |
| *– profit from securities held for trading* | *376* | *306* |
| *– net profit from derivatives held for trading* | *4 626* | *-26 751* |
| *– profit or loss from loans held for trading* | *0* | *55* |
| Net profit or loss (-) from financial assets obligatorily measured at fair value through profit or loss, not for trading | -521 | 2 759 |
| Net profit or loss (-) from financial assets designated as measured at fair value through profit or loss | -1 887 | 26 066 |
| **Total net profit from financial instruments measured at fair value through profit or loss** | **2 594** | **2 436** |

***Financial assets***

The net profit/loss from financial assets obligatorily measured at fair value through profit or loss, not held for trading, include the profit impact of changes in the fair value of loans that failed the SPPI test. The net earnings figure was largely the result of the follow-up fair value measurement of “babaváró” loans. Additional information related to the valuation is provided in Note 23. Fair valuation of financial instruments. The interest income from these instruments is recognised in the interest income line.

The profit/loss from financial assets designated as measured at fair value through profit or loss include changes in the fair value of fixed-rate customer loans and securities to which IRSs treated as hedges from an economic point of view are related. The FVTPL designation is intended to reduce the otherwise existing accounting mismatch (which would arise from the fact that loans are to be valued at amortized cost and securities are also to be valued at amortized cost or fair value through comprehensive income; while IRS deals are to be valued at fair value through profit and loss compulsory). Additional information related to the valuation is provided in Note 23. Fair valuation of financial instruments. The Bank recognises the interest income of the designated assets in its interest income.

***Derivatives***

The net result on derivatives mainly includes the fair value result of interest rate swaps entered into to economically hedge the interest rate risk on fixed-rate loans to customers and securities.

## 8. PROFIT OR LOSS FROM FINANCIAL INSTRUMENTS NOT CLASSIFIED AS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Impairment of securities measured at fair value through other comprehensive income | 0 | 0 |
| Profit realised from the sale of securities measured at fair value through other comprehensive income | *452* | *642* |
| **Total net profit from financial instruments not classified as measured at fair value through profit or loss** | **452** | **642** |

Profit or loss from loans not classified as measured at fair value through profit or loss is recognised by the Bank in the Credit gains and losses line.

## 9. OTHER INCOME AND EXPENSES

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Intermediated services | 128 | 46 |
| Marketing support | 244 | 149 |
| Income from insurer | 102 | 2 |
| Refunding from OBA (National Deposit Insurance Fund) | 0 | 226 |
| Income from advisory | 655 | 563 |
| Income from tax revision of previous year | 620 | 0 |
| Other operating income | 30 | 185 |
| **Total other operating income** | **1 779** | **1 171** |
| | | |
| Taxes | 218 | 212 |
| Authority fees | 268 | 413 |
| Resolution Fund | 211 | 239 |
| Claim Settlement Fund | 93 | 83 |
| Other operating expenses | 489 | 295 |
| Disposal of a subsidiary | 77 | 0 |
| Net profit or loss (-) from the derecognition of non-financial assets | 109 | 0 |
| **Total other operating expenses** | **1 465** | **1 242** |

The European resolution authority has opened a liquidation procedure for the Hungarian parent company of Sberbank, Sberbank Europe AG of Austria in 2022. Due to Sberbank Magyarország Zrt.'s severe liquidity and capital situation, the MNB has also withdrawn the Hungarian credit institution's operating licence and ordered its liquidation.

As a result of the compensation process of Sberbank Magyarország Zrt., the National Deposit Insurance Fund (OBA) imposed an extraordinary payment obligation on its member institutions for a total amount of HUF 73,550 million, with a payment deadline of 25 May 2022. The amount of the extraordinary payment obligation of GRÁNIT Bank Zrt. for 2022 was HUF 563 million. This extra payment has been fully refunded by OBA partly in December, 2022 (HUF 337 million), and partly in 2023 (HUF 226 million). 'Refunding from OBA' other income line item represents the part of refund occurred in 2023.

The revenues of HUF 655 million are related to the activities of the Equilor Group, including e.g. company assessment, due diligence, and provision of strategic services.

A significant part of the income from tax revision of the previous years was the amendment of the tax on extra profits, where the Bank found that the tax base had not fully taken into account the reduction items.

## 10. CREDIT GAINS AND LOSSES

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Individual impairment on loans (net) – loss | 106 | 113 |
| Collective impairment on loans (net) – loss | 366 | 292 |
| Individual impairment on financial leasing (net) – loss | 24 | 0 |
| Collective impairment on financial leasing (net) – gain | -40 | 0 |
| Management overlay (net) | 0 | 0 |
| **Total credit impairment** | **456** | **405** |
| Collective impairment of securities held at amortised cost – loss | 870 | 430 |
| Securities measured at fair value through other comprehensive income - loss | 1 | 1 |
| **Collective impairment of securities** | **871** | **431** |
| Other (write-offs, recovery from write-offs, impairment of other assets, etc.) - loss | 230 | 123 |
| **Total credit gains and losses** | **1 557** | **959** |
| Provisioning on issued guarantees and loan commitments – gain | -137 | 337 |
| Provisioning other - gain | -1 | 138 |
| **Provisioning or (-) release of provisions** | **-138** | **475** |

For further information on changes in profit or loss from impairment and provisioning, see Note 38.8.

## 11. PERSONNEL EXPENSES

| *Average number of personnel* | 2024 | 2023 |
|---|---|---|
| Knowledge workers | 572 | 457 |
| Physical workers | 0 | 0 |
| Management | 20 | 14 |
| **Average number of employees in total** | **592** | **471** |

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Wage costs | 9 302 | 5 841 |
| Other expenditure related to personnel | 632 | 735 |
| Share based payments | 190 | 90 |
| Social contribution | 1 235 | 612 |
| Vocational training contribution | 0 | 0 |
| Rehabilitation contribution | 53 | 28 |
| **Total gross personal expenses** | **11 412** | **7 306** |

## 12. GENERAL ADMINISTRATIVE COSTS

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Material costs | 234 | 208 |
| Bank card service | 1 338 | 903 |
| IT costs | 1 920 | 1 264 |
| Property rentals | 80 | 17 |
| Advertising, commercials | 2 173 | 2 097 |
| Membership fees | 99 | 27 |
| Education, further training | 30 | 19 |
| Information line rental | 236 | 146 |
| Expert fees | 941 | 903 |
| Insurance | 54 | 20 |
| Other rentals | 53 | 59 |
| Other non-material services | 500 | 876 |
| Transaction levy | 2 775 | 1 486 |
| Special bank tax | 1 705 | 1 347 |
| Office maintenance | 343 | 220 |
| Telecommunication | 41 | 31 |
| Other operating costs | 778 | 349 |
| Extra profit tax | 2 144 | 2 297 |
| **Other general administrative costs** | **15 444** | **12 269** |

***Bank tax***

The Bank paid HUF 1,705 million in bank tax in 2024 (HUF 1,347 million in 2023). The tax base was HUF 864,921 million for 2024 and HUF 685,758 million for 2023. The effective tax rate was 0.2% in 2024 (0.2% in 2023).
In the case of credit institutions, the tax base in 2024 is the balance sheet total according to IFRS as at 31 December 2022 (in 2023, it was the IFRS balance sheet total as at 31 December 2021. In 2024 (and in 2023) the applicable tax rate was 0.15% for the part of the tax base below HUF 50,000 million and 0.20% for the part above HUF 50,000 million.

The tax base of the bank tax imposed on the Bank in 2025 is the IFRS balance sheet total as at 31 December 2023, the tax base was HUF 1,067,196 and the amount of the tax is expected to be HUF 2,109 million. The Bank's 2025 obligation arises on 1 January 2025.

Under IFRS rules bank tax does not meet the definition of income tax and therefore presented as administrative cost in the income statement of the Group,

***Extra profit tax***

In 2024, Government Decree 197/2022. (VI.4.), introduced in 2022 and amended by Government Decree 144/2023. (IV. 24.), for credit institutions, was the governing law on extra-profit taxes.The Bank paid HUF 2,144 million in extra profit tax in 2024 (HUF 2,297 million in 2023). The tax base is HUF 16,494 million (HUF 23,676 million in 2023).

In 2024, the basis of the extra profit tax is the pre-tax profit determined on the basis of the annual report for the 2022 tax year, with the amount shown as a dividend and the profit from the sale of goods and provision of services arising from non-ordinary activities being taken into account as a reducing item. The special tax on financial institutions, the financial transaction tax and the extra profit tax, calculated against the pre-tax profit for 2022, shall be taken into account as an increasing item.

In 2023, the tax base to be calculated from 1 January 2023 to 30 June 2023 was 50 percent of the net turnover (net interest income and net commission and fee income) determined on the basis of the annual accounts of the tax year preceding the tax year; and its tax base calculated from July 1, 2023 to December 31, 2023 is 50 percent of the profit before tax determined on the basis of the annual accounts for the tax year preceding the tax year. (

In 2024 (and also in 023), the applicable tax rate is 0.13% for the part of the tax base not exceeding HUF 10,000 millionand and 0.30% for the part exceeding HUF 10,000 million.

The basis of the extra profit tax prescribed for the Bank in 2025 is HUF 26,895 million, taking into account the increasing and decreasing items, and the amount of tax, which is 7% for the part of the tax base not exceeding HUF 20,000 million and 18% for the part of the tax base exceeding HUF 20,000 million, is expected to be HUF 2,641 million. The Bank's liability for 2025 will arise on January 1, 2025.

Under IFRS rules extra profit tax does not meet the definition of income tax and therefore presented as administrative cost in the income statement of the Group.

***Transaction levy***

In 2013 a tax called financial transaction levy has been introduced by the authorities. It is levied on the Bank, and payable based on specified type of transactions (including cash withdrawals and other transactions). The tax rate for withdrawals is 0.6% without a cap. For other transactions, the rate is 0.3%, but maximum HUF 10,000 per transaction.

On July 8, 2024, the Government decided on measures to increase budget revenue. Based on Government Decree 183/2024. (VII. 8.), the previous financial transaction tax rates were increased and a new element, a foreign exchange conversion surcharge, was introduced (see more details in the additional note 2. Significant and unusual events during the year).

## 13. INCOME TAX

The components of income tax for 2024 and 2023 are as follows:

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Corporate tax | 669 | 2 451 |
| Local taxes | 1 716 | 1 156 |
| Deferred tax | -120 | -356 |
| **Total** | **2 265** | **3 251** |

Corporate tax expense
In 2024 the corporate income tax was 9% on annual profits (also 9% in 2023).
Due to their non-sales nature, local taxes are part of the income tax in the income statement. The local tax includes business tax and innovation tax.
In Hungary there is no agreement on the determination of taxes that would be final from a legal point of view. Within six years of the tax year, the tax authority may review the accounting records at any time and may adjust the tax imposed. Consequently, in the case of a tax authority audit, a tax adjustment may also occur at the Bank. The tax authority reviewed and closed the corporate tax returns of the Bank until 2010, and it also reviewed and closed the Bank’s 2015, 2017,2018 and 2022 tax returns. The management is unaware of the existence of any significant tax liability arrears that could arise in years not yet audited by the tax authority.
The effective tax rate applied to the Bank’s profit differs from the statutory requirement on account of the following items:

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| **Profit before tax** | **23 425** | **24 832** |
| Corporate tax rate (%) | 9% | 9% |
| Calculated corporate tax | 2 108 | 2 235 |
| *Tax implications* | | |
| Calculated corporate tax | 2 108 | 2 235 |
| Local taxes | 1 716 | 1 156 |
| Other | 1 559 | 140 |
| **Income taxes** | **2 265** | **3 251** |
| | | |
| *Effective tax rate (%)* | 9,67% | 13,09% |

The Bank's affiliated company has invested in monumental property. The company invested in that property registered twice the amount of the monument investment. From the amount registered on the balance sheet date, that company shared the potential to use the benefit to the Bank, which is a related party. The Bank enforced a discount on monument investment and renovation in its 2024 corporate tax return worth HUF 15,336 million (see presented on ‘Other’ line).

## 14. CASH AND CASH EQUIVALENTS

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Cash | 1 515 | 1 268 |
| Account receivables from central banks | 614 633 | 447 207 |
| Other demand deposits | 9 561 | 17 043 |
| **Cash and cash equivalents** | **625 709** | **465 518** |

## 15. RESTRICTED CASH AND CASH EQUIVALENTS

The restricted cash balance of HUF 32,969 million in 2024 (HUF 22,009 million in 2023) comprises client funds shown among the liquid assets of Equilor Befektetési Zrt.

## 16. RECEIVABLES FROM THE MNB AND INTERBANK PLACEMENTS

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Receivables from the MNB | 39 971 | 99 867 |
| Interbank treasury lendings | 13 319 | 13 207 |
| Non treasury lends | 75 278 | 40 000 |
| **Total interbank receivables** | **128 568** | **153 074** |

## 17. SECURITIES

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Equity instruments | *952* | 0 |
| *Discount treasury bills, government securities* | *8 247* | *4 765* |
| Total debt securities | 8 247 | 4 765 |
| **Financial assets held for trading** | **9 199** | **4 765** |
| | | |
| Credit institution shares | *18* | 21 |
| Other shares | *63* | 32 |
| Corporate bonds | *15* | 22 |
| **Financial assets obligatorily measured at fair value through profit or loss** | **96** | **75** |
| | | |
| *Corporate bonds* | *71 153* | *66 312* |
| *Bank bonds* | *37 374* | *22 345* |
| *Government securities* | *9 843* | *0* |
| **Financial assets designated as measured at fair value through profit or loss** | **118 370** | **88 657** |
| | | |
| Equity instruments | 16 | 16 |
| *Government securities* | *12 517* | *9 374* |
| *Bank bonds* | *872* | *872* |
| Total debt securities | 13 389 | 10 246 |
| **Financial assets measured at fair value through other comprehensive income** | **13 405** | **10 262** |
| | | |
| Government securities | 113 703 | 109 570 |
| Bank bonds | 87 773 | 55 079 |
| Corporate bonds | 24 689 | 15 116 |
| **Financial assets measured at amortised cost** | **226 165** | **179 765** |
| | | |
| **Total** | **367 235** | **283 524** |

Securities designated as measured at fair value through profit or loss are fixed-interest-rate securities whose interest rate risk is, from an economic point of view, hedged by the Bank with IRSs.
The FVTPL designation is intended to reduce an otherwise existing accounting mismatch. In addition to bank bonds, the portfolio as at 31 December 2024 includes premium corporate bonds purchased within the framework

of the Bond Funding for Growth Scheme (BGS) launched by the MNB in 2019, in an amount of 40,173 (in 2023: HUF 35,728 million).

In the case of shares measured at fair value through other comprehensive income, not held for trading, the management has made an irrevocable decision at initial recognition to recognise the change in the fair value of these instruments in other comprehensive income instead of profit or loss. The decision primarily aims to represent the business objective that these shares are not held by the Bank for trading purposes, but rather in an ancillary manner, relating to banking activities.

This category includes the following shares on 31.12.2024:

- Garantiqa Hitelgarancia Zrt. (0.1036%)
- MBH Alapkezelő Zrt. (previously MKB-Pannónia Alapkezelő Zrt.) (0,96%)

This category includes the following shares on 31.12.2023:

- Garantiqa Hitelgarancia Zrt. (0.1036%)
- MBH Alapkezelő Zrt. (previously MKB-Pannónia Alapkezelő Zrt.) (0,96%)

The fair value of the shares listed above cannot be reliably established, as there is no active market for these shares. In the opinion of the Management, the cost of the investments equates approximately to their fair value.

On 31.12.2024 an impairment loss of HUF 4 million (HUF 3 million as at 31 December, 2023) was recognised for securities measured at fair value through other comprehensive income (for details, see: Note 20).

Please refer to Note 20 for impairment information and Note 23 for fair value information. Also see additional information in Note 38 Risk management.

## 18. DERIVATIVE FINANCIAL INSTRUMENTS

*Data in HUF millions*

| **12.31.2024** | **Nominal value, assets** | **Nominal value, liabilities** | **Positive fair value (assets)** | **Negative fair value (liabilities)** |
|---|---|---|---|---|
| MIRS | 10 774 | 0 | 1 687 | 0 |
| IRS | 0 | 9 770 | 0 | 1 046 |
| FX swap | -41 248 | -35 818 | 266 | 118 |
| **Total derivatives held for trading** | **-30 474** | **-26 048** | **1 953** | **1 164** |
| IRSs covering the interest rate risk of securities | 5 402 | 59 359 | 702 | 1 869 |
| IRSs covering the interest rate risk of BGS corporate bonds | 46 492 | 0 | 6 896 | 0 |
| IRSs covering the interest rate risk of loans | 27 223 | 69 495 | 2 286 | 2 329 |
| IRS covering the portfolio | 0 | 0 | 0 | 0 |
| **Total derivative transactions for fair value hedging from an economic point of view** | **79 117** | **128 854** | **9 884** | **4 198** |

| | | | | |
|---|---|---|---|---|
| **Total derivative financial instruments** | **48 643** | **102 806** | **11 837** | **5 362** |

*Data in HUF millions*

| **12.31.2023** | **Nominal value, assets** | **Nominal value, liabilities** | **Positive fair value (assets)** | **Negative fair value (liabilities)** |
|---|---|---|---|---|
| MIRS | 10 774 | 0 | 1 915 | 0 |
| IRS | 0 | 9 770 | 0 | 1 152 |
| FX swap | 74 356 | 76 921 | 316 | 631 |
| **Total derivatives held for trading** | **85 130** | **86 691** | **2 232** | **1 782** |
| IRSs covering the interest rate risk of securities | 6 767 | 41 270 | 622 | 2 213 |
| IRSs covering the interest rate risk of BGS corporate bonds | 46 279 | 1 000 | 6 253 | 6 |
| IRSs covering the interest rate risk of loans | 20 611 | 41 924 | 2 371 | 3 362 |
| IRS covering the portfolio | 0 | 287 | 0 | 10 |
| **Total derivative transactions for fair value hedging from an economic point of view** | **73 657** | **84 481** | **9 246** | **5 592** |
| **Total derivative financial instruments** | **158 787** | **171 172** | **11 478** | **7 374** |

***Derivatives for trading***

MIRS transactions have been introduced by the MNB, for monetary policy purposes – they are unconditional interest rate swaps with a general scope.

***Derivatives held, from an economic point of view, for hedging purposes***

Derivatives held, from an economic point of view, for hedging purposes are entered into by the Bank to cover the interest rate risk of fixed-interest customer loans and securities (government securities, bank bonds and corporate bonds purchased under the Bond Funding for Growth Scheme). The Bank does not apply hedge accounting to these transactions, but has designated the underlying transactions as measured at fair value through profit or loss to reduce an otherwise existing accounting mismatch.

## 19. LOANS AND ADVANCES TO CUSTOMERS

*Data in HUF millions*

| | **12.31.2024** | **12.31.2023** |
|---|---|---|
| Held-for-trading loans | 97 | 97 |
| Customer receivables obligatorily measured at fair value through profit or loss | 70 308 | 35 244* |
| Customer receivables designated as measured at fair value through profit or loss | 58 832 | 54 826 |
| Exposure of customer receivables measured at amortised cost | 338 378 | 258 500* |

| | | |
|---|---|---|
| *- of which leasing receivables* | *29 115* | *3 871* |
| Impairment (-) | -1 888 | -1 172 |
| *- of which on leasing receivables* | *-113* | *0* |
| Portfolio-level overlay (-) | 0 | 0 |
| Modification loss (-) | -107 | -75 |
| Net exposure of customer receivables held at amortised cost | 336 383 | 273 920 |
| **Total customer receivables** | **465 620** | **347 420** |

**The special receivable of ESOP programme has been reclassed to fair value through profit or loss class.*

*Held-for-trading loans*

Among held-for-trading customer receivables, the Bank recognises purchased receivables that were purchased in 2019 at a discounted price for sale.

*Customer receivables obligatorily measured at fair value through profit or loss*

Customer receivables obligatorily measured at fair value through profit or loss are customer loans that, based on their business model, would be measured at amortised cost, but as shown by the SPPI test their cash flows do not consist exclusively of principal and interest payment components, so even after their initial recognition they continue to be recognised by the Bank at fair value, and changes in their fair value are recognised through profit or loss. Loans that have failed the SPPI test can be categorised as follows:

- Loans with family housing allowance “CSOK” and “CSOK Plusz”subsidies for which the subsidy also includes a non-market-based component
- MFB refinanced loans in the case of which the loans are denominated in EUR but repayments are made in HUF, and therefore the transactions also entail a currency risk
- “Babaváró” loans, for which the interest rate scheme also includes a non-market-based component (a scheme launched in 2019; the Bank did not yet have any such transaction on its books in the previous years)
- As part of the ESOP programme a special receivable was recognised in the consolidated balance sheet from the buyers of the Granit Bank shares. That receivable failed the SPPI test, therefore it has to be measured at fair value through profit and loss. There is also a liability against that special receivable (please see nore 21.). and both are linked to the share price. Fair value decreasing is also required for the liability and the receivable, as the share price falls below the initial exchange rate. However, positive fair value adjustment is not possible for any of the finance instruments, because according to the conditions of the ESOP program, the parties are not obliged to pay higher than the initial fair value.

*Customer receivables designated as measured at fair value through profit or loss*

Customer receivables designated as measured at fair value through profit or loss are fixed-interest-rate loans whose interest rate risk is hedged by the Bank with IRSs. The FVTPL designation is intended to reduce an otherwise existing accounting mismatch (the Bank does not apply hedge accounting to these transactions).

*Customer receivables measured at amortised cost*

The portfolio of loans held at amortised cost includes HUF 4,653 million of transactions financed in the framework of the MNB’s Funding for Growth Scheme (NHP Program I and II), the initial fair value of which differs from the transaction price, and the difference is deferred by the Bank over the life of the transactions. As a result of the amortisation of the related effective interest rate, the settlement has no overall impact on profit. The deferred initial difference is HUF 5,614 million and the amount not yet amortised is HUF 106 million. For subsequent NHP schemes, the Bank did not identify any initial fair value difference.

## 20. IMPAIRMENT OF FINANCIAL INSTRUMENTS, PROVISIONS (BALANCE SHEET)

*Data in HUF millions*

| 12.31.2024 | Gross exposure | | Allowance/provisions | | Net exposure | |
|---|---|---|---|---|---|---|
| | Receivables | Guarantees/ Undrawn lines | Allowance | Provision | Receivables | Guarantees/ Undrawn lines |
| **Customer loans measured at amortised cost** | | | | | | |
| Retail segment | 20 167 | 1 038 | 142 | 1 | 20 025 | 1 037 |
| Corporate segment | 109 012 | 100 290 | 905 | 279 | 108 107 | 100 011 |
| Other financial corporate segment | 71 148 | 24 746 | 131 | 21 | 71 017 | 24 725 |
| Project loans | 81 846 | 40 695 | 433 | 136 | 81 413 | 40 559 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 873 | 20 | 5 | 0 | 868 | 20 |
| State segment | 26 718 | 4 598 | 159 | 1 | 26 559 | 4 597 |
| **Total customer loans measured at amortised cost** | **309 764** | **171 387** | **1 775** | **438** | **307 989** | **170 949** |
| **Financial leasing assets** | | | | | | |
| Retail segment | 291 | 0 | 14 | 0 | 277 | 0 |
| Corporate segment | 28 213 | 127 | 99 | 0 | 28 114 | 127 |
| Other financial corporate segment | 3 | | | | 3 | 0 |
| Project loans | 0 | | | | 0 | 0 |
| Local municipalities | 0 | | | | 0 | 0 |
| Non-profit segment | 0 | | | | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total financial leasing assets** | **28 507** | **127** | **113** | **0** | **28 394** | **127** |
| **Securities measured at amortised cost** | | | | | | |
| Corporate segment | 25 266 | 0 | 273 | 0 | 24 993 | 0 |
| Other financial corporate segment | 1 019 | 0 | 1 019 | 0 | 0 | 0 |
| Bank segment | 87 469 | 0 | 0 | 0 | 87 469 | 0 |
| State segment | 113 749 | 0 | 46 | 0 | 113 703 | 0 |
| **Total securities measured at amortised cost** | **227 503** | **0** | **1 338** | **0** | **226 419** | **0** |
| **Securities measured at fair value through other comprehensive income** | | | | | | |
| Other financial corporate segment | 16 | 0 | 0 | 0 | 16 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Bank segment | 872 | 0 | 0 | 0 | 872 | 0 |
| State segment | 12 521 | 0 | 4 | 0 | 12 517 | 0 |
| **Total securities measured at fair value through other comprehensive income** | **13 409** | **0** | **4** | **0** | **13 405** | **0** |
| **Interbank placements** | | | | | | |
| Interbank placements | 13 319 | 0 | 0 | 0 | 13 319 | 0 |
| **Total interbank placements** | **13 319** | **0** | **0** | **0** | **13 319** | **0** |

*Data in HUF millions*

| | **Gross exposure** | | **Allowance/provisions** | | **Net exposure** | |
|---|---|---|---|---|---|---|
| **12.31.2023** | **Receivables** | **Guarantees /Undrawn lines** | **Allowance** | **Provision** | **Receivables** | **Guarantees /Undrawn lines** |
| **Customer loans measured at amortised cost** | | | | | | |
| Retail segment | 22 180 | 1 019 | 81 | 5 | 22 099 | 1 014 |
| Corporate segment | 118 223 | 71 610 | 653 | 430 | 117 570 | 71 180 |
| Other financial corporate segment | 66 882 | 15 488 | 68 | 13 | 66 814 | 15 475 |
| Project loans | 34 696 | 22 550 | 211 | 126 | 34 485 | 22 424 |
| Local municipalities | 51 | 0 | 0 | 0 | 51 | 0 |
| Non-profit segment | 970 | 0 | 1 | 0 | 969 | 0 |
| State segment | 20 507 | 4 500 | 93 | 0 | 20 414 | 4 500 |
| **Total customer loans measured at amortised cost** | **263 509** | **115 167** | **1 107** | **574** | **262 402** | **114 593** |
| **Securities measured at amortised cost** | | | | | | |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 52 879 | 0 | 261 | 0 | 52 618 | 0 |
| State segment | 109 173 | 0 | 46 | 0 | 109 127 | 0 |
| **Total securities measured at amortised cost** | **162 052** | **0** | **307** | **0** | **161 745** | **0** |
| **Securities measured at fair value through other comprehensive income** | | | | | | |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 962 | 0 | 0 | 0 | 962 | 0 |
| State segment | 7 280 | 0 | 0 | 0 | 7 280 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total securities measured at fair value through other comprehensive income** | **8 242** | **0** | **0** | **0** | **8 242** | **0** |
| **<u>Interbank placements</u>** | | | | | | |
| Interbank placements | 104 631 | 0 | 0 | 0 | 104 631 | 0 |
| **Total interbank placements** | **104 631** | **0** | **0** | **0** | **104 631** | **0** |

The amount of receivables includes the amount of principal receivables belonging to the given segment.

The securities measured at fair value through other comprehensive income lines do not include shares classified in this category as they are not subject to impairment.

## 21. LIABILITIES TO THE MNB AND CREDIT INSTITUTIONS

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Funding for Growth Scheme (NHP) | 53 234 | 67 457 |
| MNB refinancing loan | 131 789 | 131 665 |
| Interest rate swap collateral account | 1 485 | 1 660 |
| **Liabilities to the MNB** | **186 508** | **200 783** |
| | | |
| EXIM | 54 737 | 35 129 |
| MBH | 7 132 | 4 336 |
| MFB | 42 292 | 15 002 |
| OTP | 4 081 | 0 |
| KBC | 242 | 0 |
| KDB | 5 762 | 0 |
| Interbank deposits | 20 029 | 44 331 |
| **Liabilities to credit institutions** | **134 275** | **98 798** |
| *- of this, measured at amortised cost* | *92 148* | *83 796* |
| *- of this, designated as measured at fair value through profit or loss* | *42 127* | *15 002** |

**MRP loan liability from MFB has been reclassified to fair value through profit and loss*

Funding for Growth Scheme (NHP) line in the portfolio of liabilities to the MNB includes HUF 4,653 million of refinancing received in the framework of the MNB's Funding for Growth Scheme (FGS I, II), the initial fair value of which differs from the transaction price, and the difference is deferred by the Bank over the life of the transactions. As a result of the amortisation of the related effective interest rate, the settlement has no overall impact on profit. The deferred initial difference is HUF 5,614 million and the amount not yet amortised is HUF 106 million. For subsequent NHP schemes, the Bank did not identify any initial fair value difference. The liability shown under the FGS line includes HUF 42 billion of loans taken out under the FGS Go! scheme.

The FGS line under Liabilities to the MNB also includes so-called synthetic EUR transactions in an amount of HUF 764 million, created with the consolidation of HUF funds drawn under the Funding for Growth Scheme and related CCIRS transactions (foreign exchange rate swaps) concluded with the MNB.

The liability shown in the refinancing loan to the MNB line includes funds raised under the MNB's fixed-interest secured loan tender with a maturity of 5 years.

As part of the ESOP programme the ESOP Entity borrowed bank loans to finance the purchase of the Gránit Bank shares. In accordance with the speciality of the ESOP programme that financial liability is to be measured at fair value in conncection with the corresponding loan receivable of the ESOP programme. The value of both the liability and the associated part of the receivable is linked to the stock prices. Fair value decreasing is also required for the liability and the receivable, as the share price falls below the initial exchange rate. However, positive fair value adjustment is not possible for any of the finance instruments, because according to the conditions of the ESOP program, the parties are not obliged to pay higher than the initial fair value.

***Refinancing loans***

The Bank entered into several refinancing credit line agreements with various financial institutions (FHB – Jelzálogbank, MFB – Fejlesztési Bank; EXIM Bank) to finance part of its activities. The definition of eligible beneficiaries, and the monitoring of the final borrowers and the repayment process are governed by a number of contractual provisions. All credit risks related to the final borrower are borne by the Bank in all cases, and the Bank is also responsible to ensure compliance with all obligations.

In 2013 the National Bank of Hungary (MNB) launched a new programme under the name Funding for Growth Scheme. The aim of the programme is to offer refinancing to small and medium-sized enterprises (SMEs) through the Hungarian banking system. For a temporary period and up to a specified amount, the MNB provides credit institutions participating in the programme with funds at a lower interest rate than the market rate. The credit institutions use these funds to extend loans with similarly favourable conditions to SMEs for specific purposes. The maximum term of the refinancing loans is 10 years at the start and is consistent with the maturity of the loan granted to the customer. In order to mitigate the negative economic impact of the coronavirus epidemic and to avoid credit market disruptions, the MNB launched the FGS Go! scheme on 20 April 2020 with a HUF 1,500 billion budget, which was increased by HUF 1,000 billion to HUF 2,500 billion through the Monetary Council's decision of 17 November 2020. Under this scheme, the central bank provides refinancing loans to credit institutions at 0% interest for a maximum maturity of 20 years, which they will, on the one hand, lend further to the SME sector in the form of loans or financial leases at a capped annual cost, and, on the other hand, use for refinancing financial enterprises for the same purpose. Refinancing loans are recognised in the balance sheet as financial liabilities held at amortised cost.

The National Bank of Hungary (MNB) introduced a fixed-interest secured loan transaction from 25 March 2020 until withdrawal, the purpose of the monetary tool being to ensure liquidity at longer maturities. The interest rate on the loan is the fixed interest rate published in the tender notice, while interest payments are due quarterly. Possible maturities of the loans are 3 months, 6 months, 12 months, 3 years and 5 years; the Bank took out loans with a maturity of 5 years.

The management of the Bank thinks it is in full compliance with the covenants related to the loans taken out as at 31 December 2024 (and at 31 December 2023).

## 22. LIABILITIES TO CUSTOMERS

*Data in HUF millions*

| | **12.31.2024** | **12.31.2023** |
|---|---|---|
| Demand deposits | 394 671 | 362 633 |
| within 3 months | 585 091 | 440 547 |
| Over 3 months, within 1 year | 138 491 | 78 010 |
| between 1 year and 5 years | 51 066 | 25 703 |
| between 5 years and 10 years | 9 040 | 5 193 |
| between 10 years and 15 years | 8 446 | 859 |
| more than 15 years | 613 | 0 |
| **Total liabilities to customers** | **1 187 418** | **912 946** |

The Bank recognises its liabilities to customers at amortised cost, and has no liability to customers that it has designated as measured at fair value through profit or loss.

## 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

*Data in HUF millions*

| 12.31.2024 | Fair value | | | | Book value |
|---|---|---|---|---|---|
| | **Level 1 input** | **Level 2 input** | **Level 3 input** | **Total fair value** | |
| **Assets** | | | | | |
| **Cash and cash equivalents** | 1 515 | 624 194 | 0 | 625 709 | 625 709 |
| **Receivables from the MNB** | 0 | 39 966 | 0 | 39 966 | 39 971 |
| **Interbank placements** | 0 | 88 597 | 0 | 88 597 | 88 597 |
| **Securities** | 139 121 | 124 498 | 97 888 | 361 507 | 367 235 |
| *- of which:* | | | | | |
| *- Held-for-trading securities* | *9 199* | *0* | *0* | *9 199* | *9 199* |
| *- Securities obligatorily measured at fair value through profit or loss, not held for trading* | *81* | *0* | *15* | *96* | *96* |
| *- Securities designated as measured at fair value through profit or loss* | *9 844* | *36 299* | *72 227* | *118 370* | *118 370* |
| *- Securities measured at fair value through other comprehensive income* | *12 517* | *872* | *16* | *13 405* | *13 405* |
| *- Securities measured at amortised cost* | *107 480* | *87 311* | *25 646* | *220 437* | *226 419* |
| **Derivative financial assets** | 0 | 11 837 | 0 | *11 837* | 11 837 |
| **Loans and advances to customers** | 0 | 0 | 460 592 | 460 592 | 465 620 |
| *- of which:* | | | | | |
| *- Held-for-trading customer receivables* | *0* | *0* | *97* | *97* | *97* |
| *- Customer receivables obligatorily measured at fair value through profit or loss, not for trading* | *0* | *0* | *70 308* | *70 308* | *70 308* |
| *- Customer loans designated as measured at fair value through profit or loss* | *0* | *0* | *58 832* | *58 832* | *58 832* |
| *- Customer loans measured at amortised cost* | *0* | *0* | *302 906* | *302 906* | *307 989* |
| - *Financial leasing assets* | *0* | *0* | *28 449* | *28 449* | *28 394* |
| | | | | | |
| **Liabilities** | | | | | |
| Liabilities to the NBH | 0 | 1 485 | 172 561 | 174 046 | 186 508 |
| Liabilities to credit institutions | 0 | 77 870 | 53 784 | 131 654 | 134 275 |
| Liabilities to customers | 0 | 0 | 1 187 418 | 1 187 418 | 1 187 418 |
| Derivative financial liabilities | 0 | 5 362 | 0 | 5 362 | 5 362 |
| Loan commitments and financial guarantees | 0 | 0 | 191 113 | 191 113 | 191 113 |

*Data in HUF millions*

| 12.31.2023 | Fair value | | | | Book value |
|---|---|---|---|---|---|
| | Level 1 input | Level 2 input | Level 3 input | Total fair value | |
| **<u>Assets</u>** | | | | | |
| **Cash and cash equivalents** | 1 232 | 486 295 | 0 | 487 527 | 487 527 |
| **Receivables from the MNB** | 0 | 99 867 | 0 | 99 867 | 99 867 |
| **Interbank placements** | 0 | 53 207 | 0 | 53 207 | 53 207 |
| **Securities** | 122 024 | 70 930 | 80 745 | 273 699 | 283 684 |
| *- of which:* | | | | | |
| *- Held-for-trading securities* | *4 765* | *0* | *0* | *4 765* | *4 765* |
| *- Securities obligatorily measured at fair value through profit or loss, not held for trading* | *26* | *0* | *22* | *48* | *75* |
| *- Securities designated as measured at fair value through profit or loss* | *5 913* | *16 993* | *65 750* | *88 657* | *88 657* |
| *- Securities measured at fair value through other comprehensive income* | *9 367* | *879* | *16* | *10 262* | *10 262* |
| *- Securities measured at amortised cost* | *101 953* | *53 058* | *14 955* | *169 966* | *179 925* |
| **Derivative financial assets** | 0 | 11 480 | | 11 480 | 11 480 |
| **Loans and advances to customers** | 0 | 0 | 338 011 | 338 011 | 347 486 |
| *- of which:* | | | | | |
| *- Held-for-trading customer receivables* | *0* | *0* | *97* | *97* | *97* |
| *- Customer receivables obligatorily measured at fair value through profit or loss, not for trading* | *0* | *0* | *18 577* | *18 577* | *18 577* |
| *- Customer loans designated as measured at fair value through profit or loss* | *0* | *0* | *54 826* | *54 826* | *54 826* |
| *- Customer loans measured at amortised cost* | *0* | *0* | *264 511* | *264 511* | *273 986* |
| **<u>Liabilities</u>** | | | | | |
| Liabilities to the MNB | 0 | 1 660 | 181 433 | 183 093 | 200 783 |
| Liabilities to credit institutions | 0 | 38 050 | 71 284 | 109 334 | 98 798 |
| Liabilities to customers | 0 | 0 | 912 739 | 912 739 | 912 946 |
| Derivative financial liabilities | 0 | 7 377 | 0 | 7 377 | 7 377 |
| Loan commitments and financial guarantees | 0 | 0 | 574 | 574 | 574 |

**Movements of the financial assets fair valued by using level 3 input**

*Data in HUF millions*

| | Customer receivables | Debt securities | Equity securities |
|---|---|---|---|
| **Opening balance - 01.01.2024** | **90 167** | **65 772** | **16** |
| Disbursement / purchase | 58 345 | 7 333 | 0 |
| Instalments / sales | -18 001 | 0 | 0 |
| Gain, or loss recognized into income statement | -1 274 | -863 | 0 |

| | | | |
|---|---|---|---|
| Gain, or loss recognized into other comprehensive income | 0 | 0 | 0 |
| **Closing balance - 01.01.2024** | **129 237** | **72 242** | **16** |

**Fair value of financial instruments**

***Financial instruments measured at fair value***

Trading instruments (including derivatives), transactions obligatorily measured at fair value through profit or loss, transactions designated as measured at fair value through profit or loss, as well as instruments measured at fair value through other comprehensive income (OCI), are subsequently measured and accounted for at fair value as detailed below.

**Liquid market products**

In the case of liquid market products, the Bank determines the fair value either by applying the market price directly or by applying the relevant market yield curve directly.

In the case of liquid market products, it is not necessary to adjust the applied market price or market yield curve by additional cost elements, as these are actively included in the price and yield curves by the operations of the market.

Typically these include spot and futures products that are standard transactions concluded with government and bank counterparties and where at least monthly quotes or yield curve quotes are available.

In the case of measurement based on liquid market prices or market yield curves, the Bank classifies the inputs used as level 1 or level 2 inputs under the fair value hierarchy established by IFRS 13.

**Non-liquid market products**

In the case of non-liquid market products, the Bank discounts the cash-flow elements of the transaction with the discount rate resulting from the sum of the relevant value of the risk-free yield curve and the cost elements assigned to the transaction.

The Bank applies the following additional cost elements as a diversion of the risk-free yield curve:

1. credit risk premium,
2. saleability premium (liquidity premium)

**Instruments measured at fair value using level 3 inputs**

The Bank uses level 3 inputs for the following financial instruments that are subsequently measured at fair value:

- Customer receivables obligatorily measured at fair value through profit or loss, not for trading
- Customer loans designated as measured at fair value through profit or loss
- Held-for-trading customer receivables
- Securities measured at fair value through other comprehensive income
- Corporate bonds purchased under the Bond Funding for Growth Scheme (BGS)

Loans that are required to be obligatory measured at fair value through profit or loss (because they failed the SPPI test, i.e. the future cash flows of the given loan do not only include principal and interest components), and loans designated as measured at fair value through profit or loss are measured by the Bank using the discounted cash flow method, applying the premium components described above.

Loans obligatorily measured at fair value through profit or loss as at 31.12.2024 include “babaváró” loans in the amount of HUF 20,285 million (at 31.12.2023: HUF 17,548 million) that were subsequently measured at FVTPL due to their failure to pass the SPPI test. The Bank also estimates the fair value of “babaváró” loans using the discounted cash flow model, estimating the expected cash flows at the transaction level. The Bank assumes that the expected cash flow for “babaváró” loans is most affected by the following factors:

- the woman's age at the time of applying for the loan
- the number of children already born to the family when applying for the loan
- whether an application for suspension has been submitted at the time of the valuation

Based on these factors, the Bank classified customers into groups, assessed the expected behaviour of the groups through a representative sample as well, and determined the expected cash flows for the transactions at an individual level, which it then discounted using a market swap yield curve, adjusted by the premiums detailed above.

The Bank quantified in the fair value sensitivity analysis of "babaváró" loans that a shift of +100 bp in the market swap yield curve used for discounting would reduce the fair value amount by HUF 1 026 million. This impact is expected to be mitigated by a shift in the yield curve of the Government Debt Management Agency (ÁKK) through interest cash flows.

As at 31.12.2024, the balance of held-for-trading loans includes receivables purchased in 2019, which the Bank purchased at a discounted price for the purpose of sale, and thus their subsequent measurement falls under FVTPL, i.e. the fair value through profit or loss category. In making the fair value estimate of these loans, the Bank takes into account the fact that it has entered into an agreement with an independent party to whom it may sell the receivables at an option price equal to the purchase price, while the buyer also receives the return on capital above the purchase price, pursuant to the terms of the agreement. Accordingly, in the judgment of the Bank's management, the carrying amount of these transactions provides the best approximation of fair value.

The Bank's non-trading shares are ancillary investments that do not have an active market and in the case of which the Bank's management believes that their book value, which is based on their cost, approximately equals their fair value.

No market price can be observed for the fair valuation of the bonds purchased under the BGS scheme (although the bonds have been listed on the stock exchange, no liquid market has been established), so they are valued using the discounted cash flow (DCF) method – similarly to loans valued at fair value – also taking into account the premiums detailed above.

The following sensitivity analysis table shows the impact of credit risk premium and illiquidity premium – as non-observable components – on fair value. Fair values are presented with and without the effect of the non-observable component of the valuation as follows:

*Data in HUF millions*

| | 12.31.2024 | | |
|---|---|---|---|
| **Customer loans** | **Fair value with premium** | **Fair value without premium** | **Effect of premium component** |
| Obligatorily measured at fair value | 20 285 | 20 393 | -108 |
| Designated as measured at fair value | 98 817 | 101 631 | -2 814 |
| BGS bonds | 40 173 | 42 477 | -2 304 |

*Data in HUF millions*

| | 12.31.2023 | | |
|---|---|---|---|
| **Customer loans** | **Fair value with premium** | **Fair value without premium** | **Effect of premium component** |
| For trading | 39 | 39 | 0 |
| Obligatorily measured at fair value | 18 577 | 18 686 | -109 |
| Designated as measured at fair value | 54 826 | 55 661 | -835 |
| BGS bonds | 35 728 | 38 043 | -2 315 |

The balance of securities obligatorily measured at fair value through profit or loss includes – in addition to shares listed on the stock exchange – the Bank's investment in VISA Inc. which, due to its specific characteristics, is classified as a bond. For VISA Inc., the Bank uses an unobservable component in fair valuation: It includes a multiplier of 0.9 in the calculation as a liquidity premium.

Among financial instruments measured at fair value under the subsequent measurement, there was no transfer between the levels of the measurement hierarchy either in 2024 or in 2023.

For the results of fair value measurement, see Note 6. Profit or loss from financial instruments measured at fair value through profit or loss.

***Financial instruments not measured at fair value***

In the following we present the methods and assumptions used to quantify the fair value of financial instruments that are not held at fair value through profit or loss in the financial statements and their subsequent measurement is based on their amortised cost. The fair value of these instruments is determined only for presentation in the Notes.

*Securities held at amortised cost*
The Bank's portfolio currently includes bank bonds and government securities, the fair value of which is determined by the Bank directly applying the market yield curve.

*Customer loans and interbank transactions held at amortised cost, liabilities held at amortised cost*

In the case of liquid assets and liabilities or those with a short remaining term (less than 1 year), the Bank assumes that their book value, based on their amortised cost, approximately equals their fair value. This assumption also applies to demand assets and liabilities, savings assets and liabilities without a specific maturity, and floating-rate assets and liabilities.
The estimated fair value of fixed-rate liabilities held at amortised cost with a residual maturity of over 1 year (including refinancing liabilities) is determined using the discounted cash flow calculation method on the basis of the market yield curve corresponding to the remaining maturity.
The fair value of fixed-rate assets held at amortised cost with a residual maturity of over 1 year is determined using the discounted cash flow calculation method on the basis of the estimated market yield curve of the asset, corresponding to the remaining maturity, applying the premium components described above.

The Bank believes that the book value, less impairment, is the best approach to the fair value of defaulted transactions classified in Stage 3, during the calculation of which an individual cash flow stress method is used to determine the value of the transaction and therefore no non-realised profit or loss is recognised for these transactions in these Notes.

## 24. OTHER INFORMATION RELATING TO FINANCIAL INSTRUMENTS

*Assets used as collateral for liabilities and contingent liabilities*

*Data in HUF millions*

| | **12.31.2024** | **12.31.2023** |
|---|---|---|
| **Encumbered assets:** | | |
| Total debt securities | 59 604 | 86 782 |
| Loans and advances other than demand receivables | 109 126 | 104 192 |
| *- of which: loans secured on property* | *30 825* | *35 814* |
| Restricted cash | 32 969 | 22 009 |
| **Total assets used as collateral** | **201 699** | **212 983** |
| **Received collaterals related to encumbered assets:** | | |
| Total debt securities | 19 | 2 475 |

| | | |
|---|---|---|
| Loans and advances other than demand receivables | 5 218 | 5 430 |
| Other received collateral | 59 852 | 60 140 |
| | **65 089** | **68 045** |

Among the encumbered assets, the debt securities serve as collateral for loans from the MNB and are disclosed in the balance sheet on the Securities line. Loans and advances other than demand receivables consist in part of the assets that used as collateral for the MNB Funding for Growth Scheme, and in part, of loans refinanced by MFB, Eximbank and Takarékbank, which are included in the balance sheet under Receivables from customers. Restricted cash consist of client funds stemming from the investment services activity related to the Equilor group that was acquired in 2022, and are separated in the balance sheet as Restricted cash and cash equivalents.

*Transferred financial assets*

At 31 December 2024, the Bank had no transferred assets that do no qualify for derecognition or in which the Bank has continuing involvement (the situation was the same on 31 December 2023).

***Offsetting of financial assets and liabilities***

The following tables show the financial assets and liabilities that are subject to an enforceable, primary netting agreement as at 31 December 2024 and 31 December 2023:

*Data in HUF millions*

| | **Volumes stated in the balance sheet** | | |
|---|---|---|---|
| **12.31.2024** | **Gross value of financial assets** | **Gross value of financial liabilities to be offset** | **Net value of financial assets** |
| Derivatives | 11 837 | 7 643 | 4 194 |
| **Total financial assets subject to offsetting or primary netting agreements** | **11 837** | **7 643** | **4 194** |

| | **Volumes stated in the balance sheet** | | |
|---|---|---|---|
| | **Gross value of financial liabilities** | **Gross value of financial assets to be offset** | **Net value of financial liabilities** |
| Derivatives | 5 362 | 2 736 | 2 626 |
| **Total financial liabilities subject to offsetting or primary netting agreements** | **5 362** | **2 736** | **2 626** |

| | **Volumes stated in the balance sheet** | | |
|---|---|---|---|
| **12.31.2023** | **Gross value of financial assets** | **Gross value of financial liabilities to be offset** | **Net value of financial assets** |
| Derivatives | 11 480 | | 11 480 |
| **Total financial assets subject to offsetting or primary netting agreements** | **11 480** | **0** | **11 480** |

**Volumes stated in the balance sheet**

| | Gross value of financial liabilities | Gross value of financial assets to be offset | Net value of financial liabilities |
|---|---|---|---|
| Derivatives | 7 377 | | 7 377 |
| **Total financial liabilities subject to offsetting or primary netting agreements** | **7 377** | **0** | **7 377** |

The derivatives are subject to the following netting agreements: ISDA (International Swaps and Derivatives Association) agreements, CSAs (Credit Support Annexes) and GMRAs (Global Master Repurchase Agreements). The Bank has no open repurchase or reverse repurchase (repo) transactions on the reporting dates.

The Bank has no primary netting agreements, the financial assets and liabilities under which are not offset against each other in the balance sheet.

***Financial asset reclassifications due to a business model during the year***

In 2023, no reclassification was effected due to a business model.

***Information on credit, market and liquidity risk management***

Information on the management of credit, market and liquidity risks of the Bank is provided in Note 40 on Risk management.

## 25. OTHER ASSETS

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Receivable from funds management | 2 602 | 4 404 |
| Receivable from portfolio management | 485 | 146 |
| Advances | 1 764 | 150 |
| Buyers | 407 | 153 |
| Accrued guarantee fees | 702 | 154 |
| Bank card activity settlements | 743 | 660 |
| Account management settlements | 1 731 | 1 893 |
| Other financial receivables | 480 | 101 |
| **Total other financial receivables** | **8 914** | **7 661** |
| | | |
| Deferred operating costs | 1 533 | 545 |
| Central budget receivables | 2 703 | 2 343 |
| Banking operation stocks | 145 | 34 |
| Leased assets taken back | 24 | 0 |
| Special epidemiological tax receivable | 231 | 231 |
| Deferred income | 160 | 581 |
| Special bank tax receivable | 440 | 0 |
| VAT tax receivable | 688 | 417 |
| Corporate tax receivable | 1 459 | 0 |
| Accrued incentives | 1 710 | 0 |
| Other non financial receivables | 367 | 74 |
| **Total other non financial receivables** | **9 460** | **4 225** |
| **Other assets** | **18 374** | **11 886** |

Of the other assets, items recognised in the Buyers line are classified as financial instruments, which were mainly received in January 2025.
In order to mitigate the economic damage caused by COVID-19, the Government decided to introduce a special epidemiological tax under the Economy Protection Action Plan (Govt. Decree 108/2020 (IV.14.)). The credit institution may choose to reduce its liability for the special bank tax in the following years by the amount paid as the special epidemiological tax, and the Bank will therefore record this as a receivable in its books.

## 26. INTANGIBLE ASSETS

### Change in intangible assets 2024

*Data in HUF millions*

| Change in the gross value of intangible assets | Cost (gross value) | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| Concessions, licences and similar rights | 243 | | 84 | 68 | 259 |
| Intellectual property | 7 631 | 326 | 5 199 | 49 | 13 108 |
| Customer list | 3 241 | | | | 3 241 |
| Brand name | 282 | | | 74 | 208 |
| Goodwill | 6 200 | 583 | | | 6 783 |
| **Gross value of intangible assets** | **17 598** | **909** | **5 283** | **191** | **23 599** |

**Acquisition represents the balances attributable to the acquisition of the Gránit Finance Leasing Ltd. and the Gránit Leasing Corp. (please refer to Note 2 for further details).*

| Accumulated depreciation of intangible assets | Accumulated depreciation | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| Concessions, licences and similar rights | 196 | | 75 | 68 | 203 |
| Intellectual property | 2 752 | 267 | 1 130 | 49 | 4 100 |
| Customer list | 196 | | 605 | | 801 |
| **Accumulated depreciation of intangible assets** | **3 144** | **267** | **1 810** | **117** | **5 104** |

| Net value of intangible assets | Net asset value |
|---|---|
| Concessions, licences and similar rights | 56 |
| Intellectual property | 9 008 |
| Customer list | 2 440 |
| Brand name | 208 |
| Goodwill | 6 783 |
| **Net value of intangible assets** | **18 495** |

**Intellectual property**
The increase in 2024 was driven by projects undertaken in the context of digital development, resulting in the development of IT systems. One of the most significant developments was the replacement of the securities analitical system linked to the expansion of the investment services business.

**Customer list and brand name**

The customer list (or customer contracts) and brand name are recognised in the context of a business combination (in relation to the Equilor group these assets were recognized in 2022, in relation to the Gránit Alapkezelő (Diófa) group the assets were recognized in 2023, while in relation to the Gránit Finance Leasing Ltd. and the Gránit Leasing Corp.the assets were recognized in 2024). They were recognised at fair value on acquisition. Customer contracts are amortised on a straight-line basis over their useful lives based on the schedule of cash flows outlined in the relevant contracts. The brand name has an indefinite useful life, and thus no amortisation is recognised on it.

**Goodwill**

Goodwill was generated in relation to business combination in connection with the acquisition of the Equilor group in 2022 and in connection with the acquisition of the Gránit Alapkezelő (Diófa) group in 2023; and in connection with the acquisition of the Gránit Finance Leasing Ltd. and the Gránit Leasing Corp. in 2024 in accordance with the provisions of IFRS 3. Further details are provided in Note 2.

**Impairment of brand name and goodwill**

Formal impairment test has been completed for brand name and goodwill in relation to the Equilor group as at 31 December, 2024 as well as for goodwill in relation to the Gránit Alapkezelő Group and Gránit Leasing companies. According to the impairment test results, recoverable amount of these assets are higher than their book value, therefore no impairment is recognized for them. Except for the brand name of Diófa Alapkezelő, which was 100% impaired, because of the rebranding (Diófa brand name was renamed to Gránit Alapkezelő).

Basis of the recoverable amount calculation is the value in use. Goodwill assets were tested for impairment on the level of their respective cash-generating units, determined at each acquisition. The value in use amounts were determined based on the income approach, where the explicit cash flow predictions and residual values were taken into account. Beyond the business plans' 1-3 year predictions, cash flows were adjusted for long term inflation expectations, and no real-term increase was assumed in residual values. There is no goodwill, or brand name allocation between cash-generating units.

The gross and net value of the goodwill and brand names and the impairment amounts are as follows:

*Data in HUF millions*

| Name of cash generating unit | Gross value of goodwill | Impairment on goodwill | Net value of goodwill |
|---|---|---|---|
| Equilor Group | 971 | 0 | 971 |
| Gránit Alapkezelő Group | 5 229 | 0 | 5 229 |
| Gránit Finance Lease Ltd. | 251 | 0 | 251 |
| Gránit Lease Ltd. | 332 | 0 | 332 |
| **Total** | **6 783** | **0** | **6 783** |

| Name of cash generating unit | Gross value of brand name | Impairment on brand name | Net value of brand name |
|---|---|---|---|
| Equilor Group | 208 | 0 | 208 |
| Gránit Alapkezelő Group | 74 | 74 | 0 |
| Gránit Finance Lease Ltd. | 0 | 0 | 0 |
| Gránit Lease Ltd. | 0 | 0 | 0 |
| **Total** | **282** | **74** | **208** |

**Change in intangible assets 2023**

*Data in HUF millions*

| | Cost (gross value) | | | | |
|---|---|---|---|---|---|
| Change in the gross value of intangible assets | **Opening** | **Acquisition*** | **Increase** | **Decrease** | **Closing** |

| | | | | | |
|---|---|---|---|---|---|
| Concessions, licences and similar rights | 14 | 210 | 19 | 0 | 243 |
| Intellectual property | 5,455 | 4 | 2,195 | 22 | 7,631 |
| Customer list | 945 | 2,296 | 0 | 0 | 3,241 |
| Brand name | 208 | 74 | 0 | 0 | 282 |
| Goodwill | 971 | 5,229 | 0 | 0 | 6,200 |
| **Gross value of intangible assets** | **7,593** | **7,813** | **2,214** | **22** | **17,598** |

**Accumulated depreciation**

| Accumulated depreciation of intangible assets | Opening | Acquisition* | Increase | Decrease | Closing |
|---|---|---|---|---|---|
| Concessions, licences and similar rights | 12 | 182 | 3 | 1 | 196 |
| Intellectual property | 1,893 | 4 | 855 | 0 | 2,752 |
| Customer list | 16 | 85 | 95 | 0 | 195 |
| **Accumulated depreciation of intangible assets** | **1,921** | **271** | **953** | **1** | **3,144** |

**Acquisition represents the balances attributable to the acquisition of the Diófa Group (please refer to Note 2 for further details).*

| Net value of intangible assets | Net asset value |
|---|---|
| Concessions, licences and similar rights | 48 |
| Intellectual property | 4,880 |
| Customer list | 3,045 |
| Brand name | 282 |
| Goodwill | 6,200 |
| **Net value of intangible assets** | **14,454** |

**Customer list and brand name**

The customer list (or customer contracts) and brand name are recognised in the context of a business combination (in relation to the Equilor group these assets were recognized in 2022, while in relatiom to the Diófa group the assets were recognized in 2023). They were recognised at fair value on acquisition. Customer contracts are amortised on a straight-line basis over their useful lives based on the schedule of cash flows outlined in the relevant contracts. The brand name has an indefinite useful life, and thus no amortisation is recognised on it.

**Goodwill**

Goodwill was generated in relation to business combination in connection with the acquisition of the Equilor group in 2022 and in connection with the acquisition of the Diófa group in 2023; in accordance with the provisions of IFRS 3. Further details are provided in Note 2.

**Impairment of brand name and goodwill**

Formal impairment test has been completed for brand name and goodwill in relation to the Equilor group as at 31 December, 2023. According to the impairment test results, recoverable amount of these assets are higher than their book value, therefore no impairment is recognized for them.

No impairment is recognized for brand name and goodwill in relation to the Diófa group as at 31 December, 2023 either due to the reason that acquisition was completed very close to year end (as at the end of October, 2023), therefore no any changes occurred in the underlying assumptions applied at the purchase price allocation exercise.

## 27. TANGIBLE ASSETS

### Change in tangible assets 2024

*Data in HUF millions*

| Change in the gross value of tangible assets | Cost (gross value) | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| Property and related concessions, licences and similar rights | 2 258 | 35 | 843 | 1 056 | 2 080 |
| Equipment, machinery and vehicles | 2 859 | 1 257 | 1 257 | 482 | 4 891 |
| **Gross value of tangible assets** | **5 117** | **1 292** | **2 100** | **1 538** | **6 971** |

**Acquisition represents the balances attributable to the acquisition of the Gránit Finance Leasing Ltd. and the Gránit Leasing Corp. (please refer to Note 2 for further details).*

| Accumulated depreciation of tangible assets | Accumulated depreciation | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| Property and related concessions, licences and similar rights | 479 | 25 | 684 | 281 | 907 |
| Equipment, machinery and vehicles | 1 421 | 526 | 620 | 258 | 2 309 |
| **Accumulated depreciation of tangible assets** | **1 900** | **551** | **1 304** | **5 117** | **3 216** |

| Net value of tangible assets | Net asset value |
|---|---|
| Property and related concessions, licences and similar rights | 1 173 |
| Equipment, machinery and vehicles | 2 582 |
| **Net value of tangible assets** | **3 755** |

### Change in tangible assets 2023

*Data in HUF millions*

| Change in the gross value of tangible assets | Cost (gross value) | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| Property and related concessions, licences and similar rights | 2,178 | 25 | 55 | 0 | 2,258 |
| Equipment, machinery and vehicles | 1,794 | 733 | 394 | 62 | 2,859 |
| **Gross value of tangible assets** | **3,972** | **758** | **449** | **62** | **5,117** |

| Accumulated depreciation of tangible assets | Accumulated depreciation | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |

| | | | | | |
|---|---|---|---|---|---|
| Property and related concessions, licences and similar rights | 221 | 6 | 252 | 0 | 479 |
| Equipment, machinery and vehicles | 826 | 165 | 430 | 0 | 1,421 |
| **Accumulated depreciation of tangible assets** | **1,047** | **171** | **682** | **0** | **1,900** |

*Acquisition represents the balances attributable to the acquisition of the Diófa Group (please refer to Note 2 for further details).

| **Net value of tangible assets** | **Net asset value** |
|---|---|
| Property and related concessions, licences and similar rights | 1,779 |
| Equipment, machinery and vehicles | 1,437 |
| **Net value of tangible assets** | **3,216** |

**Rights of use**

On 31.12.2024, ‘Property and related concessions, licences and similar rights’ include property lease rights in the amount of HUF 1,673 million (on 31.12.2023: HUF 1,978 million), which the Bank recognised as an asset in its balance sheet in accordance with the requirements of IFRS 16 effective from 1 January 2019. In addition, the balance as at 31.12.2024 includes the property lease rights acquired through the acquisition of the Leasing Group in 2024, the Equilor group in 2022 and Diófa group in 2023. Lease rights comprise the right to lease the Group’s head offices, bank branches, parking spaces and vehicles.

Recognised rights of use apply to the following types of assets:

**Presentation of changes in rights of use 2024**

*Data in HUF millions*

| | Cost (gross value) | | | | |
|---|---|---|---|---|---|
| | **Opening** | **Acquisition*** | **Increase** | **Decrease** | **Closing** |
| IT assets | 194 | | | | 194 |
| Properties | 2 177 | 149 | 763 | 1 078 | 2 011 |
| Vehicle | 18 | | 99 | | 117 |
| Parking spaces | 231 | 30 | 43 | 123 | 181 |
| **Gross value of rights to use assets** | **2 620** | **179** | **905** | **1 201** | **2 503** |

**Acquisition represents the balances attributable to the acquisition of the Gránit Finance Leasing Ltd. and the Gránit Leasing Corp. (please refer to Note 2 for further details).*

| | Accumulated depreciation of rights to use assets | | | | |
|---|---|---|---|---|---|
| | **Opening** | **Acquisition*** | **Increase** | **Decrease** | **Closing** |
| IT assets | 82 | | | | 82 |
| Properties | 498 | 70 | 599 | 394 | 773 |

| | | | | | |
|---|---|---|---|---|---|
| Vehicle | 9 | | 15 | | 24 |
| Parking spaces | 53 | 14 | 50 | 36 | 81 |
| **Accumulated depreciation of rights to use assets** | **642** | **84** | **664** | **430** | **960** |

| | Net asset value |
|---|---|
| IT assets | 112 |
| Properties | 1 238 |
| Vehicle | 93 |
| Parking spaces | 100 |
| **Net value of rights to use assets** | **1 543** |

**Presentation of changes in rights of use 2023**

*Data in HUF millions*

| | Cost (gross value) 2023 | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| IT assets | 194 | 0 | 0 | 0 | 194 |
| Properties | 1,724 | 382 | 71 | 0 | 2,177 |
| Vehicle | 17 | 0 | 1 | 0 | 18 |
| Parking spaces | 223 | 0 | 8 | 0 | 231 |
| **Gross value of rights to use assets** | **2,158** | **382** | **80** | **0** | **2,620** |

| | Accumulated depreciation 2023 | | | | |
|---|---|---|---|---|---|
| | Opening | Acquisition* | Increase | Decrease | Closing |
| IT assets | 33 | 0 | 49 | 0 | 82 |
| Properties | 156 | 21 | 321 | 0 | 498 |
| Vehicle | 1 | 0 | 8 | 0 | 9 |
| Parking spaces | 15 | 0 | 38 | 0 | 53 |
| **Gross value of rights to use assets** | **205** | **21** | **416** | **0** | **642** |

*Acquisition represents the balances attributable to the acquisition of Diófa Group (please refer to Note 2 for further details).

| | Net asset value |
|---|---|
| IT assets | 112 |
| Properties | 1,679 |
| Vehicle | 9 |
| Parking spaces | 178 |
| **Net value of rights to use assets** | **1,978** |

## 28. DEFERRED TAX RECEIVABLES AND TAX LIABILITIES

Deferred tax and its changes recognised in the balance sheet:

***12.31.2024***

*Data in HUF millions*

| | Asset | Liability | Profit | Equity |
|---|---|---|---|---|
| **Fair value difference of securities – instruments measured through comprehensive income** | **15** | **0** | **0** | **24** |
| **Tax adjustment items** | | | | |
| Deferred tax items due to acquisition | 7 | 223 | 72 | 0 |
| Other receivables | 0 | 0 | 0 | 0 |
| Intangible assets and tangible assets | 15 | 5 | 24 | 0 |
| Impairment | 82 | 0 | 39 | 0 |
| Credit provision | 49 | 0 | -2 | 0 |
| **Total tax adjustment items** | **153** | **228** | **133** | **0** |
| **Total deferred tax** | **168** | **228** | **133** | **24** |

Deferred tax items due to acquisition' represent mostly the deferred tax liability effect of newly recognized assets via business combination related to the Diófa group (brandname with HUF 74 million asset value and customer list with HUF 2,296 million asset value). The business combination related to Gránit Leasing Group had not material effect on the deferred tax items.

***31 December 2023***

| | Asset | Liability | Profit | Equity |
|---|---|---|---|---|
| **Fair value difference of securities – instruments measured through comprehensive income** | **-10** | **0** | **0** | **-111** |
| **Tax adjustment items** | | | | |
| Deferred tax items due to acquisition | 44 | 217 | 0 | 0 |
| Other receivables | 0 | 0 | 300 | 0 |
| Intangible assets and tangible assets | 6 | 0 | -17 | 0 |
| Brandname and customer list | 0 | 106 | 0 | 0 |
| Impairment | 42 | 0 | 35 | 0 |
| Credit provision | 52 | 0 | 38 | 0 |
| **Total tax adjustment items** | **144** | **323** | **356** | **0** |
| **Total deferred tax** | **134** | **323** | **356** | **-111** |

Deferred tax items due to acquisition' represent mostly the deferred tax liability effect of newly recognized assets via business combination related to the Diófa group (brandname with HUF 74 million asset value and customer list with HUF 2,296 million asset value).

## 29. PROVISIONS

The development of provisions related to lending activities is detailed in Note 20, together with the development of impairment. Out of the total balance of HUF 447 million provision, majority - HUF 438 million - relates to lending activities.

## 30. OTHER LIABILITIES

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Suppliers | 1 112 | 319 |
| Leasing liabilities | 1 877 | 1 150 |
| Advances received | 567 | 0 |
| Account management settlements | 242 | 528 |
| Accrual of operating costs | 3 822 | 1 878 |
| Accrual of bonuses | 340 | 491 |
| Recognitions relating to inherited portfolio | 98 | 91 |
| Contingent consideration related to acquisition | 0 | 3 276 |
| Other financial liabilities | 5 | 708 |
| **Total other financial liabilities** | **8 063** | **8 441** |
| | | |
| Liabilities to central budget | 968 | 2 140 |
| Deferred income | 115 | 99 |
| ESOP Entity reclassification* | 0 | -2 080 |
| Other non-financial liabilities | 647 | 123 |
| **Total other non-financial liabilities** | **1 730** | **282** |
| **Total other liabilities** | **9 793** | **8 723** |

** Reclassed according to the ESOP restructure process, for further details please see the note 4.2.*

Of the other liabilities, items recognised in the Suppliers line are classified as financial instruments, which have been settled by the date of approval of the statements.

Contingent consideration is related to acquisition of Gránit Alapkezelő (Diófa) Group was settled in April, 2024.

## 31. SUBSCRIBED CAPITAL

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Issued ordinary shares in circulation, no. | 19 223 077 | 15 394 922 |
| The nominal value of issued ordinary shares in circulation is HUF 1,000. | 19 223 077 | 15 394 922 |

**Shareholders of the Bank:**

| **By ownership share** | 12.31.2024 | 12.31.2023 |
|---|---|---|
| Tiberis Digital Kft. | 42,45% | 44,83% |
| E.P.M Kft. (Éva Hegedűs Chairperson & CEO) | 4,22% | 5,27% |
| ESOP Entity | 32,90% | 32,32% |
| MBH Gondoskodás Pension Fund | 4,41% | 5,50% |
| Széchenyi Funds | 4,54% | 4,33% |
| Pannonia Pension Fund | 5,94% | 7,28% |
| Domestic private investors | 2,88% | 0,47% |
| Domestic legal entities | 2,09% | 0,00% |
| Foreign private investors | 0,57% | 0,00% |
| **Total** | **100,00%** | **100,00%** |

In 2024, the Bank launched the ESOP (Employee Share Program) 4 program, under which the Bank issued HUF 30 billion in capital (2,607,335 shares at a price of 1,150.6%), which was subscribed by the ESOP Entity. The shares held by the ESOP Entity are not classified as treasury shares because the Bank has no legal obligation to repurchase the shares, furthermore the risk and rewards of these shares not belongs to the Bank, but to external parties.

As of November 25, 2024, the operating form of Gránit Bank changed from a private limited company to a public limited company, and its existing ordinary shares were listed on the Budapest Stock Exchange on November 25, 2024. In parallel, the Board of Directors of the Bank decided to publicly increase the Bank's share capital, within the framework of which 1,220,820 ordinary shares with a nominal value of HUF 1,000 and an issue value of HUF 14,500 were issued, for a total amount of HUF 17,701,890,000, which were subscribed by retail and institutional investors. The capital increase was registered on December 16, 2024, from which date the Bank's subscribed capital became HUF 19,223,077,000.

***Details of consolidated cash flow from financing activities***

*Data in HUF millions*

| | Subscribed capital | Capital reserve | Issued bond |
|---|---|---|---|
| **Items related to financing activities 01.01.2023** | **15 395** | **23 466** | **0** |
| Capital raise | 0 | 0 | 0 |
| Repayment of issued bond | 0 | 0 | 0 |
| **Items related to financing activities 31.12.2023** | **15 395** | **23 466** | **0** |
| Capital raise | 3 828 | 43 533 | 0 |
| Bond issue/repayment of issued bond | 0 | 0 | 0 |
| **Items related to financing activities 31.12.2024** | **19 223** | **66 999** | **0** |

For further information, see Article 2 Significant and unusual events that occurred during the year note and Article 34. Defined benefit plans note.

## 32. CONTINGENT ASSETS AND LIABILITIES

In its ordinary course of business, the Bank concludes business transactions with financial instruments related to loans that carry off-balance-sheet risk. This includes credit lines, financial guarantees, and letters of credit. These instruments contain credit risk elements that exceed the amounts recognised in the balance sheet.
The credit risk of off-balance-sheet financial instruments means the possibility of loss arising from the non-contractual performance of any other party to the financial instrument. With respect to contingent liabilities, the Bank follows the same lending policy as in the case of financial instruments in the balance sheet, from approval procedures to risk management limits to monitoring processes.
Credit lines are contractual agreements for the provision of credit, usually with a fixed or otherwise specified maturity, and with payment obligations. The potential credit loss is less than the amount of undrawn funds, since in the case of most credit lines provision of the credit depends on the customer's compliance with the terms to be fulfilled. As many credit lines are expected to expire without the credit being actually drawn down, the amount of the commitments does not necessarily reflect future cash needs.
Issued financial guarantees are contingent liabilities by which the Bank guarantees the performance of one of the Bank's customers to a third party. The credit risk inherent in the issuance of a guarantee is essentially the same as in the case of lending to other customers. When determining the probability of loss resulting from the guarantee, the Bank applies the same principles as for the establishment of the provision to be generated for potential loss of other credit lines.
Letters of Credit are financing transactions between the Bank and a customer, where the customer is usually the buyer/importer whereas the beneficiary is typically the seller/exporter of goods. The credit risk is limited, as the delivered goods serve as collateral for the transaction.
The Bank generates provisions for the credit risk of its contingent liabilities related to its lending activities as detailed in Note 20.

For further information on collaterals received please refer to Loan portfolio coverage table.
under Note 39.7.1

The Bank's contingent receivables and contingent liabilities related to lending are as follows:

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| **Contingent liabilities** | **191 113** | **144 426** |
| Guarantees | 52 336 | 28 444 |
| Revolving loans commitments | 65 989 | 17 263 |
| Approved credit lines | 72 863 | 98 703 |
| Other | 16 | 16 |
| **Contingent assets** | **935 581** | **1 054 254** |
| Guarantees and received sureties | 29 674 | 24 443 |
| Property received as collateral | 239 158 | 197 272 |
| Guarantees received from the Hungarian state | 533 430 | 699 797 |
| Other guarantees | 109 150 | 128 798 |
| Received credit lines | 4 081 | 3 944 |

## 33. TRANSACTIONS WITH RELATED PARTIES

The concept of related party includes the entities that are directly or indirectly under the control of the Bank Group, have an influence over the Bank Group, are controlled by the same entity as the Bank Group, as well as associates and the management of the Bank Group.

*Data in HUF millions*

| | Credit | | Deposit | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| BDPST group (controlled by the ultimate owner of the Bank) | 7 147 | 1 806 | 12 838 | 3 907 |
| Owners with a significant influence and their close relatives | 236 | 2 293 | 5 860 | 801 |
| **Total** | **7 383** | **4 099** | **18 698** | **4 708** |

Credit and deposit transactions with related parties were concluded at market terms.
The Bank also performs securities order transactions for its related parties, but the fees charged for these are not material and therefore are not presented.
There are no outstanding balances against the parent company at the end of 2023 and 2024. The parent company is the only entity has right to control over the Bank. The Bank has no investments in associates and joint venture entities.

*Management in key positions*

The Management of the Bank Group includes the members of the Bank's Board of Directors and Supervisory Board, the CEO and the Deputy CEOs.

*Data in HUF millions*

| | Credit | | Deposit | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Supervisory Board | 100 | 0 | 33 | 53 |
| Board of Directors – Management | 262 | 5 200 | 253 | 4 101 |
| **Total** | **362** | **5 200** | **286** | **4 154** |

Credit and deposit transactions with the Management were concluded at market terms.

Compensation paid to the Management for the financial year

**2024**

| **Description** | **Number of persons receiving compensation** | **Short term employee benefits** | **Other long term benefits** | **Share-based payment** |
|---|---|---|---|---|
| Board of Directors – Management | 8 | 414 | 249 | 108 |
| Supervisory Board | 7 | 12 | 0 | |
| **Total** | **15** | **426** | **249** | **108** |

**2023**

| **Description** | **Number of persons receiving compensation** | **Short term employee benefits** | **Other long term benefits** | **Share-based payment** |
|---|---|---|---|---|
| Board of Directors – Management | 8 | 405 | 219 | 51 |
| Supervisory Board | 5 | 29 | 0 | 0 |
| **Total** | **13** | **434** | **219** | **51** |

## 34. DEFINED BENEFIT PLANS

The Bank manages its Remuneration Policy by defining remuneration principles ensuring a safe and prudent operation that is in line with the Bank's business strategy, goals, values, and the long-term interests of the organisation, as well as an effective and efficient risk management, and in harmony with all of these ensures the increase of shareholder value.

The Remuneration Policy applies to all employees of the Bank, with a particular focus on senior executives and employees with risk-taking and control functions as defined in the internal regulations and employees in the same remuneration category as the above, whose activities have a material impact on the risk taking of the Bank.

The Bank's System of Remuneration consists of the following:

- Basic wage,
- Fringe benefits,
- Annual bonus,
- Target bonus (project bonus),
- Rewards,
- Participation in ESOP Entity.

***Annual bonus, reward***

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Liability at the beginning of the period | 1 048 | 659 |
| Increase due to acquisition | 104 | 321 |
| Payment | -1 274 | -646 |
| Periodic deferral | 2 283 | 766 |
| **Liability at the end of the period** | **2 161** | **1 100** |

***Employee Stock Ownership Plan (ESOP)***

ESOP II

The Bank’s Board of Directors decided on the ESOP II Plan on the basis of a resolution adopted by the Bank’s General Meeting on 15.12.2020. The ESOP Entity used all of the founder’s equity of HUF 2,910 million placed at its disposal by the Bank (1,799,484 shares at a price of 161.7%) for the subscription of ordinary shares issued by the Bank.

The structure of ESOP II is identical to that of ESOP I, with a similar 3-year duration, and the fulfilment conditions are set out in the ESOP Articles of Association and the Remuneration Policy. The benefit is paid by the Bank’s shareholders, but it is the Bank that receives the services as a consideration for the benefit, therefore the benefit is recognised by the Bank as a share-based payment transaction settled in equity instruments in accordance with IFRS2.43B(b). The expense or the related increase in equity is recognised in the period in which the employees rendered the service, i.e. over the 3 years of the plan, in a linear manner. The Bank must determine the fair value of the services received on the basis of the fair value of the equity instruments granted, as the fair value of the services received typically cannot be determined reliably. Similar to the previous plan, the Bank determined the fair value using a methodology based on scenario analysis, estimating the value of the likely share price increase resulting from the service provided by the employees participating in the plan. The fair value at the time of the provision was HUF 210 million, and correspondingly the increase in equity and cost per year was HUF 71 million.

In 2021, the founding assets of the ESOP II Plan increased by an additional HUF 100 million.

The ESOP II programme was closed in 2023, accordingly, within equity, the total amount (HUF 213 million) was transferred from the line 'Reserve for share-based payment transactions settled in equity instruments' to the line 'Retained earnings'.

ESOP III

On 16.11.2021, the Extraordinary General Meeting of the Bank decided to launch the ESOP III Remuneration Policy, which, as in previous programmes, will have a 3-year reference period of 2022-2024. The General Meeting authorised the Bank’s Board of Directors to issue new ordinary shares as follows: the number of shares issued is 3,703,704, the per-share nominal value of the shares issued is HUF 1,000, the issue price is 450%, the total value of the issue is HUF 16,667 million. The issued shares will be financed by the ESOP Entity partly from the contribution of the Bank, as founder, (HUF 1,667 million) and partly from a loan from an independent bank (HUF 15,000 million). The transfer of the founders’ assets to the ESOP took place in 2021 (with this sum increasing the Bank’s stake in the ESOP Entity accordingly), but the related share issue by the Bank was only effected in 2022, as was the borrowing from an independent bank and the related capital increase.
Given that IFRS 2 requires the expense or the related increase in equity to be recognised in the period in which the employees render the service (i.e. over the 3 years of the plan), this had no impact on the 2021 financial year. The fair value at the grant date was HUF 270 million, with a corresponding annual increase in equity and costs of HUF 90 million from 2022 onwards.

ESOP IV

During the implementation of the 2024-2026 Remuneration Policy of the GRÁNIT Bank ESOP Entity, the Issuer's Board of Directors, based on the authorization received in the General Meeting Resolution No. 39/2024.(05.14.), decided to increase the Issuer's share capital from HUF 15,394,922,000 to HUF 18,002,257,000 in its Board of Directors Resolution No. 121/2024. (IX.11.) adopted on September 11, 2024. As part of the share capital increase, the Issuer issued 2,607,335 dematerialized ordinary shares (ISIN: HU0000094149), each with a nominal value of HUF 1,000 and an issue value of HUF 11,506, for which the Gránit Bank ESOP Entity undertook to take over the shares ("Closed-End Capital Increase").

In connection with the Private Capital Increase, GRÁNIT Bank ESOP Entity made a cash contribution of a total amount of HUF 29,999,996,510 available to the Issuer on October 18, 2024. The Commercial Court of the Metropolitan Court registered the Private Capital Increase on October 24, 2024.

## 35. COMPENSATION OF THE AUDITOR

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Fees for statutory audit services | 110 | 85 |
| Fees for non-audit services provided by a statutory auditor | 60 | 23 |
| Fees for services provided by other audit firms | 114 | 55 |
| **Total fees paid to audit firms** | **284** | **163** |

As required by the Accounting Act, the Bank is a company subject to an audit. In 2024 (and in 2023) PricewaterhouseCoopers Könyvvizsgáló Kft. provided statutory audit services to the Bank. The auditing for the Equilor Group, acquired in 2022, was performed in 2024/2023 by Blue Ridge Audit Hungary Kft. The audit of Gránit Alapkezelő (Diófa) Group acquired in 2023 was performed in 2024/2023 by Trusted Advisor Kft. The audit of Gránit Leasing companies acquired in 2024 was performed in 2024 by PricewaterhouseCoopers Könyvvizsgáló Kft.
Non-audit services provided by statutory auditors mainly include accounting and other advisory services (in both years.
The fees for services provided by other auditing firms include legal services and tax advisory fees.

## 36. NOT EXCLUSIVELY OWNED SHARES

The Bank Group has less than 100% ownership in the following company:

- **Name of share: GRÁNIT Bank ESOP Entity**
- Head office of share: Budapest, 1095 Lechner Ödön fasor 8.
- Share of the Bank Group: 0,00%
- Share of non-controlling owners: 0,00%
- Share of non-controlling owners in comprehensive income: HUF 0 M in 2024
- Share of non-controlling owners in accumulated earnings and profits: HUF 0 M on 31.12.2024

The Bank's stake in the ESOP Entity is 0% at the end of 2023 and 2024, but it has nevertheless been included in the consolidation as a subsidiary of the Bank Group, given that the company qualifies as a structured entity under IFRS 12, where the control necessary for inclusion is in place.

Financial information on the share:

| **Description** | **12.31.2024** | **12.31.2023** | **12.31.2023 – Reclassed*** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 18 | 148 | 148 |
| Customer loans measured at amortised cost | 0 | 16 667 | 0 |
| Investments in affiliated undertakings | 46 697 | 18 760 | 18 760 |
| Other assets | 129 | 1 342 | 839 |
| **TOTAL ASSETS** | **46 844** | **36 917** | **19 747** |
| | | | |
| **Liabilities** | | | |
| Long-term liabilities | 42 000 | 15 000 | 15 000 |

| | | | |
|---|---|---|---|
| Liabilities to the founder | 0 | 0 | 0 |
| Other liabilities | 208 | 300 | 300 |
| Liabilities to central budget | 0 | 0 | 0 |
| **TOTAL LIABILITIES** | **42 208** | **15 300** | **15 300** |
| | | | |
| **Equity** | | | |
| Subscribed capital | 4 667 | 4 476 | 4 476 |
| Capital reserve | 0 | 16 667 | 0 |
| Profit reserve | -31 | 474 | -29 |
| of which this year's profit/loss | -2 | 306 | 0 |
| **TOTAL EQUITY** | **4 636** | **21 617** | **4 447** |
| **Liabilities and equity** | **46 844** | **36 917** | **19 747** |

** The equity structure has been reclassed according to the ESOP restructure process, for further details please see the note 4.2.*

- **Name of share: Equilor group**
- Head office of share: Budapest, 1026 Pasaréti út 122-124
- Share of the Bank Group: 50.01%
- Share of non-controlling owners: 49.99%
- Share of non-controlling owners in comprehensive income: HUF 1,589 M in 2024
- Share of non-controlling owners in accumulated earnings and profits: HUF 3.268 M on 31.12.2024

*Data in HUF millions*

| **Description** | **12.31.2024** | **12.31.2023** |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 36 393 | 24 838 |
| Securities | 2 071 | 2 207 |
| Other assets | 1 183 | 575 |
| Intangible assets | 85 | 109 |
| Tangible assets | 1 136 | 989 |
| **TOTAL ASSETS** | **40 868** | **28 718** |
| | | |
| **Liabilities** | | |
| Liabilities to customers | 32 968 | 22 003 |
| Derivative financial liabilities | 0 | 0 |
| Income tax payment liability | 93 | 79 |
| Deferred tax liability | 5 | 11 |
| Other liabilities | 2 297 | 1 659 |
| **TOTAL LIABILITIES** | **35 363** | **23 752** |
| | | |
| **Equity** | | |
| Subscribed capital | 1 000 | 1 000 |
| Capital reserve | 21 | 21 |
| Profit reserve | 4 456 | 3 900 |
| Accumulated other comprehensive income (AOCI) | 28 | 45 |
| **TOTAL EQUITY** | **5 505** | **4 966** |
| **Liabilities + equity** | **40 868** | **28 718** |

- **Name of share: Diófa group**
- Head office of share: Budapest, 1134 Kassák Lajos utca 19-25
- Share of the Bank Group: 95.00%
- Share of non-controlling owners: 5.00%
- Share of non-controlling owners in comprehensive income: HUF 354 M in 2024
- Share of non-controlling owners in accumulated earnings and profits: HUF 534 M on 31.12.2024

*Data in HUF millions*

| Description | 2024.12.31 | 12.31.2023 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 2 594 | 2 166 |
| Other assets (mainly investment fund management fee receivables) | 3 516 | 4 708 |
| Securities | 952 | 0 |
| Intangible assets | 93 | 64 |
| Tangible assets | 504 | 625 |
| Deferred tax liability | 35 | 43 |
| **TOTAL ASSETS** | **7 694** | **7 606** |
| | | |
| **Liabilities** | | |
| Provisions | 0 | 161 |
| Tax payables | 214 | 635 |
| Leasing liability | 252 | 362 |
| Creditors | 110 | 466 |
| Other liabilities | 1 997 | 779 |
| **TOTAL LIABILITIES** | **2 573** | **2 403** |
| | | |
| **Equity** | | |
| Subscribed capital | 198 | 198 |
| Capital reserve | 16 | 16 |
| Treasury shares | -17 | -17 |
| Profit reserve | 4 924 | 5 006 |
| **TOTAL EQUITY** | **5 121** | **5 203** |
| **Liabilities + equity** | **7 694** | **7 606** |

## 37. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

## 38. RISK MANAGEMENT

The Bank Group's risk management policy is mainly the same as the Bank's individual risk management policy given that the development of the consolidated risk management policies and procedures in relation to the Equilor, Diófa and the newly acquired Gránit Leasing Groups are currently underway. The ESOP Entity also included in the consolidation does not require processes that are any different from the Bank's risk management procedures.

### 38.1. Risk Management Committees

The **Asset-Liability Committee** ("ALCO") is a standing committee set up by the Board of Directors. It has, within specified limits, decision-making rights concerning the management of the Bank's assets and liabilities and related risk management and capital adequacy issues. The detailed rules of operations of the committee are defined in a separate regulation. The Committee had 8 meetings in 2024.

The **Credit Committee** ("CC") is a standing Committee set up by the Board of Directors. It has decision-making rights concerning the Bank's risk-taking, as well as issues related to risk-taking and its monitoring. The detailed rules of operations of the committee are defined in a separate regulation.

The **Problem Claims Committee** ("PCC") is a standing committee set up by the Board of Directors. It has decision-making rights to recover the Bank's overdue receivables, to conduct activities concerned with other breaches of contract or other facts, and to monitor, manage and recover the Bank's claims and commitments related to problematic claims and customers. The detailed rules of operations of the committee are defined in a separate regulation.

### 38.2. Risk strategy, processes, scope

The Bank manages its risks prudently, 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.

Since 2010 the Bank has used the standard method for calculating the credit and market risk capital requirement in Pillar I, while it uses the basic indicator method for calculating the capital requirement for operational risk.

The Bank develops its portfolio in compliance with conservative risk management and prudent business policy to ensure the best possible quality of it. As part of its risk management strategy and policy, the Bank uses the following tools:

- The ultimate goal of all of the Bank's business activities is to make a profit of sufficient magnitude in the long term.
- The Bank's strategy for defining asset-side growth targets is to build what in risk terms is a high-quality portfolio, regarding the quality of the portfolio as the primary objective rather than quantity-based growth.
- The business and risk management functions are jointly responsible for the quality of the Bank's asset portfolio.
- An independent risk management function has been established, separate from the business area within the organisation, and directly reporting to the Bank's Chairperson and CEO as an organisational unit.
- Those responsible for Compliance and Anti-Money Laundering (hereinafter: AML) perform their activities, in terms of organisation, separately from operating and risk-taking processes.
- The prudent and conservative risk management policies are regularly reviewed by the Bank, so they were also reviewed in 2022. It is part of the Bank's risk-taking policy that it must be implemented in a dynamically changing business environment.
- The Bank continuously monitors the operations of the established risk management systems and, if possible, subsequently measures the results and improves and ameliorates them on the basis of the experience gained.

- The Bank's management body with control powers approves, regularly reviews, and evaluates strategies and rules for segregation of responsibilities within the organisation, prevention of conflicts of interest, the taking, measurement, management, monitoring and evaluation of risks, including risks resulting from the macro-economic environment and changes in the current economic cycle.
- A part of the risk management strategy is the development of effective risk management processes.
- The risk management process is part of the Bank's comprehensive management system, the aspects of which play a role in strategic and annual planning.
- In any case, risk taking can only take place within the approved limit, in accordance with the guidelines of the Credit Policy.
- The Bank assumes only risks that can be measured and managed and that do not exceed its risk-bearing capacity. The risks are taken into account in the course of business decisions.
- The Bank focuses its risk-taking on business activities in which it possesses the necessary expertise and technical conditions for the assessment, measurement and monitoring of the risks entailed.
- The Bank's risk management policy includes the principle of safe operations, the principle of the avoidance of conflicts of interest, the principle of managing material risks, the cost-benefit principle, and the principle of avoiding prohibited activities.
- The Bank uses multi-level decision making in its lending decisions.
- Bank risks are determined on the basis of the MNB ICAAP/ILAAP manual and the relevant EU Regulation.
- The Bank continuously monitors exposures and compliance with the limits at the level of the Credit Committee, the Asset-Liability Committee, the Board of Directors and the Supervisory Board as well. Risk management policy also involves a balance between the risk and return of positions and the continuously monitoring of it.
- The prior approval of the Asset-Liability Committee is required before the submission of the more important risk management rules/regulations detailed in the ELC Rules of Procedure to other bodies.
- The Bank also applies the four-eye principle when implementing risk-taking decisions to ensure compliance and fully conformity with the relevant policies.
- In order to reduce risks and capital requirements, the Bank only assumes any risks, depending on the creditworthiness of the customer and the risk structure of the transaction, if collateral or security of adequate quality (e.g. received guarantee, security deposit, government security collateral, surety, mortgage, etc.) is available.
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38.3. **Organisational units and functions that ensure the identification, measurement and monitoring of risks**

The Bank has developed and operates its internal lines of defence, as well as each element that forms part of them, in accordance with the relevant legal and regulatory 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 most important task of the Bank's internal lines of defence is to contribute preventively and proactively to the achievement of the above objectives by identifying and addressing potential problems and deficiencies that may arise during their operations at the earliest stage possible, as soon as they arise or possibly even before that, ensuring the speed and efficiency of a solution.

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

The ALC regularly reviews the operations of internal lines of defence as well as the individual sub-systems that form part of them, and prepares a report of its findings regularly for the Board of Directors and the Supervisory Board.

Separate policies and rules of procedure govern the operations and interrelationship of all the Bank's decision-making bodies and organs (Board of Directors, Supervisory Board, Management Committee, CC, ALC, PCC), as well as Internal Audit and Compliance.

Overall, the lines of defence work effectively. Meetings of the Management Committee and the ALC are held at least once a month, whereas the Board of Directors and the Supervisory Board meet at least quarterly. Any deficiencies that may arise are addressed by immediate measures.

Those responsible for Compliance and AML also perform their activities separately from operating and risk-taking processes.

**Risk Management function:**

Risk Management is independent of the activities it supervises and controls, as well as from the Compliance function and Internal Audit.

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 area 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.

As regards the Bank's growth, risk management areas have been separated, and a Risk Management Directorate and a Risk Management Methodology Directorate operate within the risk management function.

The Risk Management Directorate is headed by a Managing Director, whose immediate operational superior is the Chairperson & CEO of the Bank. They have an obligation of accountability and regular reporting to the Chief Risk Officer (CRO) during the performance of the risk control function, which is separate from the operational risk management areas. All subordinate employees of the Board of Directors have an obligation to report to the managing director of the Board of Directors.

The Risk Management Directorate is divided into the following departments:

- Corporate Credit Risk Management Department
- Retail Credit Risk Management Department
- Corporate Credit Monitoring Group

The Risk Management Methodology Directorate is headed by a Managing Director, with the Deputy CEO, Strategy and Analysis as their immediate operational superior. They have an obligation of accountability and regular reporting to the Chief Risk Officer (CRO) during the performance of the risk control function, which is separate from the operational risk management areas. All subordinate employees of the Board of Directors have an obligation to report to the managing director of the Board of Directors.

The Risk Management Methodology Directorate is divided into the following department(s):

- Market and Operational Risk Management

The independent control of the system and operations of risk management is primarily provided by the ALC and its members, the competence of which is defined in detail in the relevant Rules of Procedure. Central risk control is implemented at the level of the Deputy CEO responsible for Strategy and Analysis.

Risk assumption activities are conducted by the Bank on the basis of a system of detailed written rules, and rules are reviewed by the Bank on an annual basis.

### 38.4. **Mitigating and covering risks**

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.

***Principles:***

The policy defines the proportion of collateral that the Bank assigns to various collateral types.

Methodology used to determine collateral value (depending on the type of collateral):

- Collaterals specified by law and 100% recognised: e.g. security deposits, state surety/guarantee.
- Collateral/liquidation value established by appraisers approved by the Bank. The policy sets out for the appraisers the system of requirements used for different types of collateral, as well as the minimum discount rate that can be applied.
- By discounting the value recorded in the guarantor's books, if the value cannot be established on the basis of the previous 2 methodologies.
- In the case of a surety/guarantee assumed by a third party for the claims of a debtor of the Bank, a value determined by using a discount rate adjusted to the third party's debtor rating.
- In the case of securities, a value determined by using discount rates taking into account the volatility of the exchange rate in accordance with the methodology set out in the policy.

The determination of the collateral value of a collateral is done in accordance with the methodology set out in the policy; in case appraisers approved by the Bank are employed, the collateral value determined by them is validated under the control of the risk manager.

The Bank reviews the collateral value of all collaterals with a frequency that is in accordance with prevailing legislation and internal regulations and, in the case of negative information, reviews it immediately after such information has arisen. The Bank verifies the existence of each collateral at least annually, and at least every six months in the case of certain collaterals.

The Bank also accepts collateral that does not meet the requirements for reducing the capital requirement (e.g. surety guarantees, specific pledges on an asset, warrants, etc.); however, only collateral that meets the requirements of Regulation 575/2013/EU is taken into account to reduce the capital requirement for credit risk.

38.5. **Risk types relevant for the Bank, covered in Pillar I**

a) Credit risk. In particular:

   - Lending risk,
   - Counterparty risk,
   - Credit value adjustment (CVA) risk,
   - Settlement risk.

   The Bank calculates its capital requirement allocated for credit risk using a standard approach, and used the same method for the calculation in the past year as well.

b) Market risk

   - Trading book share price rate risk.
   - Trading book interest rate risk.
   - Currency risk of the entire portfolio.

   The monitoring of the market risk of the trading book by the use of appropriate IT systems, and the Bank fully complies with the legal requirements in the field of risk management. The Bank calculates the capital requirement for market risk using the standard method.

c) Operational risk that includes all related risk sub-types defined by law (human, system, legal, external, etc.).

   The Bank uses the basic indicator method for calculating the capital requirement for operational risk.

### 38.6. **Principles and strategy for the ICAAP capital adequacy internal assessment process**

**Risk appetite, desired risk structure:**

Risk appetite is the amount of risk an organisation is willing to take and can tolerate.

*Aspects of the determination of risk appetite:*

- what type and what degree of risk the Bank intends to take and what return can be expected from it;
- whether the Bank has any comparative advantage in an area;
- what the capital requirement for actual risks is in the Bank,
- taking stock of all risks the Bank assumes, including the risks inherent in off-balance-sheet activities;
- risk assumption regularly reviewed and adjusted by the Bank on the basis of environmental, business, and risk information and analyses.

It is the responsibility of the governing body and the management of the Bank to define risk appetite and risk tolerance levels for the Bank's business and risk strategy.

The Bank builds up its loan portfolio in line with the asset-liability strategy, whereby it is a basic requirement that the borrower should repay the loan from its regular cash flow (cash-flow-based lending), of course still with the involvement of a maximum level of collateral to secure the loan. Non-preferred product: e.g. retail loans in foreign currencies.

***Designating target variables and indicators*:**

It is a principle of the Bank's risk management policy is that the risk cost of the loan portfolio should not exceed 3.5% of the balance sheet total.

The Bank pursues a business policy that ensures that the Bank's capital adequacy ratio at all times exceeds the minimum capital requirements set out in Article 92 of Regulation (EU) No 575/2013 and complies with the provisions of the Credit Institutions Act on capital buffers (Hpt. Sections 86-96).

The Bank's Board of Directors, based on the medium-term strategy, adopts a detailed annual financial plan. In the framework of this, the Bank takes market information into account and conservatively assesses the proportion of default and risk costs of loans by corporate division and product class.

The composition and quality of the portfolio is monitored monthly by the Asset-Liability Committee. A quarterly report on the development of the results and the quality of the portfolio is made to the Board of Directors and the Supervisory Board. The Board of Directors and the Supervisory Board discuss and approve the reports and take the appropriate measures as necessary.

The Bank limits its risk appetite by setting limits. Compliance with this is monitored and regularly measured by the Bank in accordance with the limits established and defined in the internal regulations, employing the Management Information System developed by the Strategy and Analysis Directorate in accordance with internal regulations. This will ensure (even under stress conditions) that the set limits, risk indicators, etc. should be consistent with the Bank's risk appetite and risk tolerance.

Based on a risk map the Bank identified the risk factors relevant to it. The Bank is thoroughly familiar with its risk structure, i.e. the proportion of each type of risk in the portfolio, its concentration and significance; these are monitored monthly by the EFB and at least quarterly by the Board of Directors. The Bank currently considers credit risk to be its most important type of risk.

Responsibilities and duties are set out in detail in the Bank's internal regulations.

**II. Risk types covered in Pillar II.**

- Credit risk
    - Lending risk,
    - Counterparty risk,
    - Credit value adjustment (CVA) risk
    - Settlement risk

    - Country risk
    - Residual risk
    - Risk of particularly risky portfolios
    - Risk of other assets
- Market risk
    - Trading book share price risk
    - Interest rate risk in the trading book
    - Foreign currency risk
- Risk of banking book
- Operational and Reputational risks
    - legal risk and business risk
    - information and communication technology (ICT) risk
    - reputational risk
- Modeling risk
- Foreign exchange risk
- liquidity risk
- settlement risk
- strategic and business risk
- corporate governance and control risk
- regulatory risks
- climate change and environmental risks

The risk management concept and order of each risk type are set out in separate policies.

### 38.7. **Credit risk**

The Bank pays special attention to the fact that customers should be able to repay the loan from their regular income, but at the same time in order to protect deposit owners, it applies a wide range of collaterals as an adequate protection against credit risk. The high quality of the portfolio is the joint result of a thorough risk management analysis work conducted prior to decision making, the decision-making mechanism (pre-screening, risk analysis, decision by, depending on the amount, of the Lending Committee or of the Board of Directors), the application of a wide range of collaterals, and strict credit monitoring.

a. *The Bank determines the credit risk (limit) of customers/customer groups on the basis of strict procedures, by individual decisions in the following structure:*

**Types of risk assumption limits**

- Credit limit: for all loans and credit substitute products
- Guarantee limit: for guarantees in a narrower sense, letters of credit, bill broker transactions, and similar transactions in which the Bank commits to fulfil an obligation of the debtor,
- Substitution limit (pre-settlement): for foreign exchange transactions, derivatives, forward rate agreements, repo transactions, securities-based loans, etc.
- Settlement limit: the risk arising from the execution and clearing of trading products,
- Issuer limit: includes debtor and issuer risks shown in the trading or investment book.

*The sum of the above limits is the gross aggregate limit.*

In all cases, the prerequisite for entering into risk assumption transactions is prior approval by the body having decision-making power in accordance with the effective regulations, and by the retail business and risk management manager in the case of standard retail overdrafts and “babaváró” loans.

Limit monitoring is based on the daily closing balance. There is a separate internal regulation for dealing with limit overruns, which includes the obligation of immediate reporting.

b. *The threshold of the maximum credit risk that can be assumed concerning each customer/customer group is determined by the approved limits, which take into account the Bank’s current high-risk assumption limit.*

c. *Causal (industry) concentration means the risk of concurrent default attributable to the same common cause or causes.*

The role of industry limits is to control the magnitude of the risks assumed by the Bank and to mitigate the Bank’s risk-taking in sectors that pose a higher risk.

The Bank defines limits for the corporate portfolio concerning each industry of the national economy.

The Bank also applies product limits in respect of retail mortgage loans, overdrafts, Lombard (securities-backed) loans, “babaváró” loans and the refinancing of the NFK’s “Land for Farmers” scheme.

d) *The country limit* limits the amount of all risks that can be assumed *regarding a particular country*, i.e. the given government itself, any party entering into an agreement with the Bank or risk-bearing party incorporated in the given country, the citizens of the foreign state and any other economic entity that belongs under the jurisdiction of that foreign state for any other reason.

Country risk also includes the cases where the recovery of a receivable or receivables from a particular customer depends on income from a foreign country. If several criteria are at play, the transaction is to be charged against the limit of the country with the lower rating.

## 38.8. Customer and transaction rating, determination of expected credit loss

### I. Schedule of ratings

***I.1 Quarterly rating:***

The Bank performs the rating of transactions for its exposures subject to IFRS 9 at least once per calendar quarter, for the last day of the quarter. The aim of the quarterly transaction rating is to classify the exposures in accordance with the MNB’s requirements and the requirements of IFRS 9, and to recognise or reverse the impairment and the provision for the transaction rating in accordance with the relevant segment methodology.

***I.2. Extraordinary rating:***

In the intervals between quarterly ratings, an extraordinary rating must be performed for individual exposures in the case when during the processing of the information received by any of the Bank’s organisational units, a level of risk is detected with a receivable or off-balance sheet liability that necessitates the recognition of a loss significantly higher than the impairment or provision recorded in the books, and/or the exposure must be reclassified into the non-performing and/or restructured category.

### II. Measurement of the expected credit loss

When measuring expected credit losses, the Bank does not necessarily identify all possible scenarios, but takes into account the risk or likelihood of a credit loss occurring by calculating with both the likelihood of the occurrence and of the non-occurrence of the credit loss, even if the likelihood of the occurrence of the credit loss is very low. In practice this means that the Bank:

- For financial assets whose repayment if based on a schedule, if individually assessed in the context of a unique scenario analysis for estimating expected credit losses, in addition to the original scenario included in the agreement, it examines two more scenarios, assigning likelihoods to their occurrence and then employing the DCF method to calculate the amount of the required impairment.
- For financial assets where the expected credit loss is estimated on the basis of collective principles – on the basis of the PD*LGD*EAD formula – rather than by outlining individual cash flow scenarios, it incorporates the probability of the various scenarios into its model during the determination of the PD value and thus calculates the amount of the required impairment.

**III. Exposure portfolios for transaction rating**

In order to estimate the impairment or provisioning as accurately as possible, the Bank identified the following exposure portfolios from its current portfolio. Each portfolio adequately aggregates transactions that have characteristics similar to each other, so each portfolio is internally sufficiently homogeneous while being sufficiently different from each other so that the rating indicators that form the basis for impairment and provisioning, and their relative weight, can be calibrated separately for each portfolio in order to reach a more accurate estimate.

(a) Retail customers
- private individuals
- primary producers
- sole traders

(b) Non-retail customers
- Companies (non-financial corporations)
- Project companies (special lending exposures)
- Other financial corporations (e.g. leasing companies, factoring companies)
- Other non-profit companies
- Local municipalities
- Credit institutions (financial institutions)
- Government/State

(c) Other receivables (fee claims)

(d) Off-balance-sheet liabilities

**IV. Transaction rating categories under IFRS 9 (with a different term: stages)**

As a first step in determining the expected credit loss of its financial instruments, the Bank classifies its financial instruments into one of three transaction rating categories (valuation stages).

**(a) Stage 1 – Well-performing financial instruments**

Basically, this stage includes the financial instruments that the Bank considers to be performing well, as their credit risk is typically low or has not significantly increased compared to the initial recognition.

**(b) Stage 2 – Underperforming financial instruments**

This stage includes financial instruments whose credit risk has increased significantly since the initial recognition, but which have not yet reached non-performing status.

The following are considered to be a significant increase in credit risk:

- Change in lifetime PD in all segments except for the Government/State, Local municipalities and Credit institutions segments: in the lower PD ranges absolute change of PD of 0.25% is the trigger for stage 2 classification, while in the higher PD ranges relative, 3 times change of PD is the trigger.
- Arrears of more than 30 days (the assumption may be refuted and the period and fact of the moratorium ordered by the authority must also be taken into account)
- A deterioration of 3 categories compared to the initial recognition on the master scale, in the case of segments evaluated using the master scale or a deterioration in lifetime PD compared to the initial lifetime PD value, as described in the regulation
- The deterioration 3 categories in customer rating compared to the initial recognition in the case of financial institutions and the government and municipal segments
- Restructuring of a risk assumption agreement

- “Problematic” classification as described in the policy for problematic transactions (to be considered carefully)
- In the case of retail mortgage loans, a significant increase of over 95% of the loan-to-value ratio compared to at that the time of the disbursement
- In the case of speculative property financing project loans, indicators specified in recommendation 12/2018. (II.27.) of the MNB
- In addition, the Bank may classify certain sectors or certain retail customers as “vulnerable” (e.g. due to the exposure of their jobs/income to a crisis situation) – this “vulnerable” classification also implies a Stage 2 classification.
- Special circumstances indicating the need for a lifetime assessment

**(c) Stage 3 – Non-performing (defaulted) financial instruments**

This stage includes only the financial instruments that are non-performing (defaulted), classified in the 17th, i.e. last, category (“default”) of the Bank’s 17-grade credit loss master scale, and those that have been overdue for more than 90 days and the part affected by the delay is significant, as well as those classified by the Bank as non-performing according to other criteria specified in the relevant policy (eg exposure is defaulted based on 178 Article of CRR, it is assumed that without the use of collateral customer is unable to repay the loan exposure, customer is under liquidation, etc,).

The real difference between the classification into the three classification categories (stages) under IFRS 9 is not the individual or collective methodology used for measuring the expected credit loss, or the absolute value of the loss, but rather the relative magnitude of the change in the credit risk, and the fact that

- the expected credit loss is calculated by the Bank on the basis of the 12-month default risk in Stage 1, whereas in Stages 2 and 3 the Bank bases its calculation on the lifetime default risk (except for bullet/balloon type transactions where the Bank determines the rate of the expected loss on the basis of the lifetime default risk in Stage 1 as well, given that in the case of such transactions the default pattern is concentrated over the period beyond the next 12 months), and
- the Bank calculates the interest income on the basis of the gross amortised cost (excluding impairment) in the case of transactions in Stage 1 and Stage 2, and on the net amortised cost (including impairment) in the case of transactions in Stage 3.

**V. Overview of the measurement methods used by the Bank**

The Bank measures and recognises impairment/provisions in accordance with the rules of IFRS 9 as follows.

**V.1. Simplified collective measurement method**

The Bank applies the collective measurement method in the case of other receivables (receivables from financial and investment services, typically fees).

Other receivables are receivables from financial and investment services, typically without collateral, which the Bank classifies into the transaction rating stages set out in the MNB Decree using a simplified rating based on the number of days in delay.

Under the simplified collective measurement method, the Bank determines the amount of impairment on the basis of a predetermined fixed percentage applied to the exposure outstanding on the date of the measurement.

**V.2. Individual measurement method**

- includes *the PD * LGD * EAD method that shows collective characteristics but is based on individual data, and*
- the *discounted cash flow method based on individual cash flow estimates* (“DCF method”).

The Bank applies the individual DCF method to its exposures exceeding HUF 1 billion (subject to certain exceptions set out in the relevant policy), based on expert analysis; while impairment/provision is primarily calculated for exposures below HUF 1 billion on the basis of the method with collective characteristics, taking into consideration PD, LGD and other correction factors estimated on a statistical basis in Stage 1 and Stage 2, while the Bank uses the DCF model in Basket 3. In 2021, the Bank increased the threshold for individual assessment from HUF 500 million to HUF 1 billion in order to narrow the range of transactions where expert estimates are used.

### V.2.1. Individual measurement model with collective characteristics

As a general rule, the Bank calculates impairment loss on the basis of indicators developed for the estimation of Expected Loss ("EL"), i.e. Probability of Default (PD), Exposure at Default ("EAD") and Loss Given Default ("LGD"). The method used to determine exposure at default depends on whether the item is on-balance-sheet or off-balance-sheet.

(a) In the case of an on-balance-sheet item, "EAD", i.e. the exposure at default means, for the purpose of simplification, the book exposure of that item at the reporting date.

(b) For off-balance-sheet items, "EAD" must first be determined using a credit conversion factor ("CCF"), which is the probability of an exposure ("E") being included in the balance sheet or not.

The Bank determines the credit conversion factor (equivalent) based on the CRR, using the standard method.

Based on the above, the Bank, as a general rule, establishes the expected credit loss using the following formula:

$$EL = PD \times LGD \times EAD \times CCF$$

The calculations are made in accordance with the requirements of IFRS9 using the point in time estimation method, applied in the macroeconomic correction component of PD.

### V.2.2. Individual impairment establishment method based on the cash-flow stress model

In addition to the impairment model used as a general rule, the Bank may also use a purely individual measurement model that determines the expected credit loss of a given individually measured transaction using the discounted cash flows ("DCF") method based on CF scenarios developed by an expert.

To establish the basis of the individual impairment established using the DCF method, the credit risk manager of the given loan, in addition to the original contractual cash-flow scenario, based on their best knowledge of the customer and the given transaction develops at least two more potential cash-flow scenarios, where at least one of these is expected to be based on the assumption that the transaction becomes non-performing. The credit risk manager assigns probabilities to the two or more cash flow stress scenarios.

## VI. Combined transaction rating (credit risk master scale)

The Bank, combining

(a) its own regularly monitored and updated customer rating categories based on historical data, and

(b) its scoring system for the behaviour of a particular customer concerning a specific transaction ("behavioural scoring"), which also includes forward-looking information,

has created a 17-grade master scale in order to measure credit risk changes for the following segments:

- Retail segment
- Corporate segment
- Other financial corporate segment
- Project loans segment
- Non-profit segment

The 17-grade master scale shows the increase in credit risk from category 1, the lowest credit risk, up to 17, the highest credit risk category characterised by non-performance.

This master scale evaluates the Bank's transactions in a particular portfolio based on a complex set of criteria that not only take into account past data of the particular customer and transaction, but also consider several pieces of forward-looking information based on the customer's transaction behaviour. Based on the master scale, the Bank also adjusts the PD calculated for each transaction by incorporating macroeconomic indicators. Such a complex credit risk monitoring system enables the Bank to detect an increase in credit risk before the particular transaction becomes overdue. As a result, a transaction with a significantly increased credit risk is classified into a transaction rating category (impairment/provisioning stage) where the impairment/provision calculation is based on a lifetime estimate of the expected credit loss.

The Bank has developed various behavioural point systems for its customer portfolios with significantly different characteristics. These behavioural point systems examine different characteristic behavioural elements concerning transactions under a particular customer portfolio, thereby allowing the transactions belonging to each customer portfolio to be classified to the appropriate level of the single master scale on the basis of the Bank's customer rating/debtor rating and their most typical behavioural patterns during the combined transaction rating process.

The Bank relies on the available ratings of external rating agencies to determine the probability of default concerning the government, municipal and banking segments.

**VII. Macroeconomic adjustment of the PD calibration**

In addition to keeping the forward-looking nature of the probability of default (PD) in mind, the Bank monitors external macroeconomic indicators and the MNB's indicator forecasts to ensure the monitoring of economic cycles, and in response to these, adjusts, for each transaction, the base PD values determined in the first round, with the macro factor being a constituent component of the final PD as a multiplying factor. In selecting the model variables, the Bank has taken into account the fact that these external macroeconomic indicators are in all cases publicly available to users and the forecasts of those indicators are continuously available and expected to remain so for the long term. The differentially defined macroeconomic indicators include:

- Gross Domestic Product (GDP) volume indices – seasonally and calendar-adjusted and balanced data (previous quarter = 100.0%),
- Customer price index (CPI),
- Unemployment rate.

In line with the MNB's requirements, the Bank uses indicator forecasts according to the 3 scenarios (baseline, favourable, adverse) prepared by the MNB in its model, where the baseline corresponds to the most probable forecast trajectory, and the favourable and adverse ones are respectively based on more favourable and less favourable projected trajectories. The average of the impairment results calculated with macro-correction multipliers modelled in this way, weighted by the probabilities according to the scenarios, gives the final impairment rate.

Probabilities of the macro scenarios used for the end of 2024 and 2023:

- baseline: 66.7%
- favourable: 7.7%
- adverse: 25.6%

**VIII. Application of a risk multiplier**

The PD calculated as described above is in line with IFRS 9 requirements and reflects the Bank's expected credit loss; however, in the case of a combination of specific economic circumstances, the Bank may decide to apply a multiplier factor that increases PD levels across the board. This combination could, for example, be a risk of unanticipated macroeconomic risks materialising. In such a case, the Bank may use a specific methodology to determine what it considers to be the likely PD increase in the event of a significant deterioration in the general economic situation, and apply this as a multiplier.

**IX. LGD calibration**

The value of loss given default (LGD) is the difference between the book value of the exposure at the time of default and the amount of collateral that the Bank is expected to be able to use. The Bank determines the value of the collateral that is expected to be available on the basis of a general discount predetermined for each type of collateral, based on the market value of the collateral. The Bank determined the general discount to be used with the market value by collateral type by using external expert estimates.

**X. Restructured loans**

**The Bank** has detailed regulations that set forth the rules of restructuring as follows:

(1) The Bank treats all loans, acquired receivables or any other receivables arising from transactions classified as money lending or from other financial services, if containing a discount and granted to the debtor, obligor (hereinafter collectively referred to as the obligor or the customer) at the request of the obligor or the Bank, as restructured receivables. In addition, restructured receivables include

commitments related to lending that may become receivables at the customer's discretion (collectively: receivables) if the discount was granted to an obligor that has or is expected to have financial difficulties in meeting its financial obligations.

(2) The Bank recognises receivables as restructured receivables that include a discount and where the original agreement that gave rise to the receivable has been amended to avoid non-payment because the debtor is or, in the absence of the discount, would be unable to meet its repayment obligation under the original contractual terms.

(3) In the absence of information to the contrary, it may be assumed that the debtor has no financial difficulties if the debtor has not had a payment delay of more than 30 days in respect of any of its liabilities to the Bank within 90 days prior to the conclusion or the amendment of the contract.

(4) The Bank does not consider as restructured loans (receivables) those loans in relation to which the underlying agreements have been amended due to changes in market conditions, and where the parties agree on market terms relevant to similar types of agreements, furthermore, the obligor's solvency demonstrates that it will be able to meet its obligations under the agreement.

(5) The Bank does not automatically consider its exposures as restructured for the purposes of MNB Decree 39/2016 (X.11), with regard to repayment rescheduling due to the moratorium, if the exposure is affected by the moratorium. However, this option for preferential treatment is not applicable to exposures that joined the moratorium as of 1 November 2021. The Bank will decide on a case-by-case basis whether to recognise an exposure as a restructured exposure due to the exceptional situation caused by the coronavirus pandemic or due to contractual amendments concluded in the context of the moratorium.

**XI. Tables related to credit risk**

***Loan portfolio by industry***

The following table shows the net exposure of the loan portfolio (customer and interbank receivables) broken down by industry on 31 December 2024 and 31 December 2023. Net exposure also includes loan commitments and issued guarantees.

*Data in HUF millions*

| Sector | 12.31.2024 | 07.31.2024 – Aquired* | 12.31.2023 |
|---|---|---|---|
| Financial and insurance activities* | 87 524 | 0 | 168 865 |
| Other services | 73 268 | 5 | 24 242 |
| Properties | 64 485 | 46 | 74 977 |
| Household/Retail | 53 555 | 0 | 45 372 |
| Trade, vehicle repair | 37 345 | 13 269 | 36 552 |
| Manufacturing | 31 519 | 4 832 | 47 566 |
| Professional and scientific activities, administrative and service support activities | 33 737 | 964 | 27 902 |
| Accommodation and food service activities | 15 812 | 4 | 8 469 |
| Transportation, warehousing | 12 172 | 3 252 | 17 597 |
| Electricity, gas, steam supply, air conditioning | 9 242 | 58 | 23 827 |
| Other activities | 8 605 | 0 | 4 168 |
| Agriculture, forestry, fishing | 7 274 | 747 | 6 505 |
| Construction | 6 275 | 461 | 15 590 |
| Human health services and social work activities | 1 990 | 8 | 2 907 |
| Information and communication | 1 480 | 63 | 5 463 |
| Arts, entertainment and recreation | 606 | 33 | 857 |
| Training | 517 | 0 | 603 |
| Mining, mining services | 278 | 0 | 323 |

| | | | |
|---|---|---|---|
| Water supply, wastewater collection and treatment, waste management, decontamination | 111 | 0 | 184 |
| Public administration and defence, compulsory social security | 0 | 0 | 51 |
| **Total** | **445 795** | **23 742** | **512 020** |

** Due to the aquistion of Leasing Group, this amount increases the year-end balance*

***Financial leasing portfolio by industry***

*Data in HUF millions*

| Sector | 12.31.2024 | 07.31.2024 – Aquired* |
|---|---|---|
| Transportation, warehousing | 11 207 | 10 288 |
| Professional and scientific activities, administrative and service support activities | 3 988 | 3 606 |
| Manufacturing | 1 991 | 1 827 |
| Trade, vehicle repair | 1 058 | 945 |
| Agriculture, forestry, fishing | 515 | 745 |
| Construction | 351 | 383 |
| Arts, entertainment and recreation | 253 | 279 |
| Other services | 152 | 176 |
| Information and communication | 123 | 44 |
| Properties | 100 | 48 |
| Human health services and social work activities | 24 | 31 |
| Training | 8 | 6 |
| Electricity, gas, steam supply, air conditioning | 2 | 10 |
| Accommodation and food service activities | 49 | 38 |
| Financial and insurance activities* | 4 | 6 |
| **Total** | **19 825** | **18 432** |

** Due to the aquistion of Leasing Group, this amount increases the year-end balance*

***Breakdown of customer portfolio by rating***

The following table shows the breakdown of customer loans by internal rating categories (master scale rating).

The Bank has created a 17-level master's scale for measuring changes in credit risk with the combination of
(a) customer ratings based on historical data, which are regularly monitored and updated, and
(b) a system of scoring for a given client's behaviour, taking into account forward-looking information.
Master's scale is created for the following portfolios:

- • retail portfolio,
  • corporate portfolio,
  • portfolio of project companies
  • the portfolio of other financial companies (e.g. leasing companies, factoring companies),
  • Portfolio of other non-profit organizations.

The 17-grade master scale shows the increase in credit risk from category 1 – lowest credit risk – to non-performing (default) category 17 – highest credit risk.

This master scale evaluates the Bank's transactions in a given portfolio according to a complex set of criteria that is not only based on the past data of the given client and transaction, but also takes into account several forward-looking pieces of information based on the client's behaviour in relation to the transaction.

*Data in HUF millions*

| | 12.31.2024 | 12.31.2023 |
|---|---|---|

| | Internal rating | Gross exposure | Impairment | Gross exposure | Impairment |
|---|---|---|---|---|---|
| **Retail segment** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 17 898 | 15 | 18 284 | 30 |
| | 9-12 | 1 946 | 12 | 3 908 | 9 |
| | 13-17 | 534 | 49 | 1 006 | 43 |
| | | **20 378** | **76** | **23 198** | **82** |
| **Corporate segment** | 1-4 | 77 | 0 | 0 | 0 |
| | 5-8 | 131 765 | 579 | 186 724 | 523 |
| | 9-12 | 4 153 | 151 | 2 780 | 115 |
| | 13-16 | 1 314 | 505 | 330 | 16 |
| | | **137 309** | **1 235** | **189 834** | **654** |
| **Other financial corporate segment** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 70 857 | 152 | 51 350 | 65 |
| | 9-12 | 0 | 0 | 31 020 | 3 |
| | 13-16 | 294 | 15 | 0 | 0 |
| | | **71 151** | **167** | **82 370** | **68** |
| **Project loans** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 81 719 | 354 | 56 388 | 109 |
| | 9-12 | 0 | 0 | 772 | 15 |
| | 13-17 | 126 | 80 | 87 | 87 |
| | | **81 845** | **434** | **57 247** | **211** |
| **Non-profit segment** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 873 | 5 | 970 | 1 |
| | 9-12 | 0 | 0 | 0 | 0 |
| | 13-17 | 0 | 0 | 0 | 0 |
| | | **873** | **5** | **970** | **1** |
| **Government** | 9-12 | 26 715 | 156 | 0 | 0 |
| | | **26 715** | **156** | **0** | **0** |
| | | **338 271** | **2 073** | **353 619** | **1 016** |

The table does not include forced loans (in the amount of HUF 94 million), for which the Bank records a 100% impairment loss using a simplified procedure.

*Data in HUF millions*

| | Internal rating | 12.31.2024 Undrawn lines/issued guarantees | 12.31.2024 Provision | 12.31.2023 Undrawn lines/issued guarantees | 12.31.2023 Provision |
|---|---|---|---|---|---|
| **Retail segment** | 1-4 | 1 | 0 | 0 | 0 |
| | 5-8 | 769 | 0 | 918 | 5 |
| | 9-12 | 268 | 0 | 27 | 0 |
| | 13-16 | 0 | 0 | 74 | 0 |
| | | **1 038** | **0** | **1 019** | **5** |

| | | | | | |
|---|---|---|---|---|---|
| **Corporate segment** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 100 000 | 279 | 71 493 | 425 |
| | 9-12 | 417 | 0 | 118 | 5 |
| | 13-16 | 0 | 0 | 0 | 0 |
| | | **100 417** | **279** | **71 611** | **430** |
| **Other financial corporate segment** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 27 977 | 20 | 15399 | 13 |
| | 9-12 | 0 | 0 | 89 | 0 |
| | 13-16 | 0 | 0 | 0 | 0 |
| | | **27 977** | **20** | **15 488** | **13** |
| **Project loans** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 40 695 | 135 | 22550 | 126 |
| | 9-12 | 0 | 0 | 0 | 0 |
| | 13-16 | 0 | 0 | 0 | 0 |
| | | **40 695** | **135** | **22 550** | **126** |
| **Non-profit segment** | 1-4 | 0 | 0 | 0 | 0 |
| | 5-8 | 20 | 0 | 0 | 0 |
| | 9-12 | 0 | 0 | 0 | 0 |
| | 13-16 | 0 | 0 | 0 | 0 |
| | | **20** | **0** | **0** | **0** |
| | | **170 147** | **434** | **110 668** | **574** |

***Loan portfolio coverage***

The following table shows the market value of collateral related to the segments of the loan portfolio as of 31.12.2024 and 31.12.2023.

*Data in HUF millions*

| | 12.31.2024 | | | 07.31.2024 – Acquired* | | | 12.31.2023 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Net exposure** | **Collateral** | **Not covered** | **Net exposure** | **Collateral** | **Not covered** | **Net exposure** | **Collateral** | **Not covered** |
| Retail segment | 56 763 | 41 626 | 15 455 | 855 | 1 132 | 0 | 23 117 | 39 144 | 0 |
| Corporate segment | 125 364 | 99 895 | 29 167 | 22 662 | 20 103 | 2 559 | 189 180 | 171 652 | 17 529 |
| Other financial corporate segment | 74 511 | 69 533 | 4 978 | 0 | 0 | 0 | 82 302 | 122 613 | 0 |
| Project loans | 109 554 | 92 406 | 17 148 | 0 | 0 | 0 | 57 035 | 86 394 | 0 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 456 | 0 |
| Non-profit segment | 47 565 | 868 | 0 | 0 | 0 | 0 | 969 | 628 | 341 |
| Bank segment | 75 278 | 75 278 | 0 | 0 | 0 | 0 | 43 828 | 70 000 | 0 |
| State segment | 27 534 | 975 | 26 559 | 0 | 0 | 0 | 24 914 | 14 383 | 10 532 |
| **Total** | **516 569** | **380 581** | **93 307** | **23 517** | **21 235** | **2 559** | **421 397** | **505 270** | **28 402** |

** Due to the aquistion of Leasing Group, this amount increases the year-end balance*

***Financial leasing portfolio coverage***

*Data in HUF millions*

| | 12.31.2024 | | | 07.31.2024 – Acquired* | | |
|---|---|---|---|---|---|---|
| | **Net exposure** | **Collateral** | **Not covered** | **Net exposure** | **Collateral** | **Not covered** |
| Retail segment | 276 | 378 | 0 | 368 | 494 | 0 |
| Corporate segment | 24 050 | 21 284 | 2 766 | 21 471 | 19 449 | 2 022 |
| Other financial corporate segment | 3 | 4 | 0 | 3 | 5 | 0 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **24 329** | **21 666** | **2 766** | **21 842** | **19 948** | **2 022** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

***Exposures and their collaterals classified in Stage 3***

*Data in HUF millions*

| | *Loans* | |
|---|---|---|
| | **Gross exposure** | **Collateral** |
| 12.31.2024 | 1 266 | 3 653 |
| 07.31.2024 – Aquired* | 597 | 421 |
| 12.31.2023 | 1 331 | 2 618 |

| | *Financial leasing* | |
|---|---|---|
| | **Gross exposure** | **Collateral** |
| 12.31.2024 | 576 | 260 |
| 07.31.2024 – Aquired* | 746 | 466 |
| 12.31.2023 | 0 | 0 |

** Due to the acquisiotion of Leasing Group, this amount increases the year-end balance*

***Collaterals by segment by type of collateral***

**Loans**

*Data in HUF millions*

| **Collateral type** | **12.31.2024** | **07.31.2024 - Aquired*** | **12.31.2023** |
|---|---|---|---|
| **Retail segment** | | | |
| Guarantee | 364 | 0 | 765 |
| Property | 78 096 | 0 | 30 257 |
| Suretyship | 18 323 | | |
| Deposit / Cash / Hungarian government securities / Other security deposit | 2 673 | 0 | 2 959 |
| Other | 1 044 | 1 132 | 23 |
| **Retail segment total** | **100 500** | **1 132** | **34 004** |
| **Corporate segment** | | | |
| Guarantee | 52 016 | 0 | 24 142 |
| Property | 43 001 | 0 | 64 027 |
| Suretyship | 15 079 | 0 | 32 659 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 28 742 | 0 | 28 205 |
| Other | 41 412 | 20 103 | 25 954 |
| **Corporate segment total** | **180 250** | **20 103** | **174 987** |
| **Other financial corporate segment** | | | |
| Guarantee | 6 204 | 0 | 423 |
| Property | 284 | 0 | 1 768 |
| Suretyship | 112 500 | 0 | 105 000 |

| | | | |
|---|---|---|---|
| Deposit / Cash / Hungarian government securities / Other security deposit | 388 | 0 | 9 147 |
| Other | 349 | 0 | 349 |
| **Other financial corporate segment total** | **119 725** | **0** | **116 687** |
| **Project loans** | | | |
| Guarantee | 42 707 | 0 | 10 512 |
| Property | 125 598 | 0 | 49 944 |
| Suretyship | 8 568 | 0 | 439 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 9 082 | 0 | 2 193 |
| Other | 18 238 | 0 | 12 471 |
| **Project loans total** | **204 193** | **0** | **75 559** |
| **Non-profit segment** | | 0 | |
| Suretyship | 103 | 0 | 628 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 400 | 0 | 0 |
| Other | 0 | 0 | 0 |
| **Non-profit segment total** | **503** | **0** | **628** |
| **Grand total** | **605 171** | **21 235** | **401 865** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

**Financial leasing**

*Data in HUF millions*

| **Collateral type** | **12.31.2024** | **07.31.2024 - Aquired*** |
|---|---|---|
| **Retail segment** | | |
| Guarantee | 0 | 0 |
| Property | 0 | 0 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 0 | 0 |
| Other | 378 | 494 |
| **Retail segment total** | **378** | **494** |
| **Corporate segment** | | |
| Guarantee | 0 | 0 |
| Property | 0 | 0 |
| Suretyship | 0 | 0 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 0 | 0 |
| Other | 21 284 | 19 449 |
| **Corporate segment total** | **21 284** | **19 449** |
| **Other financial corporate segment** | | |
| Guarantee | 0 | 0 |
| Property | 0 | 0 |
| Suretyship | 0 | 0 |

| | | |
|---|---|---|
| Deposit / Cash / Hungarian government securities / Other security deposit | 0 | 0 |
| Other | 0 | 0 |
| **Other financial corporate segment total** | **0** | **0** |
| **Project loans** | | |
| Guarantee | 0 | 0 |
| Property | 0 | 0 |
| Suretyship | 0 | 0 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 0 | 0 |
| Other | 4 | 5 |
| **Project loans total** | **4** | **5** |
| **Non-profit segment** | | |
| Suretyship | 0 | 0 |
| Deposit / Cash / Hungarian government securities / Other security deposit | 0 | 0 |
| Other | 0 | 0 |
| **Non-profit segment total** | **0** | **0** |
| **Grand total** | **21 666** | **19 948** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

***Movements between IFRS 9 stages***

*Data in HUF millions*

| **2024** Stage classification at the beginning/end of year | Stage 1 | Stage 2 | Stage 3 | Derecognised during the period | Total |
|---|---|---|---|---|---|
| **Impairment - loans** | | | | | |
| **31.12.2023** | **910** | **338** | **110** | **-252** | **1 106** |
| Acquisition* | 45 | 0 | 0 | 0 | |
| Created during the period | 552 | 228 | 10 | 0 | |
| Stage 1 | -2 190 | 58 568 | 0 | -191 | |
| Stage 2 | 1 987 | -58 922 | 27 | -2 | |
| Stage 3 | 291 | 199 | 72 | -5 | |
| **31.12.2024** | **1 595** | **411** | **219** | **-450** | **1 775** |
| **Provision** | | | | | |
| **31.12.2023** | **572** | **63** | **0** | **-61** | **574** |
| Acquisition* | 0 | 0 | 0 | 0 | |
| Created during the period | 339 | 0 | 0 | 0 | |
| Stage 1 | -48 | -107 | 0 | -317 | |
| Stage 2 | -42 | 104 | 0 | -56 | |
| Stage 3 | 0 | 0 | 0 | 0 | |

| | | | | | |
|---|---|---|---|---|---|
| **31.12.2024** | **821** | **60** | **0** | **-434** | **447** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

*Data in HUF millions*

| 2024<br>Stage classification at the beginning/end of year | Stage 1 | Stage 2 | Stage 3 | Derecognised during the period | Total |
|---|---|---|---|---|---|
| **Impairment - financial leasing** | | | | | |
| 31.12.2023 | **0** | **0** | **0** | **0** | **0** |
| Acquisition* | 126 | 0 | 0 | 0 | |
| Created during the period | 4 | 5 | 48 | 0 | |
| Stage 1 | -48 | 0 | 0 | -20 | |
| Stage 2 | 0 | -12 | 0 | 0 | |
| Stage 3 | 0 | 0 | 10 | 0 | |
| **31.12.2024** | **82** | **-7** | **58** | **-20** | **113** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

| 2023<br>Stage classification at the beginning/end of year | Stage 1 | Stage 2 | Stage 3 | Derecognised during the period | Total |
|---|---|---|---|---|---|
| **Impairment** | | | | | |
| **31.12.2022** | **561** | **215** | **105** | **-178** | **704** |
| Created during the period | 390 | 0 | 1 | 0 | |
| Stage 1 | -32 | 129 | 6 | -71 | |
| Stage 2 | -9 | -2 | 1 | -3 | |
| Stage 3 | 0 | -4 | -3 | 0 | |
| **31.12.2023** | **910** | **338** | **110** | **-252** | **1 106** |
| **Provision** | | | | | |
| **31.12.2022** | **178** | **11** | **0** | **-34** | **154** |
| Created during the period | 260 | 54 | 0 | 0 | |
| Stage 1 | 135 | -1 | 0 | -27 | |
| Stage 2 | -1 | -1 | 0 | 0 | |
| Stage 3 | 0 | 0 | 0 | 0 | |
| **31.12.2023** | **572** | **63** | **0** | **-61** | **574** |

***Restructured transactions***

At 31.12.2024, the Bank has 14 transactions of 13 customers, totalling HUF 1,238 million, recorded as restructured, most of them have been restructured due to the moratorium. (At 31.12.2023, the Bank had 410 transactions of 35 customers, totalling HUF 3,870 million, recorded as restructured.)

***Impairment movement board***

*Data in HUF millions*

| | Impairment | | | | | | Gross exposure | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Stage 1** | **Opening – 01.01.2024** | **Acquisition*** | **Recognition** | **Credit risk change** | **Derecognition** | **Closing – 31.12.2024** | **Opening – 01.01.2024** | **Acquisition*** | **Recognition** | **Change in exposure** | **Derecognition** | **Closing – 31.12.2024** |
| **Customer loans measured at amortised cost** | | | | | | | | | | | | |
| Retail segment | 9 | 6 | 14 | 59 | 0 | 88 | 21 515 | 807 | 100 | -413 | -2 459 | 19 550 |
| Corporate segment | 460 | 39 | 125 | -76 | -122 | 426 | 181 683 | 22 208 | 19 090 | -35 467 | -83 916 | 103 598 |
| Other financial corporate segment | 68 | 0 | 113 | -19 | -10 | 152 | 82 355 | 0 | 19 729 | -10 660 | -20 585 | 70 839 |
| Project loans | 28 | 0 | 218 | 79 | -5 | 320 | 48 908 | 0 | 35 005 | -2 198 | -5 230 | 76 485 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | -50 | 0 |
| Non-profit segment | 1 | 0 | 5 | 0 | -1 | 5 | 970 | 0 | 478 | -145 | -430 | 873 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 43 828 | 0 | 35 000 | -3 550 | 0 | 75 278 |
| State segment | 92 | 0 | 12 | 112 | -57 | 159 | 25 009 | 0 | 3 284 | 12 412 | -13 987 | 26 717 |
| **Total customer loans measured at amortised cost** | **659** | **45** | **487** | **155** | **-195** | **1 151** | **404 317** | **23 015** | **112 686** | **-40 021** | **-126 657** | **373 340** |
| **Financial leasing assets** | | | | | | | | | | | | |
| Retail segment | 0 | 15 | 0 | -1 | -1 | 13 | 0 | 320 | 0 | -33 | -18 | 269 |
| Corporate segment | 0 | 111 | 4 | -46 | -19 | 50 | 0 | 21 243 | 8 330 | -1 206 | -570 | 27 797 |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total financial leasing assets** | **0** | **126** | **4** | **-47** | **-20** | **63** | **0** | **21 563** | **8 330** | **-1 239** | **-588** | **28 066** |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Securities measured at amortised cost** | | | | | | | | | | | | |
| State segment | 45 | 0 | 2 | -1 | 0 | 46 | 110 173 | 0 | 4 214 | 592 | -230 | 114 749 |
| Bank segment | 261 | 0 | 0 | -261 | 0 | 0 | 51 878 | 0 | 126 | 59 736 | -25 271 | 86 469 |
| Corporate segment | 161 | 0 | 22 | 0 | 90 | 273 | 15 000 | 0 | 10 194 | 72 | 0 | 25 266 |
| **Total securities measured at amortised cost** | **467** | **0** | **24** | **-262** | **90** | **319** | **177 051** | **0** | **14 534** | **60 400** | **-25 501** | **226 484** |
| **Securities measured at fair value through other comprehensive income** | | | | | | | | | | | | |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 963 | 0 | 0 | 0 | -90 | 873 |
| State segment | 0 | 0 | 0 | 4 | 0 | 4 | 9 118 | 0 | 122 458 | 3 849 | -122 906 | 12 517 |
| **Total securities measured at fair value through other comprehensive income** | **0** | **0** | **0** | **4** | **0** | **4** | **10 080** | **0** | **122 458** | **3 849** | **-122 996** | **13 389** |
| **Interbank placements** | | | | | | | | | | | | |
| Interbank placements | 0 | 0 | 0 | 0 | 0 | 0 | 104 631 | 0 | 53 290 | 0 | -104 631 | 53 290 |
| **Total interbank placements** | **0** | **0** | **0** | **0** | **0** | **0** | **104 631** | **0** | **53 290** | **0** | **-104 631** | **53 290** |
| **Stage 1 total** | **1 126** | **171** | **515** | **-150** | **-125** | **1 537** | **696 080** | **44 578** | **311 298** | **22 989** | **-380 373** | **694 569** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

| | Impairment | | | | | | Gross exposure | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Stage 2** | **Opening – 01.01.2024** | **Acquisition*** | **Recognition** | **Credit risk change** | **Derecognition** | **Closing – 31.12.2024** | **Opening – 01.01.2024** | **Acquisition*** | **Recognition** | **Change in exposure** | **Derecognition** | **Closing – 31.12.2024** |
| **Customer loans measured at amortised cost** | | | | | | | | | | | | |
| Retail segment | 64 | 0 | 0 | -44 | -1 | 19 | 1 617 | | 0 | -971 | -128 | 518 |
| Corporate segment | 177 | 0 | 221 | -36 | -1 | 361 | 7 821 | | 2 093 | -1 160 | -4 015 | 4 739 |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 | 15 | | 13 | 0 | -15 | 13 |
| Project loans | 97 | 0 | 0 | -62 | 0 | 35 | 8 252 | | 0 | -2 932 | 0 | 5 320 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| **Total customer loans measured at amortised cost** | **338** | **0** | **221** | **-142** | **-2** | **415** | **17 705** | **0** | **2 106** | **-5 063** | **-4 158** | **10 590** |
| **Financial leasing assets** | | | | | | | | | | | | |
| Retail segment | 0 | 0 | 0 | -11 | 0 | -11 | 0 | 0 | 0 | -16 | 0 | -16 |
| Corporate segment | 0 | 0 | 5 | -1 | 0 | 4 | 0 | 0 | 1 245 | -517 | 0 | 728 |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total financial leasing assets** | **0** | **0** | **5** | **-12** | **0** | **-7** | **0** | **0** | **1 245** | **-533** | **0** | **712** |
| **Securities measured at amortised cost** | | | | | | | | | | | | |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total securities measured at amortised cost** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Securities measured at fair value through other comprehensive income** | | | | | | | | | | | | |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total securities measured at fair value through other comprehensive income** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Interbank placements** | | | | | | 0 | | | | | | 0 |
| Interbank placements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total interbank placements** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Stage 2 total** | **338** | **0** | **226** | **-154** | **-2** | **408** | **17 705** | **0** | **3 351** | **-5 596** | **-4 158** | **11 302** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

| Stage 3 | Impairment | | | | | | Gross exposure | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Opening – 01.01.2024** | **Acquisition*** | **Recognition** | **Credit risk change** | **Derecognition** | **Closing – 31.12.2024** | **Opening – 01.01.2024** | **Acquisition*** | **Recognition** | **Change in exposure** | **Derecognition** | **Closing – 31.12.2024** |
| **Customer loans measured at amortised cost** | | | | | | | | | | | | |
| Retail segment | 6 | 0 | 10 | 4 | -4 | 16 | 66 | | 15 | -38 | -4 | 39 |
| Corporate segment | 16 | 0 | 0 | 82 | 0 | 98 | 329 | | 0 | -39 | -246 | 44 |
| Other financial corporate segment | 0 | 0 | 0 | 15 | 0 | 15 | 0 | | 0 | 294 | 0 | 294 |
| Project loans | 86 | 0 | 0 | -6 | 0 | 80 | 86 | | 0 | 40 | 0 | 126 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| **Total customer loans measured at amortised cost** | **108** | **0** | **10** | **95** | **-4** | **209** | **481** | | **15** | **257** | **-250** | **503** |
| **Financial leasing assets** | | | | | | | | | | | | |
| Retail segment | 0 | 0 | 6 | 2 | 0 | 8 | 0 | 62 | 6 | -11 | 0 | 57 |
| Corporate segment | 0 | 0 | 41 | 8 | 0 | 49 | 0 | 353 | 41 | -55 | -59 | 280 |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total financial leasing assets** | **0** | **0** | **47** | **10** | **0** | **57** | **0** | **415** | **47** | **-66** | **-59** | **337** |
| **Securities measured at amortised cost** | | | | | | | | | | | | |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 1 019 | 0 | 1 019 | 0 | 0 | 0 | 1 019 | 0 | 1 019 |
| **Total securities measured at amortised cost** | **0** | **0** | **0** | **1 019** | **0** | **1 019** | **0** | **0** | **0** | **1 019** | **0** | **1 019** |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Securities measured at fair value through other comprehensive income** | | | | | | | | | | | | |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total securities measured at fair value through other comprehensive income** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Interbank placements** | | | | | | | | | | | | |
| Interbank placements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total interbank placements** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Stage 3 total** | **108** | **0** | **57** | **1 124** | **-4** | **1 285** | **481** | **415** | **62** | **1 210** | **-309** | **1 859** |
| **Grand total** | **1 572** | **171** | **798** | **820** | **-131** | **3 230** | **714 264** | **44 993** | **314 711** | **18 604** | **-384 840** | **707 731** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

*Data in HUF millions*

| Stage 1 Customer loans measured at amortised cost | Provision | | | | | | Undrawn line | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening – 01.01.2024 | Acquisition* | Recognition | Credit risk change | Derecognition | Closing – 31.12.2024 | Opening – 01.01.2024 | Acquisition* | Recognition | Change in exposure | Derecognition | Closing – 31.12.2024 |
| Retail segment | 1 | 0 | 0 | 0 | 0 | 1 | 862 | 0 | 683 | -18 | -494 | 1 033 |
| Corporate segment | 429 | 0 | 196 | -54 | -293 | 278 | 71 237 | 0 | 46 086 | 10 413 | -28 814 | 98 922 |
| Other financial corporate segment | 13 | 0 | 6 | 1 | 0 | 20 | 15 488 | 0 | 15 369 | 10 201 | -13 980 | 27 078 |
| Project loans | 71 | 0 | 128 | -40 | -24 | 135 | 21 549 | 0 | 16 447 | 18 318 | -15 714 | 40 600 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 0 | 0 | 20 |
| Bank segment | 1 | 0 | 0 | 2 | 0 | 3 | 3 828 | 0 | 0 | 273 | 0 | 4 101 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 4 500 | 0 | 0 | 111 | -13 | 4 598 |
| **Total customer loans measured at amortised cost** | **515** | **0** | **330** | **-91** | **-317** | **437** | **117 464** | **0** | **78 605** | **39 298** | **-59 015** | **176 352** |
| **Stage 1 total** | **515** | **0** | **330** | **-91** | **-317** | **437** | **117 464** | **0** | **78 605** | **39 298** | **-59 015** | **176 352** |

| Stage 2 Customer loans measured at amortised cost | Provision | | | | | | Undrawn line | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening – 01.01.2024 | Acquisition* | Recognition | Credit risk change | Derecognition | Closing – 31.12.2024 | Opening – 01.01.2024 | Acquisition* | Recognition | Change in exposure | Derecognition | Closing – 31.12.2024 |
| Retail segment | 5 | 0 | 0 | -3 | -1 | 1 | 154 | 0 | 0 | -130 | -22 | 2 |
| Corporate segment | 0 | 0 | 0 | 0 | 0 | 0 | 373 | 0 | 0 | -27 | 0 | 346 |
| Other financial corporate segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project loans | 54 | 0 | 0 | 0 | -54 | 0 | 1 000 | 0 | 0 | 0 | -1 000 | 0 |
| Local municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-profit segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State segment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total customer loans measured at amortised cost** | **59** | **0** | **0** | **-3** | **-55** | **1** | **1 527** | **0** | **0** | **-157** | **-1 022** | **348** |
| **Stage 2 total** | **59** | **0** | **0** | **-3** | **-55** | **1** | **1 527** | **0** | **0** | **-157** | **-1 022** | **348** |
| **Grand total** | **574** | **0** | **330** | **-94** | **-372** | **438** | **118 991** | **0** | **78 605** | **39 141** | **-60 037** | **176 700** |

** Due to the acquisition of Leasing Group, this amount increases the year-end balance*

## 38.9. **Market risk**

The Bank controls its market price risks, and thus, in particular, its foreign exchange, interest rate and security exposures, through an appropriate internal and external targeted limit system. At present, Treasury's own-account trading is largely related to liquidity management, meeting customer needs and hedging the market risk of these and other transactions of the Bank. Compliance with the limits is monitored by the Market and Operational Risk Management Department, which process is overseen by the Assets and Liabilities Committee.

Counterparty and customer limits are set for the Treasury's counterparties, which are recorded in the Treasury's front office system (Inforex). The Bank mitigates its risks concerning major institutional counterparties through netting and daily margin (ISDA, CSA, GMRA) agreements.

Any market risks resulting from trading book exposures have been limited in scope, and the thresholds have been respected – trading was mostly done in government securities and discount treasury bills. The Bank also had small amount of equity positions, which are partly not in the trading book, since they are to be held and not sold. The Bank does not currently trade in non-linear foreign currency or interest rate derivatives or commodities.

### *Interest rate risk*

The Bank considers the management of interest rate risk in the banking book (IRRBB) to be of high importance. In particular, asset exposures are adjusted to the liability side, and via Interbank Transactions (IRS, CCIRS) the Bank replaces its major fixed-rate assets with variable-rate assets that are adjusted to the liabilities. The trading book interest rate risk is described in the Market Risks section of the Trading Book.

Interest rate risk typically arises due to the fact that the repricing time, repricing reference, or the repricing rate or mark-up of the asset and liability items differ from each other.

The capital requirement for the Bank Book's interest rate risk under Pillar 2 is determined by the Bank through interest rate sensitivity stress calculations based on the time remaining until repricing, taking into account the individual cash flow elements (assets, liabilities) of the transactions, as well as through their gap values and indicators for each repricing band. The calculations examine the potential changes in the Bank's economic value of equity ("EVE"), the expected net interest income ("NII") for the year, and the potential changes in expected fair value of earnings ("VE") on the portfolio as a function of the changes in yield curve levels. During the modelling process, the bank applies a scenario rate and direction-dependent specific model for the repricing delay and the inflow and outflow of demand deposits into and from time deposits, and takes into account the options for legal and embedded negative interest rates. During its stress tests, the Bank also examines stress cases of its own design, in addition to the supervisory requirements (the "standard" tests). The stress scenarios are as follows, of which both EVE, NII and VE versions have been produced.

Main stress scenarios:

| Number | Scenario | Type | Method |
|---|---|---|---|
| 1 | Parallel_UP | standard | Parallel yield upshift |
| 2 | Parallel_DOWN | standard | Parallel yield downshift |
| 3 | Steepening | standard | Short term yields fall, long.term yields rise |
| 4 | Flattening | standard | Short term yield rise, lond term yield fall |
| 5 | Short_UP | standard | Short term yield rise |
| 6 | Short_DOWN | standard | Short term yield fall |
| 7 | Long_UP | Gránit Bank requirements | Lomg term yield rise |
| 8 | Long_DOWN | Gránit Bank requirements | Long term yield fall |
| 9 | Sensitivity_UP | Gránit Bank requirements | Parallel yield upshift |
| 10 | Sensitivity_DOWN | Gránit Bank requirements | Parallel yield downshift |
| 11 | Parallel_UP_Dinamic | Gránit Bank requirements | Parallel yield upshift, taking into account the effects of portfolio changes |
| 12 | Parallel_DOWN_Dinamic | Gránit Bank requirements | Parallel yield downshift, taking into account the effects of portfolio changes |
| 15 | Parallel_UP_OLD_STANDARD | For the Supervisory limits | 200 bp parallel upshift |
| 16 | Parallel_DOWN_OLD_STANDARD | For the Supervisory limits | 200 bp parallel upshift |

Stress rates used in the calculations, by currency:

| CCY | Type | Base scenario | Shift in base points | CCY | Type | Base scenario | Shift in base points |
|---|---|---|---|---|---|---|---|
| HUF | standard | Parallel +/- | 300 | CHF | standard | Parallel +/- | 100 |
| HUF | standard | Short +/- | 450 | CHF | standard | Short +/- | 150 |
| HUF | | Long +/- | 200 | CHF | | Long +/- | 100 |
| EUR | standard | Parallel +/- | 200 | GBP | standard | Parallel +/- | 250 |
| EUR | standard | Short +/- | 250 | GBP | standard | Short +/- | 300 |
| EUR | | Long +/- | 100 | GBP | | Long +/- | 150 |
| USD | standard | Parallel +/- | 200 | JPY | standard | Parallel +/- | 100 |
| USD | standard | Short +/- | 300 | JPY | standard | Short +/- | 100 |
| USD | | Long +/- | 150 | JPY | | Long +/- | 100 |
| Mind | | Sensitivity +/- | 100 | PLN | standard | Parallel +/- | 250 |
| Mind | | Paralell Dinamic +/- | conforming to the standards | PLN | standard | Short +/- | 350 |
| Mind | "old standard" | Parallel +/- | 200 | PLN | | Long +/- | 150 |

For the calculations, the SWAP yield curve, which represents interbank interest rate levels, is primarily used (based on interbank-fra-IRS yields). In the case of securities, yields representing government securities. The market yield levels of the currencies are used transformed into zero-coupon log yields. The standard shifts are understood in log yields, and sensitivity shifts are calculated in nominal yields.

The Bank quantifies the interest rate risk, checks compliance with the limit and presents it to the Assets and Liabilities Committee on a monthly basis.

Given its activities, the Bank's reference interest rate risks are not significant.

*Stress test results at the end of 2024:*

| | | | Results by currency (in HUF million) | | | | |
|---|---|---|---|---|---|---|---|
| Reference no. | Scenario | Type | Total stress amount | HUF | EUR | USD | Other |
| EVE - 1 | Parallel_UP | standard | -9 291,8 | -8 078,1 | -1 281,4 | 67,8 | -0,1 |
| EVE - 2 | Parallel_DOWN | standard | 10 352,7 | 8 958,4 | 1 462,1 | -67,9 | 0,1 |
| EVE - 3 | Steepening | standard | 2 552,2 | 2 622,4 | -6,8 | -63,5 | 0,1 |
| EVE - 4 | Flattening | standard | -4 247,1 | -4 133,9 | -191,7 | 78,7 | -0,2 |
| EVE - 5 | Short_UP | standard | -7 614,3 | -7 129,5 | -583,8 | 99,2 | -0,2 |
| EVE - 6 | Short_DOWN | standard | 7 984,8 | 7 479,5 | 604,6 | -99,5 | 0,2 |
| EVE - 7 | Long_UP | Gránit Bank requirements | -2 591,0 | -2 170,5 | -421,7 | 1,2 | 0,0 |
| EVE - 8 | Long_DOWN | Gránit Bank requirements | 2 959,4 | 2 500,7 | 460,0 | -1,2 | 0,0 |
| EVE - 9 | Sensitivity_UP | Gránit Bank requirements | -3 223,2 | -2 613,4 | -642,1 | 32,3 | -0,1 |
| EVE - 10 | Sensitivity_DOWN | Gránit Bank requirements | 3 398,6 | 2 738,7 | 692,5 | -32,6 | 0,1 |
| EVE - 11 | Parallel_UP_Dinamic | Gránit Bank requirements | -9 081,2 | -7 879,7 | -1 269,1 | 67,8 | -0,1 |
| EVE - 12 | Parallel_DOWN_Dinamic | Gránit Bank requirements | 10 352,7 | 8 958,4 | 1 462,1 | -67,9 | 0,1 |
| EVE - 15 | Parallel_UP_OLD_STANDARD | For the Supervisory limits | -6 319,2 | -5 141,7 | -1 241,6 | 64,3 | -0,1 |
| EVE - 16 | Parallel_DOWN_OLD_STANDARD | For the Supervisory limits | 6 985,5 | 5 609,9 | 1 441,2 | -65,6 | 0,1 |
| NII - 1 | Parallel_UP | standard | 2 537,1 | 3 549,3 | -296,3 | -732,4 | 16,4 |
| NII - 2 | Parallel_DOWN | standard | -2 437,9 | -3 432,8 | 297,1 | 717,9 | -20,1 |
| NII - 3 | Steepening | standard | -2 131,3 | -3 075,8 | 290,5 | 675,7 | -21,7 |
| NII - 4 | Flattening | standard | 2 877,9 | 4 053,9 | -343,4 | -855,1 | 22,6 |
| NII - 5 | Short_UP | standard | 3 613,9 | 5 087,3 | -421,0 | -1 080,7 | 28,3 |
| NII - 6 | Short_DOWN | standard | -3 422,0 | -4 855,6 | 419,0 | 1 049,5 | -34,9 |
| NII - 7 | Long_UP | Gránit Bank requirements | 128,6 | 119,9 | 20,0 | -11,3 | 0,0 |
| NII - 8 | Long_DOWN | Gránit Bank requirements | -126,9 | -118,5 | -19,7 | 11,3 | 0,0 |

| Reference no. | Scenario | Type | Results by currency (in HUF million) Total stress amount | HUF | EUR | USD | Other |
|---|---|---|---|---|---|---|---|
| NII - 9 | Sensitivity_UP | Gránit Bank requirements | 613,3 | 1 095,6 | -142,0 | -347,0 | 6,7 |
| NII - 10 | Sensitivity_DOWN | Gránit Bank requirements | -609,9 | -1 090,7 | 144,5 | 347,0 | -10,7 |
| NII - 11 | Parallel_UP_Dinamic | Gránit Bank requirements | 2 609,2 | 3 615,6 | -290,5 | -732,4 | 16,4 |
| NII - 12 | Parallel_DOWN_Dinamic | Gránit Bank requirements | -2 437,9 | -3 432,8 | 297,1 | 717,9 | -20,1 |
| NII - 15 | Parallel_UP_OLD_STANDARD | For the Supervisory limits | 1 227,7 | 2 191,6 | -283,2 | -694,0 | 13,3 |
| NII - 16 | Parallel_DOWN_OLD_STANDARD | For the Supervisory limits | -1 221,6 | -2 181,4 | 289,9 | 694,0 | -24,1 |

*Stress test results at the end of 2023:*

| Reference no. | Scenario | Type | Results by currency (in HUF million) Total stress amount | HUF | EUR | USD | Other |
|---|---|---|---|---|---|---|---|
| EVE - 1 | Parallel_UP | standard | -2 886,5 | -3 502,1 | 439,4 | 176,1 | 0,2 |
| EVE - 2 | Parallel_DOWN | standard | 3 512,2 | 4 135,3 | -440,2 | -182,8 | -0,2 |
| EVE - 3 | Steepening | standard | 529,3 | 658,9 | -15,5 | -114,0 | -0,1 |
| EVE - 4 | Flattening | standard | -838,7 | -1 125,0 | 135,4 | 150,7 | 0,1 |
| EVE - 5 | Short_UP | standard | -2 194,2 | -2 630,9 | 228,4 | 208,0 | 0,2 |
| EVE - 6 | Short_DOWN | standard | 2 547,9 | 2 962,5 | -197,3 | -217,2 | -0,2 |
| EVE - 7 | Long_UP | Gránit Bank requirements | -797,3 | -990,3 | 164,8 | 28,2 | 0,0 |
| EVE - 8 | Long_DOWN | Gránit Bank requirements | 1 134,9 | 1 307,0 | -143,8 | -28,4 | 0,0 |
| EVE - 9 | Sensitivity_UP | Gránit Bank requirements | -889,5 | -1 202,5 | 224,0 | 88,8 | 0,2 |
| EVE - 10 | Sensitivity_DOWN | Gránit Bank requirements | 962,4 | 1 276,2 | -223,0 | -90,5 | -0,2 |
| EVE - 11 | Parallel_UP_Dinamic | Gránit Bank requirements | -2 545,2 | -3 200,2 | 478,8 | 176,1 | 0,2 |
| EVE - 12 | Parallel_DOWN_Dinamic | Gránit Bank requirements | 3 512,2 | 4 135,3 | -440,2 | -182,8 | -0,2 |
| EVE - 15 | Parallel_UP_OLD_STANDARD | For the Supervisory limits | -1 764,9 | -2 380,8 | 439,4 | 176,1 | 0,4 |
| EVE - 16 | Parallel_DOWN_OLD_STANDARD | For the Supervisory limits | 2 042,1 | 2 665,5 | -440,2 | -182,8 | -0,4 |
| NII - 1 | Parallel_UP | standard | 5 752,2 | 7 644,8 | -1 082,1 | -845,9 | 35,4 |
| NII - 2 | Parallel_DOWN | standard | -5 655,4 | -7 576,6 | 1 110,8 | 845,9 | -35,4 |
| NII - 3 | Steepening | standard | -5 485,7 | -7 165,3 | 899,7 | 812,3 | -32,5 |
| NII - 4 | Flattening | standard | 7 035,8 | 9 060,7 | -1 062,2 | -1 002,6 | 40,0 |
| NII - 5 | Short_UP | standard | 8 722,0 | 11 274,5 | -1 344,9 | -1 257,5 | 49,9 |
| NII - 6 | Short_DOWN | standard | -8 540,4 | -11 139,1 | 1 391,2 | 1 257,5 | -49,9 |
| NII - 7 | Long_UP | Gránit Bank requirements | 95,4 | 101,9 | -0,9 | -5,6 | 0,0 |
| NII - 8 | Long_DOWN | Gránit Bank requirements | -86,1 | -92,6 | 0,8 | 5,6 | 0,0 |
| NII - 9 | Sensitivity_UP | Gránit Bank requirements | 1 595,5 | 2 544,9 | -543,6 | -422,9 | 17,1 |
| NII - 10 | Sensitivity_DOWN | Gránit Bank requirements | -1 570,6 | -2 529,2 | 552,7 | 422,9 | -17,1 |
| NII - 11 | Parallel_UP_Dinamic | Gránit Bank requirements | 5 871,9 | 7 748,0 | -1 065,6 | -845,9 | 35,4 |
| NII - 12 | Parallel_DOWN_Dinamic | Gránit Bank requirements | -5 655,4 | -7 576,6 | 1 110,8 | 845,9 | -35,4 |
| NII - 15 | Parallel_UP_OLD_STANDARD | For the Supervisory limits | 3 199,3 | 5 093,2 | -1 082,1 | -845,9 | 34,2 |
| NII - 16 | Parallel_DOWN_OLD_STANDARD | For the Supervisory limits | -3 134,1 | -5 054,7 | 1 110,8 | 845,9 | -36,0 |

The above stress test result totals are a simple sum of stress results per currency.

Internal limits and capital calculations are usually based on the worst results and their 6/12 month averages.

It can be seen that in 2024, the theoretical fair value approach (EVE) parallel up/down stress effects are the largest, while last year the NII stress results were more significant. This is primarily a consequence of compliance with changing supervisory limits, the results of the two stress types can be improved partly at the expense of each other. So, the portfolio is more balanced for the expected next 1-year interest income effects (NII) stresses. The volume increases also reflect the dynamic growth of the Bank

***Currency risk***

The Bank does not have any significant open foreign exchange positions, and Treasury continuously monitors the risk coverage needs.

The additional Pillar 2 capital requirement of foreign exchange positions is quantified using the methodology of the standardised VaR calculator required by the Regulator, also taking into account the Regulator's relevant recommendations. The capital requirement for foreign exchange risk is, in line with the net positions, not significant. VaR is by definition the estimated amount of money that can be lost on a given portfolio due to market risk over a specified period and at a given confidence level. This measurement takes into account the market risk associated with the current portfolio. The Bank also quantifies stressed VaR values, the essence of the calculation being that a correlation matrix reflecting high volatilities caused by a former market crisis period is used.

The total currency risk capital requirement is determined by the higher of the VaR and SvaR measures. Pillar 2 parametric VaR calculation results at a confidence level of 99% and with a 10-day retention period are as follows:

**Value at Risk calculations for the Bank's total foreign exchange risk**

| | | |
|---|---|---|
| Confidence level: | 99% | |
| Portfolio retention period: | 10 day | |
| | Maximum calculated loss with 99% certainty | |
| | (in million HUF) | |
| *VaR values* | **2024** | **2023*** |
| Average daily value | 38,13 | no data available |
| Lowest value | 2,34 | no data available |
| Highest value | 131,20 | no data available |
| At the end of the year | 5,72 | 4,79 |
| *SvaR values* | **2024** | **2023*** |
| Average daily value | 127,93 | no data available |
| Lowest value | 6,93 | no data available |
| Highest value | 397,58 | no data available |
| At the end of the year | 12,79 | 12,90 |
| **Total capital requirement (Pillar II)** | **80,90** | **137,17** |

**Consolidated data are not available for the full comparison year, given that Market Risk Management has been performing group-level VAR calculations since June 2023 (the date of the first consolidated regulatory reporting date).*

In addition, the Bank operates its own VaR model using a dedicated system (Varitron), whose results are used alongside the analytical targets for limit monitoring purposes regarding foreign exchange risks, using parametric VaR calculation results at a confidence level of 99% with a 10-day retention period.

***Trading Book Market Risks***

With respect to the interest rate risk of the Trading Book and the exchange rate risk of the shares in it, during 2020 the Bank introduced the value at risk calculation, which is a parametric VaR and SVaR calculation with a

99% confidence level and a 10-day retention period, in line with the methodology mentioned in relation to currency risk. These risks are moderate. Results of the calculations:

Value at Risk calculations for the interest rate risk of the Trading Book

| | | |
|---|---|---|
| Confidence level: | 99% | |
| Portfolio retention period: | 10 day | |
| | Maximum calculated loss with 99% certainty (in million HUF) | |
| *VaR values* | **2024** | **2023*** |
| Average daily value | 33,01 | no data available |
| Lowest value | 17,58 | no data available |
| Highest value | 53,50 | no data available |
| At the end of the year | 40,83 | 49,55 |
| *SvaR values* | **2024** | **2023*** |
| Average daily value | 147,60 | no data available |
| Lowest value | 97,39 | no data available |
| Highest value | 215,19 | no data available |
| At the end of the year | 104,82 | 143,15 |
| **Total capital requirement (Pillar II)** | **194,00** | **261,34** |

Value at Risk calculations for the equity risk of the Trading Book

| | | |
|---|---|---|
| Confidence level: | 99% | |
| Portfolio retention period: | 10 day | |
| | Maximum calculated loss with 99% certainty (in million HUF) | |
| *VaR values* | **2024** | **2023*** |
| Average daily value | 0,02 | no data available |
| Lowest value | 0,00 | no data available |
| Highest value | 1,05 | no data available |
| At the end of the year | 0,00 | 0,04 |
| *SvaR values* | **2024** | **2023*** |
| Average daily value | 0,09 | no data available |
| Lowest value | 0,00 | no data available |
| Highest value | 8,91 | no data available |
| At the end of the year | 0,01 | 0,13 |
| **Total capital requirement (Pillar II)** | **0,01** | **0,13** |

**Consolidated data are not available for the full comparison year, given that Market Risk Management has been performing group-level VAR calculations since June 2023 (the date of the first consolidated regulatory reporting date).*

At the end of 2024, the securities in the Trading Book included Hungarian government securities and financial institution bonds with a nominal value of HUF 15,567 million, foreign government securities with a nominal value of HUF 54 million, and equity positions with a market value of HUF 1.8 million..

The Bank does not trade in commodities or non-linear interest rate derivatives.

***Organisational structure***

The Bank's market risk management area is located within Market and Operational Risk Management, which reports to the Risk Management Methodology Directorate under the CRO. This department is responsible for all market risk analysis tasks, individual analyses and regular monitoring, also including the monitoring of market risk limits (daily, weekly, monthly, etc.). This department also conducts the rating of counterparties and the maintenance of related regulations. The activity is supervised by the Asset-Liability Committee, through which, and through regular monthly monitoring and limit approvals, the management is also involved in the processes.

### 38.10. **Liquidity risk**

The operative management of liquidity risks is the responsibility of the Treasury Directorate, while regulatory and monitoring tasks are carried out jointly with Market and Operational Risk Management.

In compliance with the regulations pertaining to prudent operations, the Bank is required to manage its own resources and the resources entrusted to it by other parties in a way that ensures the maintenance of both its prompt liquidity and long-term solvency. The Bank's liquidity management procedure applies to and is based on "normal" market conditions. Separate instructions regulate the requirements to be met in the case of a liquidity emergency. In addition, the procedure is based on and is in compliance with the current monetary policy and legislation; any changes affecting liquidity must immediately be discussed and the appropriate changes, if necessary, must be approved by the Asset-Liability Committee or, where appropriate, the Board of Directors.

The Bank manages its liquidity risks primarily through the establishment of appropriate processes and control mechanisms and the creation of an adequate level of liquidity reserves.

Principles to be applied in the liquidity management process:

- The Bank draws up a liquidity plan for assets, liabilities and relevant off-balance-sheet items. Continuous monitoring and updating of this plan is an essential part of the Bank's liquidity management and the management of assets and liabilities. Liquidity planning is supervised by the Asset-Liability Committee.
- A short-term (30-day, with particular attention to the first two weeks) cash flow plan is made
- concerning the Bank, broken down by day and currency at least for the first week.
- A rolling type financing plan is made concerning the Bank, broken down by month, for the next three-month period. The plan must be prepared for one expected situation and, depending on the uncertainty of the estimate, for one or more stress scenarios, in line with the MNB's recommendation on the measurement, management and control of liquidity risks.
- The liquidity forecast – in its normal and stressed versions – is prepared by the Treasury's Liquidity Management area and is submitted for approval to the Bank's Asset-Liability Committee.
- In order to monitor maturity compliance, long-term maturity coverage calculations are also required.
- Regarding customer deposits, the Bank regularly monitors and analyses the composition and maturity structure of deposits and the development of the key deposits. During the analysis, particular attention must be paid to the development of deposit concentrations
- When preparing the regular weekly liquidity status report – which Treasury compiles from customer-level data and distributes to the Bank's Managers on a weekly basis – the deposit situation is examined in a weekly/monthly/3-monthly maturity breakdown. In respect of the above periods, the changes in the volume of fixed deposits above HUF 100 million are assessed, while the volume of deposits subject to renewal risk is identified separately. Treasury examines individually the renewal of large maturing deposits that are particularly important in terms of liquidity (deposits of at least 10% of own funds), and conducts regular business-line reconciliation in these cases.

Maturity transformation is a major source of income for the Bank, however, only risks of an acceptable degree must be assumed for the sake of profitability. A strategic question is the degree of liquidity risk (maturity transformation) tolerated by the Bank's management. With regard to the maturity structure of liabilities and assets, to be established by the Bank, the Bank must strive to extend the maturity structure of the funds to be raised and to determine the maturity of loans on the basis of the structure of available/attainable funds.

*Liquidity table of financial assets and liabilities –- 31.12.2024 (contracted, remaining non-discounted capital and interest cash flows)*

| **Financial assets** | **Remaining maturity** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **0-7 days** | **8-30 days** | **31-90 days** | **91-180 days** | **181-365 days** | **over 365 days** | **Total** |
| Liquid assets | 3 080 | 0 | 0 | 0 | 0 | 0 | **3 080** |
| Securities | 356 717 | 41 | 547 | 721 | 247 | 127 | **358 400** |
| Loans and advances to customers | 897 | 198 | 8 826 | 31 042 | 20 058 | 503 636 | **564 657** |
| Receivables from the MNB and other credit institutions | 712 823 | 7 790 | 0 | 0 | 0 | 101 356 | **821 969** |
| Other assets | 1 006 | 0 | 0 | 0 | 0 | 0 | **1 006** |
| Derivative financial assets (nominal value "receive leg") | 65 640 | 14 334 | 3 439 | 0 | 9 101 | 281 750 | **374 264** |
| Contingent receivables | 29 358 | 0 | 0 | 0 | 0 | 0 | **29 358** |
| *of which: Guarantees, letters of credit received* | 16 859 | 0 | 0 | 0 | 0 | 0 | ***16 859*** |
| *Received credit lines* | 12 499 | 0 | 0 | 0 | 0 | 0 | ***12 499*** |
| **Total** | **1 169 521** | **22 363** | **12 812** | **31 763** | **29 406** | **886 869** | **2 152 734** |

| **Financial liabilities** | **Remaining maturity** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **0-7 days** | **8-30 days** | **31-90 days** | **91-180 days** | **181-365 days** | **over 365 days** | **Total** |
| Liabilities to customers | 511 443 | 171 104 | 82 720 | 30 330 | 15 765 | 25 945 | **837 307** |
| Liabilities to the MNB and other credit institutions | 133 664 | 186 135 | 29 536 | 85 792 | 40 938 | 142 428 | **618 493** |
| Issued securities | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Derivative financial instruments (nominal value "pay leg') | 65 634 | 14 234 | 2 707 | 0 | 9 380 | 274 905 | **366 860** |
| Contingent liabilities | 449 629 | 0 | 0 | 0 | 0 | 0 | **449 629** |
| *of which: Guarantees, letters of credit granted* | 65 757 | 0 | 0 | 0 | 0 | 0 | ***65 757*** |
| *Granted credit lines* | 383 872 | 0 | 0 | 0 | 0 | 0 | ***383 872*** |
| **Total** | **1 160 370** | **371 473** | **114 963** | **116 122** | **66 083** | **443 278** | **2 272 289** |

Contingent assets are only included in this table to present the Bank's liquidity position and are not recognized the balance sheet.

*Liquidity table of financial assets and liabilities –- 31.12.2023 (contracted, remaining non-discounted capital and interest cash flows)*

| Financial assets | Remaining maturity 0-7 days | 8-30 days | 31-90 days | 91-180 days | 181-365 days | over 365 days | Total |
|---|---|---|---|---|---|---|---|
| Liquid assets | 294 | 0 | 0 | 0 | 0 | 0 | **294** |
| Securities | 155 672 | 6 | 100 485 | 3 291 | 2 | 170 | **259 626** |
| Loans and advances to customers | 3 808 | 4 902 | 1 883 | 40 787 | 14 920 | 287 056 | **353 356** |
| Receivables from the MNB and other credit institutions | 301 597 | 41 172 | 107 | 54 | 0 | 83 019 | **425 949** |
| Other assets | 908 | 0 | 0 | 0 | 0 | 0 | **908** |
| Derivative financial assets (nominal value “receive leg”) | 53 020 | 34 431 | 6 620 | 9 934 | 21 966 | 265 499 | **391 470** |
| Contingent receivables | 426 | 0 | 0 | 0 | 0 | 0 | **426** |
| *of which: Guarantees, letters of credit received* | *26* | *0* | *0* | *0* | *0* | *0* | ***26*** |
| *Received credit lines* | *400* | *0* | *0* | *0* | *0* | *0* | ***400*** |
| **Total** | **515 725** | **80 511** | **109 095** | **54 066** | **36 888** | **635 744** | **1 432 029** |

| Financial liabilities | Remaining maturity 0-7 days | 8-30 days | 31-90 days | 91-180 days | 181-365 days | over 365 days | Total |
|---|---|---|---|---|---|---|---|
| Liabilities to customers | 396 642 | 85 067 | 27 845 | 12 940 | 15 399 | 13 657 | **551 550** |
| Liabilities to the MNB and other credit institutions | 113 216 | 26 709 | 21 995 | 9 614 | 14 587 | 214 569 | **400 690** |
| Issued securities | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Derivative financial instruments (nominal value “pay leg’) | 52 690 | 35 576 | 3 662 | 7 596 | 13 388 | 205 797 | **318 709** |
| Contingent liabilities | 92 712 | 0 | 0 | 0 | 0 | 0 | **92 712** |
| *of which: Guarantees, letters of credit granted* | *23 830* | *0* | *0* | *0* | *0* | *0* | ***23 830*** |
| *Granted credit lines* | *68 882* | *0* | *0* | *0* | *0* | *0* | ***68 882*** |
| **Total** | **655 260** | **147 352** | **53 502** | **30 150** | **43 374** | **434 023** | **1 363 661** |

Contingent assets are only included in this table to present the Bank’s liquidity position and are not recognized the balance sheet.

### 38.11. Management of counterparty risk

During the management of counterparty risk, credit and trading limits are adapted to the counterparty risk management system as follows:

In terms of market risks, the rules for establishing counterparty limits and the limit management method have been approved by the Bank's Board of Directors, and continuous monitoring is performed in Treasury's front office system (Inforex). Market risk management monitors compliance with the limits based on information from the system.

It is a general rule that the Bank only assumes any obligation that entails risk-taking if an approved limit exists. For any bank/counterparty and customer with whom Treasury wishes to conclude a business transaction that entails risk-taking, a limit approved by a body with the appropriate decision-making powers must first be set, or the credit risk must be excluded.

Derivative transactions are typically concluded with counterparties in the framework of ISDA, CSA, and GMRA agreements.

In the process of setting limits and analysing and monitoring counterparties, the following factors must be taken into account, also meeting the relevant stipulations of the Counterparty risk assessment policy, the Customer and counterparty rating policy and the Counterparty limit management policy:

- Collateral that can be recognised in terms of capital reduction, such as government/surety guarantees, financial collateral, property collateral. The degree of coverage required for the counterparties depends on the counterparty rating and the magnitude of the counterparty as detailed in the Collateral measurement policy.

  In the case of an institutional counterparty, the Bank typically does not open a counterparty limit based on collateral different from financial or other strong guarantees.
- In order to manage wrong-way risk exposures, counterparty groups and group limits are set up for counterparties between whom a credit risk dependency exists.

For each Treasury transaction the Bank determines the risk weight and percentage charge for the given transaction in the manner and to the extent specified in the Counterparty limit management policy, charging them to the limits set for the counterparty institution (typically lending pre-settlement, settlement, issuer limit types, etc.).

In order to identify and manage risks, counterparty rating as a function involves, on the one hand, an examination that is performed before the assumption of the exposure, as well as continuous risk monitoring.

Limit monitoring and customer risk measurement as a minimum requirement for monitoring is complemented by close cooperation in the mandatory quarterly receivables rating process and actions related to collateral in accordance with the Transaction Rating and Collateral Measurement Regulations.

Partner ratings must be reviewed at least once a year, or whenever an event arises that requires a review of the rating. The measurement of counterparty risk must take into account related market, liquidity, legal and operational risks. During the monitoring process, the Bank also monitors the transparency of the counterparty/group.

If any of the analysts or managers of the Bank becomes aware of significant warning signs (e.g.: the Counterparty's external rating deteriorates, its economic situation worsens significantly, the launch of bankruptcy or winding-up proceedings is published, there are long-term payment delays, etc.), the rating must be updated immediately after the information has become known. In justified cases, an extraordinary rating may serve as a basis for measures to promote the Bank's security.

In the case of negative news from the market, the manager of Treasury or the Risk Management may temporarily suspend the counterparty limit applicable to the Bank's given counterparty.

The Asset-Liability Committee has the decision-making power to close a counterparty limit or to terminate the existing transactions.

The Bank essentially limits the unexpected risk of financial deposits arising from ISDA contracts, even as may arise due to the downgrading of the Bank, by taking minimal trading and typically hedging, i.e. overall moderate net derivative, positions in its activities, while maintaining significant liquid assets. In addition, when regulating the minimum level of liquidity reserves, the Bank takes into account the preparation for stress situations and the results of stress tests that are run regularly.

When concluding ISDA agreements, the Bank properly enforces the principle of symmetric obligations between the parties and the observance of market standards.

With regard to counterparty risk, for the transactions listed in Annex II to Regulation (EU) No 575/2013, the Bank determines the exposure value on the basis of the market pricing method.

During 2023, International Investment Bank was subject to a counterparty limit suspension with a capital exposure of HUF 1,000 million. At the end of 2023, the Bank incurred an impairment of HUF 259 million on the position.

### 38.12. **Operational risk**

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 by focusing on prevention and with the continuous monitoring and appropriate elaboration of internal processes, regulations and procedures, event collection and forward-looking self-assessment, the appropriate training of employees participating in the working processes, and the ongoing development and implementation of built-in control mechanisms.

Numerical 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 individual department level. These surveys outline the patterns in the distribution of the events and the risk factors, 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.

All operational risks are to be reported to the operational risk manager, and a relevant report must be submitted to the Asset-Liability Committee on a quarterly basis and at least annually to the Board of Directors.

The Bank prepares an annual self-assessment concerning its operational risks, which is also reported to the Asset-Liability Committee and the Board of Directors.

Based on the collection of loss events, it can be stated that a total of HUF 22.3 million losses were identified in 2023, thus the conservative capital requirement rate created using the robust basic indicator approach under Pillar I (HUF 4,172.65 million) proved to be sufficient to cover operational risks in 2023. By 2023, the Bank completed its self-assessment of operational risks and, according to the results of the audit, no further capital formation is required.

### 38.13. **Risk of excessive leverage**

The Bank monitors the risks resulting from excessive leverage through monthly monitoring. The Bank calculates leverage on the basis of the relevant Regulation (EU) 575/2013 and reports it to the Asset-Liability Committee.

The Asset-Liability Committee is entitled to order specific measures in case the value of the indicator falls below the alert level or below the limit value.

### 38.14. **High-risk portfolios**

The Bank sets limits for “High-risk portfolios” (balloon, bullet, portfolios built with the cooperation of an independent intermediary, etc.) as defined by the MNB, and accordingly the Bank develops a diversified portfolio paying special attention to risk assessment prior to credit decisions and follow-up management of loans. The Asset-Liability Committee receives monthly information on portfolio developments and limit utilisation.

### 38.15. **Risks considered as not relevant and their justification**

Risk of securitisation:

The Bank does not plan to act as a risk transferor, risk taker or sponsor concerning securitisation transactions.

Modelling risk:

The Bank uses control processes to handle modelling risks, which include regular validation and measurement and repeated measurement, where applicable. Modelling risk arises primarily from VaR models related to impairment and provisioning, and market risk.

## 39. CAPITAL AND CAPITAL ADEQUACY

The following tables show equity in two structures, as required by Section 114/B of Act C of 2000 in order to facilitate the comparability of equity components presented in these IFRS statements with those presented in previous years' HAS statements.

*Data in HUF millions*

**Based on IFRS financial statements**

| | 12.31.2024 | 12.31.2023 - Reclassed | 01.01.2023 Reclassed |
|---|---|---|---|
| Subscribed capital | 19 223 | 15 395 | 15 395 |
| Capital reserve | 66 999 | 23 466 | 23 466 |
| Treasury stock | 0 | 0 | 0 |
| Profit reserve | 52 170 | 34 882 | 16 655 |
| Reserve for share-based payment transactions settled in equity instruments | 370 | 180 | 303 |
| Other reserves | 5 652 | 3 965 | 2 061 |
| Accumulated other comprehensive income (AOCI) | -141 | 136 | -1 160 |
| Non-controlling interests | 3 802 | 3 496 | 2 381 |
| **Total equity** | **148 075** | **81 520** | **59 101** |
| | 0 | 0 | 0 |

**Based on the Hungarian Accounting Act (Act C of 2000, Section 114/B)**

| | 12.31.2024 | 12.31.2023 - Reclassed | 01.01.2023 Reclassed |
|---|---|---|---|
| Share capital under IFRS | 19 223 | 15 395 | 15 395 |
| Capital reserve | 71 171 | 27 142 | 26 150 |
| General reserve | 5 652 | 3 965 | 2 061 |
| Valuation reserve | -141 | 136 | -1 160 |
| Profit reserve | 31 010 | 13 301 | 4 817 |
| Profit after tax | 21 160 | 21 581 | 11 838 |
| **Total equity** | **148 075** | **81 520** | **59 101** |

** The equity structure has been reclassed according to the ESOP restructure process, for further details please see the note 4.2*

**Information related to own funds**

Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR) require that the Bank have a certain level of own funds. The Bank reports its capital adequacy position to the National Bank of Hungary (MNB) on a quarterly basis, and forecasts are regularly made regarding the expected capital adequacy developments.

*Data in HUF millions*

| | 2024 | 2023 |
|---|---|---|
| Common equity Tier 1 capital (CET1) | 114 511 | 61 510 |
| Additional Tier 1 capital (CET1) | | 0 |
| **Total Tier 1 capital** | **114 511** | **61 510** |
| Subordinated loan capital | 0 | 0 |
| Total Tier 2 capital | **0** | **0** |
| **OWN FUNDS** | **114 511** | **61 510** |

According to information presented internally to key management, during the years 2024 and 2023, as well as on 31.12.2024 and 31.12.2023, the Bank met the capital adequacy requirements of the MNB.

The Bank pays no dividends from this year's profit.

The 2024 own funds data presented are preliminary and do not yet include the full 2024 earnings, only the six months' earnings that can be included as part of the Tier 1 capital, subject to the MNB's approval. For the purpose of comparability, the data for 2023 are also preliminary, and do not include the full annual result, only the seven months' earnings that can be included as part of the Tier 1 capital, subject to the MNB's approval. Information presented is prudential consolidated information.
As of 31.12.2023, only Equilor Investment Zrt. was included in the prudential consolidation, while on 31.12.2024, in addition to Equilor Investment Zrt., Gránit Alapkezelő Zrt. (and the holding company that owns it, Tarragona Zrt.), acquired on 31.10.2023, and Gránit Pénzügyi Lízing Zrt. and Gránit Lízing Kft., acquired on 31.07.2024, are also part of the prudential consolidation circle.

## 40. EARNINGS PER SHARE

The calculation of the basic value of the earnings per share on 31 December 2024 was based on the earnings available to ordinary shareholders of HUF 19 216 million (HUF 19,892 million in 2023) and the value of the weighted average of ordinary shares outstanding of HUF 15,766 thousand (HUF 15,395 thousand in 2023).

There was no dilution factor at the time periods presented.

**12.31.2024**

$$\text{Earnings per share (HUF)} = \frac{\text{Net income (loss) of owners of the ordinary shares (million HUF)}}{\text{Weighted average number of ordinary shares (thousand pieces)}} = \frac{19\,216}{15\,766} = 1\,219$$

**12.31.2023 reclassed***

$$\text{Earnings per share (HUF)} = \frac{\text{Net income (loss) of owners of the ordinary shares (million HUF)}}{\text{Weighted average number of ordinary shares (thousand pieces)}} = \frac{19\,892}{15\,395^{*}} = 1\,292$$

**12.31.2023**

$$\text{Earnings per share (HUF)} = \frac{\text{Net income (loss) of owners of the ordinary shares (million HUF)}}{\text{Weighted average number of ordinary shares (thousand pieces)}} = \frac{19\,892}{10\,419^{*}} = 1\,909$$

**The Bank's shares purchased by the ESOP Entity are not treated as treasury shares according to the reclassification. For detailed information please see the note 4.2. and 31.*

## 41. SEGMENT RIPORTS

The following segment information has been compiled in accordance with IFRS 8, which requires disclosure of financial information for the operating segments of an entity.

The operational segments defined in IFRS 8 are aligned to the product and service-based structure as reflected in the management reporting schemes. The Bank operates in five (5) distinct business segments with markets and specific products. Each business line has its own objectives, broken down by organisational unit, which are in line with the general strategic directions. The main characteristic of the five segments are as follows.

Consumer banking services
Bank provides a wide range of financial services to retail customers through electronic channels in Hungary and Romania (cross-border service), including credit and debit cards, personal loans, mortgage loans and various savings and investment schemes.

Corporate banking services
The corporate banking segment of the Bank offers a wide range of services provided by the financial institution, specifically designed for corporate and business customers. The Bank provides various products such as corporate loans (investment and working capital loans), leasing, guarantees, corporate bond financing, fixe term deposits, current accounts, cash management services.

Treasury services
The treasury services segment manages the Bank's liquidity and funding structure and conducts the necessary foreign exchange and money market operations. The Bank also manages deposits for certain clients as part of its treasury services.

Funds and Asset Management
The Bank's Fund and Asset Management segment is engaged in the management of investment funds and the provision of portfolio management services aimed at increasing the wealth of investors. Its team of experts offers tailor-made solutions, taking into account the individual needs and risk profile of its clients.

Investment services
This business segment provides investment advice, securities trading and private banking services.

Methodology
For the information of the Bank's main operational decision-maker, mainly earnings-oriented reports are produced, which aggregate revenue and expenditure/cost data by segment and/or in their chronological order. The Bank primarily operates in Hungary and has no significant foreign revenues or activities. The overwhelming majority of revenues from external customers are related to Hungary (Revenue from Romania is insignificant in relation to total revenues). IFRS 8 does not require the disclosure of additional geographical information.

The Bank's main operational decision-maker will not receive a report on the breakdown of the full balance sheet. The Bank therefore does not segment all lines of assets and liabilities.

*Data in HUF millions*

| 12.31.2024 | Consumer banking | Corporate banking | Treasury services | Fund- and asset management | Investment services | Other segments | Corrections (IFRS and consolidation) | Total |
|---|---|---|---|---|---|---|---|---|
| ***Income statement*** | | | | | | | | |
| Net interest gain of lending | 1 128 | 8 383 | 1 578 | 0 | 0 | 0 | 0 | 11 089 |
| Net interest gain of deposits, accounts | 6 511 | 12 599 | 2 095 | 0 | 0 | 0 | 0 | 21 205 |
| Net interest gain of financial transactions | 0 | 0 | 0 | 113 | 769 | -1 341 | 26 | -433 |
| **Net interest income** | **7 639** | **20 982** | **3 673** | **113** | **769** | **-1 341** | **26** | **31 861** |
| Fee and commission income | 1 579 | 4 011 | 117 | 11 715 | 7 034 | 74 | 318 | 24 848 |
| Fee and commission expense | -865 | -415 | 0 | -3 772 | -1 277 | -135 | -3 | -6 467 |
| **Net fee and commission income** | **714** | **3 596** | **117** | **7 943** | **5 757** | **-61** | **315** | **18 381** |
| Net gains less losses (+)/net losses (-) from financial instruments measured at fair value through profit or loss | 92 | 700 | 1 385 | 149 | 168 | 99 | 0 | 2 594 |
| Net gains less losses from financial instruments not classified as measured at fair value through profit or loss | 0 | 0 | 0 | 0 | 414 | 38 | 0 | 452 |
| Gains less losses from FX transactions | 206 | 484 | 2 323 | 2 | 38 | -1 871 | 0 | 1 183 |
| Other operating income | 227 | 134 | 0 | -63 | 780 | 667 | -1 429 | 316 |
| **OTHER NET OPERATING INCOME** | **525** | **1 318** | **3 708** | **88** | **1 400** | **-1 067** | **-1 429** | **4 545** |
| **Operating income** | **8 878** | **25 896** | **7 498** | **8 144** | **7 926** | **-2 469** | **-1 088** | **54 787** |
| Operating expenses | -5 692 | -6 041 | -2 818 | -3 852 | -4 077 | -7 036 | -454 | -29 970 |
| **OPERATING INCOME** | **3 186** | **19 855** | **4 680** | **4 292** | **3 849** | **-9 505** | **-1 542** | **24 817** |
| Expected credit loss (+) charge on assets at amortised cost | -61 | -538 | -729 | 0 | -17 | -113 | 66 | -1 392 |
| **PROFIT BEFORE TAX** | **3 125** | **19 317** | **3 951** | **4 292** | **3 832** | **-9 618** | **-1 476** | **23 425** |
| ***Balance sheet - excerpt*** | | | | | | | | |
| Debt securities* | 0 | 105 399 | 115 977 | 0 | 0 | 0 | 500 | **221 876** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Loans to customers** | 53 458 | 400 560 | 35 000 | 0 | 0 | 46 697 | 5 183 | **540 898** |
| Deposits from customers*** | 170 117 | 659 539 | 334 345 | 0 | 32 969 | 0 | -9 552 | **1 187 418** |
| | | | | | | | | |
| ***Off balance sheet items*** | | | | | | | | |
| **Managed assets** | **71 943** | **5 222** | **0** | **1 117 881** | **646 275** | **0** | **0** | **1 841 321** |
| Government securities | 54 072 | 1 337 | 0 | 0 | 56 125 | 0 | 0 | **111 534** |
| Investment fund shares | 51 | 0 | 0 | 1 117 881 | 140 617 | 0 | 0 | **1 258 549** |
| Shares | 17 820 | 3 885 | 0 | 0 | 260 153 | 0 | 0 | **281 858** |
| Corporate bonds | 0 | 0 | 0 | 0 | 156 275 | 0 | 0 | **156 275** |
| Cash | 0 | 0 | 0 | 0 | 32 968 | 0 | 0 | **32 968** |
| Other securities | 0 | 0 | 0 | 0 | 137 | 0 | 0 | **137** |

**: NKP bonds, EXIM, MFB, MREL, IIB, Erste mortgage bonds are presented on gross book value, without accrued interests and without government securities.*

***: The more than one year loan to Exim and MFB Bank are also presented here. The loans to customers are presented on gross book value, without accrued interests.*

****: The deposits are presented on gross book value, without accrued interests and interbank deposits.*

*Data in HUF millions*

| 12.31.2023 | Consumer banking | Corporate banking | Treasury services | Fund- and asset management | Investment services | Other segments | Corrections (IFRS and consolidation) | Total |
|---|---|---|---|---|---|---|---|---|
| ***Income statement*** | | | | | | | | |
| Net interest gain of lending | 1 415 | 15 095 | 3 967 | 0 | 0 | 0 | 0 | 20 477 |
| Net interest gain of deposits, accounts | 8 558 | 9 693 | -1 758 | 0 | 0 | 0 | 0 | 16 493 |
| Net interest gain of financial transactions | 0 | 0 | 0 | 19 | 1 355 | 0 | 306 | 1 680 |
| **Net interest income** | **9 973** | **24 788** | **2 209** | **19** | **1 355** | **0** | **306** | **38 650** |
| Fee and commission income | 1 115 | 2 937 | 119 | 1 965 | 4 755 | -391 | 0 | 10 500 |
| Fee and commission expense | -278 | -264 | 0 | -610 | -730 | -9 | -848 | -2 739 |
| **Net fee and commission income** | **837** | **2 673** | **119** | **1 355** | **4 025** | **-400** | **-848** | **7 761** |
| Net gains less losses (+)/net losses (-) from financial instruments measured at fair value through profit or loss | 351 | 1 173 | 690 | 0 | 268 | -46 | 0 | 2 436 |
| Net gains less losses from financial instruments not classified as measured at fair value through profit or loss | 0 | 0 | 163 | 0 | 483 | -4 | 0 | 642 |
| Gains less losses from FX transactions | 0 | 0 | 1 977 | 0 | -20 | -3 720 | 0 | -1 763 |
| Other operating income | -71 | -318 | -101 | -42 | 352 | 158 | 12 | -10 |
| **OTHER NET OPERATING INCOME** | **280** | **855** | **2 729** | **-42** | **1 083** | **-3 612** | **12** | **1 305** |
| **Operating income** | **11 090** | **28 316** | **5 057** | **1 332** | **6 463** | **-4 012** | **-530** | **47 716** |
| Operating expenses | -6 137 | -3 959 | -626 | -626 | -3 276 | -6 574 | -182 | -21 380 |
| **OPERATING INCOME** | **4 953** | **24 357** | **4 431** | **706** | **3 187** | **-10 586** | **-712** | **26 336** |
| Expected credit loss (+) charge on assets at amortised cost | -113 | -910 | -269 | -138 | -4 | -70 | 0 | -1 504 |
| **PROFIT BEFORE TAX** | **4 840** | **23 447** | **4 162** | **568** | **3 183** | **-10 656** | **-712** | **24 832** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Balance sheet - excerpt*** | | | | | | | | |
| Debt securities* | 0 | 90 545 | 68 676 | 0 | 0 | 0 | 525 | **159 746** |
| Loans to customers** | 43 125 | 318 492 | 0 | 0 | 0 | 16 667 | 9 136 | **387 420** |
| Deposits from customers*** | 117 352 | 560 834 | 210 174 | 22 003 | 0 | 0 | 2 583 | **912 946** |
| ***Off balance sheet items*** | | | | | | | | |
| **Managed assets** | **53 241** | **1 701** | **0** | **919 041** | **491 217** | **0** | **0** | **1 465 200** |
| Government securities | 53 241 | 1 701 | 0 | 0 | 43 320 | 0 | 0 | **98 262** |
| Investment fund shares | 0 | 0 | 0 | 919 041 | 104 937 | 0 | 0 | **1 023 978** |
| Shares | 0 | 0 | 0 | 0 | 228 507 | 0 | 0 | **228 507** |
| Corporate bonds | 0 | 0 | 0 | 0 | 92 417 | 0 | 0 | **92 417** |
| Cash | 0 | 0 | 0 | 0 | 22 010 | 0 | 0 | **22 010** |
| Other securities | 0 | 0 | 0 | 0 | 26 | 0 | 0 | **26** |

**: NKP bonds, EXIM, MFB, MREL, IIB, Erste mortgage bonds are presented on gross book value, without accrued interests. Without government securities.*

***: The more than one year loan to Exim Bank is also presented here. The loans to customers are presented on gross book value, without accrued interests.*

****: The deposits are presented on gross book value, without accrued interests.*

The Board of Directors authorized the financial statements for issue on 07.04.2025.

| | |
|---|---|
| Éva Hegedűs | Jenő Siklós |
| Chairperson & CEO | Deputy CEO |