



MBH MORTGAGE BANK CO. PLC.

GENERAL SHAREHOLDER'S MEETING

BUDAPEST

22 APRIL 2025

ANNOUNCEMENT

on the convening of the General Meeting

The Board of Directors of MBH Jelzálogbank Nyrt. (registered office: 1117 Budapest, Magyar Tudósok körútja 9. Building G; registered by the Budapest-Capital Regional Court as Court of Registration under no. Cg. 01-10-043638, hereinafter: **Company**) hereby announces that the Company shall hold an **annual general meeting** (hereinafter: **General Meeting**) from 14.00 on 22 April 2025.

<i>Date and time of the General Meeting:</i>	22 April 2025 (Tuesday), 14:00 a.m. (Budapest time zone - CET)
<i>Venue of the General Meeting:</i>	1117 Budapest, Magyar Tudósok körútja 9. Building G.
<i>The manner of holding the General Meeting:</i>	Physical attendance

Agenda of the general meeting

1. **Adoption of the separate financial statements of the Company for 2024 prepared in accordance with International Financial Reporting Standards, proposal for the appropriation of profit after tax and decisions on the performance remuneration for 2024**
 - 1.1 **Report of the Board of Directors on the Company's business activities for 2024; Separate management report and separate financial statements of the Company for the year 2024 prepared in accordance with International Financial Reporting Standards; Decision on the appropriation of the profit after taxation; Audit report on the separate financial statements of the Company for the year 2024 prepared in accordance with International Financial Reporting Standards and on its separate management report;**
 - 1.2 **Report of the Supervisory Board on the separate financial statements of the Company for the year 2024 prepared in accordance with International Financial Reporting Standards and on its separate management report;**

1.3 Report of the Audit Committee on the separate financial statements of the Company for the year 2024 prepared in accordance with International Financial Reporting Standards and on its separate management report;

1.4 Adoption of decisions concerning performance-based remuneration in 2024

- 2. Opinion vote required under Act LXVII of 2019 (Hrszvtv.) on the Remuneration Policy prepared pursuant to that act**
- 3. Approval of the responsible Corporate Governance Report.**
- 4. Granting a hold-harmless warrant of the members of the Board of Directors and the Supervisory Board of the Company**
- 5. Election of the Company's permanent auditor (for the statutory audit of the annual accounts and to provide assurance for the sustainability report) and the determination of the auditor's remuneration for the year 2025, the approval of the appointment of the person responsible for the audit and the determination of the material terms of the contract with the auditor**
- 6. Authorisation of the Board of Directors to acquire or sell treasury shares**
- 7. Establishment of the remuneration of the members of the Board of Directors, Supervisory Board and Audit Committee**
- 8. Amendment of the Articles of Association of the Company**

If shareholders collectively holding at least 1% of the voting power transmit their proposal concerning supplementation of the agenda – in conformity to the rules on the necessary depth of detail of the agenda – or a resolution concerning any item on, or to be added to, the agenda within eight days of the publication of this announcement of the convening of the General Meeting, the Board of Directors shall issue a notice on the supplemented agenda and/or the draft resolutions put forth by the shareholders after its receipt of such proposal, in accordance with the rules laid down in Section 8 of the Company's Articles of Association. The item(s) specified in such notice shall be regarded as having been added to the agenda.

Publication of proposals for the General Meeting and the proposed resolutions

The proposals and proposed resolutions as well as the proposed form of authorisation, included in the Annual General Meeting agenda will be disclosed on the Company's website (www.mbhjelzalogbank.hu), the Budapest Stock Exchange website (www.bet.hu), and the website operated by the Supervisory Authority (<https://kozzetetelek.mnb.hu>) at least 21 (twenty-one) days prior to the General Meeting.

Conditions to participation in the General Meeting and to exercising the voting rights

The Company requests shareholder identification as at the date of the General Meeting as a corporate event, from KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereinafter: 'KELER Zrt.'). The Rules related to the shareholder identification are included in the effective regulation (announcement) of KELER Zrt. **The cut-off date of the shareholder identification is Thursday, 11 April 2025.**

On the last but one working day before the General Meeting's starting day, that is, **at 18:00 on 16 April 2025** the Company deletes all data (that are effective at the time of shareholder identification) contained in the share register and at the same time it enters the data resulting from shareholder identification in the share register and closes the register with the data produced by shareholder identification. Thereafter, an entry in the Register of Shares concerning the shareholder's share ownership may be made on the business day following the General Meeting the soonest.

Shareholders are advised to, if they intend to participate in the General Meeting, consult their respective securities account keepers regarding the tasks to be carried out and deadlines to be met if they are to be involved in shareholder identification by KELER Zrt. The Company takes no liability for any consequence of any omission on the part of securities account keepers.

The closing of the Register of Shares does not restrain the person registered in the Register of Shares from transferring their shares. Transferring their shares prior to the General Meeting does not exclude the right of a shareholder registered in the Register of Shares to participate the General Meeting and execute their shareholders rights.

The General Meeting may be attended by the shareholder, or a shareholder's proxy as defined in Sections 151-155 of Act CXX of 2001 on the Capital Market (hereinafter: '*Capital Market Act*'), who – as a result of the shareholders registration – was registered in the share register on the second business day preceding the announced date of the General Meeting, the latest. **Persons whose names are listed in the share register at the time of the closure of the share register, that is at 18:00 on 16 April 2025, shall be entitled to exercise the shareholders' rights at the General Meeting.**

The shareholder may also exercise their rights at the General Meeting by way of proxy (hereinafter: 'proxy'). Members of the Board of Directors, the Supervisory Board, the auditor and the asset auditor may not act as shareholder's proxy. Shareholders may authorise an executive employee of the Company as well to exercise their rights relating to the Shareholders' Meeting. The proxy authorisation shall be valid for one Shareholders' Meeting or for the period of time defined therein, but in any case not more than 12 months. The validity of the proxy shall cover the continuation of the suspended General Meeting or the General Meeting re-convened because of the lack of quorum. The proxy shall be drawn up in the form of a public document or a private document providing full evidence and it shall be submitted to the Company. The authorisation issued by the shareholder's proxy shall state that the representative is acting as shareholder's proxy. A proxy may represent more than one shareholder, but must have a proxy authorisation in the form of a public document or a private document providing full evidence for each shareholder represented.

Pursuant to Section 153 (3) of the Capital Markets Act, the Company invites the institutions to be registered as nominees in the share register of the Company to submit, no later than by 18:00 Budapest time (CET) on the second working day prior to the day of the General Meeting, the shareholders they represent, indicating their name/company name, address/registered office and the number of shares held, with the understanding that if the nominee does not comply with this invitation within the time limit specified or

does not comply with it in full, they will not be entitled to vote at the General Meeting in accordance with the law.

If the General Meeting is attended by the legal representative of a shareholding entity (e.g. director, managing director), the court or court of registration document certifying the power of representation, either the original or a notarised copy issued not more than 30 days previously, must be presented at the venue of the General Meeting. In order to prove the existence of companies (other entities) registered abroad and the power of representation of the person granting the authorisation, it is essential that the foreign document is issued by a public registry or certified by a notary. The notarial declaration must, at least, clearly identify the existence of the person giving the authorisation and the signatories who are authorised to sign it.

If any document submitted as proof of the authorisation or the power of representation is not issued in Hungary, the formality of the document must comply with the legislation on the authentication or re-authentication of documents issued abroad. Accordingly, in the absence of a bilateral international agreement to the contrary, (i) diplomatic authentication or certification of the document, or (ii) if the country is party to the relevant international agreement, apostille certification is required. Pursuant to Section 44(7) of Act LXXVIII of 2017 on the Professional Activities of Lawyers, a document countersigned by a lawyer subject to this Act but signed by the parties abroad does not require diplomatic authentication or certification or an Apostille certificate to be fully authentic. Detailed information on the relevant rules is available from the Hungarian diplomatic missions abroad. If the document is not in Hungarian or English, a certified translation of the document in Hungarian is also required.

Each ordinary share of Series 'A' with a nominal value of one hundred Forints entitles one vote.

In order to ensure the smooth running of the General Meeting, the Company requests the Shareholders to inform the Company's Secretariat of their intention to participate to the Company by e-mail at tarsasagi.titkarsag@mbhbank.hu or in writing (MBH Jelzálogbank Nyrt. - Corporate Governance, 1117 Budapest, Magyar Tudósok körútja 9. Infopark Building G room A5.51), **by 12:00 on 16 April 2025**.

The Company recommends that the proxy authorisation and the related documents, in particular if the proxy is based on a foreign instrument and/or the nominee represents more than one shareholder, be submitted by the nominee to the Company's Law and Governance / Corporate Governance and Corporate Legal Department (address: 1117 Budapest, Magyar Tudósok körútja 9, Infopark, building G, room A5.51) no later than by **16:00 on 16 April 2025, 16:00 CET**. The Company examines them and makes copies of them in accordance with the applicable data protection legislation.

The way in which the General Meeting shall be held

The General Assembly is held with physical attendance.

All shareholders may attend the General Meeting in person or by proxy. MBH Jelzálogbank Nyrt. has the right to verify the identity of the shareholder and their nominee or legal representative by means of documents prior to admission to the General Meeting, in view of which the Company reminds shareholders and proxies to be present at the venue of the General Meeting preferably at least 30 minutes prior to the time of the commencement of the General Meeting in order to ensure the smooth establishment of their identity and right of representation. The Company shall not be liable for the consequences of any delay resulting from failure to do so.

We wish to draw the attention of the shareholders to the fact that, in order to facilitate the taking of minutes and in legitimate interest, image and/or audio recording shall be prepared about the proceedings of the General Meeting in compliance with the data protection legislation in force. The General Assembly is not open to the press and only those entitled to attend may attend. Participants are not entitled to make any video or audio recordings of the General Meeting.

On the day of the General Meeting, registration will begin at **13:00 a.m.** at the venue of the General Meeting.

Quorum of the General Meeting, repeated General Meeting

A General Meeting shall have a quorum if shareholders representing more than half of the share capital carrying a right to vote are present.

If there is a lack of a quorum, the Company will hold a repeated Annual General Meeting at the place and in the manner indicated in this Announcement on **22 April 2025 at 15:00**, with the agenda and conditions indicated in this Announcement. The repeated General Meeting shall have a quorum regardless of the number of attendees. Separate registration is required for the repeated General Meeting, which will commence at **14:30 on 22 April 2025**.

NOTE!

It is specifically emphasised that information on any unavoidable change that may occur in relation to this Announcement shall be immediately released by the Company in an extraordinary notice.

Budapest, 21 March, 2025

MBH Jelzálogbank Nyrt.



PROPOSAL
FOR AGENDA ITEM 1.1.

REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS
ACTIVITIES FOR 2024, INCLUDING: THE COMPANY'S INDIVIDUAL
MANAGEMENT REPORT AND INDIVIDUAL FINANCIAL STATEMENTS FOR 2024
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS; DECISION ON THE APPROPRIATION OF PROFIT AFTER TAX;
AUDITOR'S REPORT ON THE INDIVIDUAL FINANCIAL STATEMENTS AND
INDIVIDUAL MANAGEMENT REPORT OF THE COMPANY FOR THE YEAR 2024
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS

I. REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS ACTIVITIES FOR 2024

1. MBH Jelzálogbank Nyrt.

MBH Jelzálogbank Nyrt. (hereinafter: Jelzálogbank or Bank) was established on 21 October 1997 as a private limited company with a share capital of HUF 3 billion as the Földhitel- és Jelzálogbank Nyrt. and later as TakarékJelzálogbank Nyrt.

The Bank was granted its operating licence on 6 March 1998 as a specialised financial institution in accordance with Act CXII of 1996 on Credit Institutions and Financial Enterprises (former Hpt.) and Act XXX of 1997 on Mortgage Loan Companies and Mortgage Bonds (Jht.). The Bank began its operation on 16 March 1998.

The Bank is engaged in refinancing mortgage loans granted by commercial banks to their customers and issuing mortgage bonds as a source of funding.

On 31 October 2003, the Hungarian Financial Supervisory Authority (PSZÁF) granted Jelzálogbank the permission to issue an issue prospectus and to list its shares on the Budapest Stock Exchange. The ordinary shares were listed on the Budapest Stock Exchange on 24 November 2003.

The ownership structure of MBH Jelzálogbank Nyrt. as of 31 December 2024 and 31 December 2023 was as follows:

Owner	31 December 2024		31 December 2023	
	Ownership ratio (%)	Share (number)	Ownership ratio (%)	Share (number)
"A" series ordinary shares listed on BÉT				
Domestic institutional investors	52.1	56,520,385	52.1	56,527,499
Foreign institutional investors	0.01	7,278	0.01	6,705
Hungarian private individuals	2.82	3,056,794	2.83	3,052,987
Foreign private individuals	0.03	33,618	0.01	21,489
Own shares repurchased	0.23	253,601	0.23	253,601
Owner representing part of the general government	44.79	48,597,602	44.8	48,597,602
Other	0.02	21,022	0.03	30,417
"A" Share series total	100	108,490,300	100	108,490,300

In September 2015, Jelzálogbank and its majority-owned former FHB Commercial Bank (hereinafter: Commercial Bank) became members of the Integration Organisation of Cooperative Credit Institutions pursuant to Act CXXXV of 2013 on the Integration of Credit Institutions Set Up as Cooperative Societies and on the Amendment of Regulations Relating to the Economy and also joined became the Guarantee Community of Cooperative Credit Institutions.

At the end of December 2015, Jelzálogbank implemented a capital increase of HUF 4,249 million at nominal value and HUF 30.5 billion at issue value, which was achieved through the private placement of dematerialised preference shares (dividend preference) Series B and dematerialised ordinary shares Series C. The new Series B and Series C shares to be issued were not listed on the stock exchange and were subscribed for within the former TakarékJelzálogbank Group.

In 2017, the integration of Jelzálogbank and Kereskedelmi Bank into the Szövetkezeti Hitelintézetek Integrációja (Integration of Cooperative Credit Institutions), now known as the Integrált Hitelintézetek Központi Szervezete (Central Organisation of Integrated Credit Institutions or IHKSZ), which started in autumn 2015, was completed. In this context, the restructuring of the organisations to fit in with the integration strategy started in 2017.

As a first step, a pure refinancing mortgage banking profile was established on the part of the Jelzálogbank, as part of which the staff and related infrastructure in addition to the resources required for mortgage bond issuance and refinancing activities were transferred to MTB Zrt (MBH Befektetési Bank Zrt. after 1 May 2023) and the Kereskedelmi Bank.

From April 2018, the Jelzálogbank has not disbursed new residential mortgage loans. Jelzálogbank will retain the previously concluded retail loans in its own loan portfolio until maturity, but its active functions will now include purely mortgage refinancing activities.

Jelzálogbank decided to change the name of the company at its general meeting on 27 April 2018. As of 25 June 2018, the name of the Bank became TakarékJelzálogbank Nyrt.

Following the approval of the General Meeting on 27 August 2019, the Bank sold its stake in the Kereskedelmi Bank, which has been operating as TakarékJereskedelmi Bank Zrt. since April 2018, to MTB Magyar Takarékszövetkezeti Bank Zrt. in the second half of 2019, and therefore has not prepared consolidated accounts since 2020. The Bank is consolidated by its parent company (ultimate parent company), which prepares consolidated accounts for the companies included in the scope of consolidation.

On 30 December 2020, MTB Zrt. published its public tender offer for all shares issued by TakarékJelzálogbank Nyrt. in the official publication places and submitted its application for authorisation to the MNB. Based on the MNB's authorisation, the purchase offer period started on 19 January 2021 and closed on 17 February 2021. MTB Zrt. accepted the shares offered and declared the mandatory public tender offer successful.

Upon the fulfilment of all the preconditions set out in the offer, MTB Zrt.'s stake in TakarékJelzálogbank Nyrt. increased from 86.20% to 88.14%, and the combined stake of MTB Zrt. and its concerted shareholders increased from 94.82% to 96.76%.

The offer was made after the major shareholders of Budapest Bank Zrt, MKB Bank Nyrt (MBH Bank Nyrt after 1 May 2023) and MTB Zrt contributed their bank shares to Magyar Bankholding Zrt on 15 December.

On 15 December 2021, the highest bodies of MKB Bank, Budapest Bank and Magyar TakarékJelzálogbank Zrt., which owns the TakarékJelzálogbank Group, approved the first step of the merger timetable of Budapest Bank, MKB Bank and the TakarékJelzálogbank Group. So the two member banks of Magyar Bankholding Zrt., Budapest Bank Zrt. and MKB Bank Nyrt as well as Magyar TakarékJelzálogbank Zrt. merged on 31 March 2022. Budapest Bank was merged into MKB Bank and MTB Bank Zrt. continues to operate as a subsidiary bank of the merged bank. TakarékJelzálogbank joined the merged bank in the second quarter of 2023, and in the spring of 2022.

Upon the application of Magyar Bankholding, with its Decision H-EN-I-119/2022 of 8 March 2022, the MNB revoked the licence to operate as a financial holding company granted to Magyar Bankholding with its Decision H-EN-I-358/2020 of 12 June 2020, with effect from 29 April 2022, and MKB Bank took over the group management function of the banking group on the basis of the new group resolution as of 29 April 2022.

On April 1, 2022, Budapest Bank and Magyar TakarékJelzálogbank (MTBH) were merged into MKB Bank, in accordance with the approval of the Magyar Nemzeti Bank (MNB). At that time, MTB Magyar

Takarékszövetkezeti Bank held a direct 88.13% stake in TakarékJelzálogbank Nyrt. and 88.33% of the voting rights. Considering the fact that MTBH held 88.13% of the ownership and 88.33% of the voting rights in TakarékJelzálogbank Nyrt through MTB Magyar Takarékszövetkezeti Bank, as a result of the merger MKB Bank, as the legal successor of MTBH, became the indirect owner of 88.13% of TakarékJelzálogbank Nyrt and indirectly acquired 88.33% of the voting rights exercisable in the latter.

The Extraordinary General Meeting of TakarékJelzálogbank held on 12 July 2022 converted the 14,163,430 Series B preference (dividend preference) shares issued by the Company, each with a nominal value of HUF 100, totalling HUF 1,416,343,000, into 14,163,430 Series A ordinary shares, each with a nominal value of HUF 100, totalling HUF 1,416,343,000, further converted 2,832,686 ordinary shares of Series C with a nominal value of HUF 1,000 each, totalling HUF 2,832,686,000 in nominal value into 28,326,860 ordinary shares of Series A, each with a nominal value of HUF 100, with a total nominal value of HUF 2,832,686,000. The converted shares were listed on the Budapest Stock Exchange (BSE) on 7 October 2022.

On 18 October 2022, MKB Bank Nyrt. acquired the 43,076,417 dematerialised ordinary shares of MTB Zrt. in TakarékJelzálogbank, dematerialised ordinary shares of Series A, each with a nominal value of HUF 100, by way of a share sale. With this transaction MKB Bank acquired a direct controlling stake of 39.8% (voting rights) in TakarékJelzálogbank. The ownership share of MTB Zrt. decreased to 48.42%. On 2 December 2022 Magyar Posta Zrt. acquired its entire stake in TakarékJelzálogbank from MKB Bank Nyrt. on the basis of a share swap, thus Magyar Posta acquired a direct controlling stake of 39.71% (voting rights) in TakarékJelzálogbank.

The MBH Group was established on 1 May 2023. As a member of the Group, the Bank's new name was changed to MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság with effect from 1 May 2023.

2. MACROECONOMIC AND MARKET ENVIRONMENT IN 2024

OPERATING ENVIRONMENT

In most advanced economies, inflation rates fell further in 2024, but inflation has not yet stably reached the desired targets. The growth figures for 2024 were positive, with the US economy expanding at a steady pace above 2.5%, while growth in the euro area was rather lagging behind last year. Developed market central banks started their rate cutting cycles in 2024, but phased them differently. The European Central Bank started its rate cutting cycle in June and, after a pause in July, maintained it until the end of 2024, bringing the deposit rate down to 3.00% by the end of the year. The Fed cut rates later, but by a larger 50 basis points, first in September 2024, and then in the last quarter of 2024, with two 25 basis point rate cuts, reducing the reference rate bracket to 4.25-4.50% by the end of 2024 overseas.

Although the euro zone economy avoided a technical recession in 2024, the weak growth dynamism (or weakness in the case of our main external trading partner, Germany) was a significant drag on the Hungarian economy: In both the second and third quarters of 2024, the GDP declined on a quarterly basis, pushing the Hungarian economy back into technical recession. However, the Hungarian economy subsequently overcame the technical recession in the fourth quarter of 2024, with economic output expanding by 0.5% in the fourth quarter of 2024 compared to the previous quarter. The growth rate was thus slightly better than expected.

In 2024, prices rose by an average of 3.7% year-on-year, in line with expectations. The inflation rate stepped out of the central bank's tolerance band upwards in May and July. The moderation in inflation was supported by a fall in fuel prices, while price increases for services remained high for a long time. Inflation reached its lowest level in September 2024, when the annual average price increase fell to the 3% target for the first time since January 2021. Inflation in December was 4.6%, higher than the annual average. The main reason for the year-end rise was the base effect. In addition, by the end of 2024 the

weakening of the HUF was also felt visible in the higher prices for consumer durables towards the end of the year. Core inflation was 4.7% in December 2024. The price index for services remained high at well above 5% throughout the year, while the price of household energy fell compared to a year earlier and, with the exception of December, consumer durables also cost less in 2024.

In 2024, the MNB continued its rate cutting cycle, with the base rate falling to 6.50% in September from 10.75% at the beginning of 2024. In the fourth quarter, the MNB paused its rate cuts, leaving the reference rate at 6.50% until the end of 2024. The MNB's room for manoeuvre was also narrowed by the expected upward revision of the Fed's interest rate path and the sharp weakening of the HUF. In addition, inflationary pressures also increased, which also prevented a rate cut.

According to the January information published by the Ministry of National Economy, the central government deficit in 2024 closed at HUF 4,095.8 bn, below the increased deficit target of HUF 4,790 bn. According to the NGM, the accrual-based deficit to GDP could be 4.8% of GDP (the final data will be disclosed on 1 April 2025). Expenditure on pensions and pension-like benefits, baby grants and preventive medical care exceeded the level of a year earlier. The tax and contribution revenue of the central subsystem was 8.7% higher than in the previous year. In 2024, the ratio of public debt relative to the size of the economy failed to decline. The debt-to-GDP ratio rose from 73.4% at the end of 2023 to 73.6 % at the end of last year.

According to preliminary data, the external financing capacity in 2024 as a whole was EUR 6.8 billion (equivalent to 3.3% of GDP), consisting of a surplus of EUR 6.1 billion on the current account and EUR 730 million on the capital account. The external trade balance improved by €2.6 billion last year with a total surplus of €11.6 billion compared with a year earlier.

The credit institutions sector had an outstanding year in 2024 too, following 2023, in terms of profit after tax: unaudited data show that domestic banks reported profits of HUF 1,632 billion, almost HUF 153 billion higher than in 2023, and a return on equity of just below 20%. In numerical terms, the improvement over 2023 was reflected in a rise in dividend income of over HUF 140 billion and an increase in non-interest income from financial and investment services of more than HUF 90 billion. However, these are not sustainable trends in the long term in terms of volume. Interest income was some HUF 100 billion lower than in 2023, which is better than expected, given that the sector realised significantly lower interest income on its deposit assets held with the MNB due to the decline in central bank interest rates, and in addition, the interest rate limits previously introduced on specific mortgage loans remained largely effective during 2024. This deterioration in interest income was offset by an improvement in fees and commissions of almost HUF 55 billion, yet transaction fees increased by more than HUF 100 billion in expenses, and the sector was unable to pass on part of this increase to its customers. Operating costs rose by HUF 150 billion from 2023 to 2024, well above the rate of inflation but slightly above the rate of revenue growth, meaning that the cost-to-revenue ratio increased slightly from its level in 2023 but remained below 40%. Following a near-neutral impact on profit in 2023, risk costs in 2024 amounted to HUF 108 billion, mainly due to an acceleration in net impairment charges in the second half of the year. At the same time, the sector's tax payments decreased by around HUF 50 billion (HUF 70 billion taking into account the contributions to resolution and deposit insurance funds) compared to 2023, mainly due to the possibility of reducing the extra profit tax. Overall, therefore, the banking sector continued to show an excellent performance in 2024. However, the resulting trends are partly unsustainable in the longer term and, coupled with a continued moderate decline in yields, a meaningful correction is therefore expected in the return on equity (ROE) indicator.

New mortgage loan contracts

Due to the improving economic outlook, rapid household income growth (fuelled by high returns on savings in addition to wage growth) and falling interest rates (accelerated by banks' voluntary corporate APR limits), the volume of new residential mortgage contracts shot up at rocket speed from the beginning of 2024 and this momentum continued throughout the year. Finally, customers signed new contracts with credit institutions worth HUF 1,443 billion, which is more than 110% higher than the

HUF 686 billion in 2023. Only for housing loans, the growth rate was even higher (close to 130%), as the volume of mortgages for unlimited use was essentially the same as last year, i.e. no growth. The outstanding growth rate cannot be repeated, as the base in 2023 was abysmally low, but the momentum achieved in 2024 could be maintained in the retail mortgage market, as, in addition to a number of economic policy measures, strong income growth will continue to support families' homeownership intentions in 2025, further strengthening the demand side of mortgage lending.

Mortgage loan portfolio developments

The portfolio of retail mortgage loans amounted to HUF 6356 billion on 31 December 2024, according to data published by the Magyar Nemzeti Bank. The annual portfolio growth exceeded HUF 615 billion (an 11% increase) compared to the 2023 year-end portfolio of HUF 5,739 billion. This growth was driven by the very significant increase in the average transaction size of new housing loans (almost 62%) due to the new CSOK Plus scheme, while the number of transactions increased by over 41% compared to 2023. In addition, the amortisation ratio remained low, as prepayments did not return to the levels in the years prior to 2023.

Mortgage bond market evolution

The nominal value of mortgage bonds issued by the five Hungarian mortgage banks increased by less than 1% by the end of 2024 compared to the end of the previous year, with a total nominal value of HUF 2,107 billion in circulation at 31 December 2024. The nominal value of MBH Jelzálogbank Nyrt's mortgage bond portfolio in circulation was HUF 365 billion at the end of 2024, an increase of almost 6%, which means that the Bank lost more than 1 percentage points of its market share. Nevertheless, it remains the second largest player in this market segment with a market share of 17.3%.

3. FINANCIAL AND BUSINESS RESULTS OF MBH JELZÁLOGBANK

MAIN FINANCIAL INDICATORS (BASED ON THE INDIVIDUAL FINANCIAL STATEMENTS)

The balance sheet total of the Jelzálogbank decreased by 1.6%, or HUF 14.3 billion in one year, so at the end of 2024 the balance sheet total amounted to HUF 892.3 billion. The Bank's profit before taxation amounted to HUF 7.2 billion, while the profit for the year was HUF 6.6 billion. In 2024, the Bank's total comprehensive income for the year amounted to HUF 6.3 billion (2023: HUF 2.5 billion)

MAIN INDICATORS (HUF million; %)	31.12.2024	31.12.2023	change (%)	variation
Total assets	892,311	906,587	-1.6%	-14,276
Financial assets at amortised cost, of which	834,702	867,975	-3.8%	-33,273
Loans and advances to banks	593,463	523,272	13.4%	70,191
Loans and advances to customers	16,468	20,540	-19.8%	-4,072
Debt securities	224,418	323,975	-30.7%	-99,557
Financial liabilities valued at amortised cost	803,370	820,600	-2.1%	-17,230
Amounts due to other banks	374,995	445,316	-15.8%	-70,321
Debt securities issued	427,599	374,647	14.1%	52,952
Capital	84,528	78,205	8.1%	6,323
Profit before tax	7,177	7,385	-2.8%	-208
Net profit or loss for the current year	6,597	6,663	-1.0%	-66
Total comprehensive income for the reporting year	6,323	7,168	-11.8%	-845
ROAA (return on average assets), %	0.7%	0.8%	-	-0.04%-pt
ROAE (Return on Average Equity), %	8.1%	8.9%	-	-0.8%-pt

A change of more than +/- 300% compared to the previous year is not meaningful, marked with a "-".

REFINANCING

Since 2018, Jelzálogbank has been performing exclusively classical mortgage banking business functions, i.e. issuing mortgage bonds and using the funds raised to refinance the mortgage portfolios of the MBH Group's member banks and external partners. MBH Jelzálogbank is a specialised banking operator within the Group, as Jelzálogbank is the only one within the Group able to raise funds in the form of mortgage bond issues on the domestic and foreign capital markets, in line with its specific legal status, to meet financing requests. The mortgage bonds issued by the Jelzálogbank and the refinancing credit provided by the Jelzálogbank are a key element in ensuring MFAR compliance for the counterparty banks.

MBH Jelzálogbank currently has 8 refinancing partners, of which MBH Bank has the largest refinancing loan portfolio. In its strategy, MBH Jelzálogbank also attaches importance to cooperation with external partners, and thus seeks to provide an attractive market alternative for credit institutions interested in refinancing that do not have their own mortgage bank.

The stock of refinancing loans increased by 3.6%, or HUF 13.7 billion, to HUF 395.0 billion at 31 December 2024 compared to a year earlier.

LENDING TO CUSTOMERS

As of Q2 2018, the Jelzálogbank no longer lends to new customers - this activity is performed by MBH Bank. From this date, the Jelzálogbank is active only in the refinancing business, and its customer loan portfolio is therefore constantly decreasing due to natural amortisation.

In line with the above, gross loans and advances to customers (retail and corporate) continued to erode among financial assets measured at amortised cost, from HUF 21.3 billion at the end of 2023 to HUF 17.8 billion at the end of 2024, which corresponds to a decrease of 16.4%. 98.4% of gross customer loans at the end of the year were retail loans, the volume of which decreased by HUF 3.4 billion over a year. The gross portfolio of corporate loans amounted to HUF 0.3 billion at the end of the period.

PORTFOLIO QUALITY, RECOGNISING IMPAIRMENT

The Bank's gross loan portfolio amounted to HUF 578.8 billion at the end of the year. The value of contingent liabilities was HUF 30.7 billion at 31 December 2024, while the total exposure of gross loans and contingent liabilities, excluding securities, was HUF 609.5 billion.

Gross loans receivable from customers amounted to HUF 17.8 billion and there was a credit facility of HUF 0.03 billion outstanding at 31 December 2024 under the contracts concluded. Of these outstanding receivables, HUF 0.9 billion (892 loan agreements) were classified in Stage 3 rating category, for which an impairment loss of HUF 0.2 billion was recognised. The Stage 1 and Stage 2 rating categories include HUF 16.9 billion of loans and HUF 0.03 billion of commitments, with a total of HUF 1.1 billion of impairment and provisions.

The total exposure to refinancing loans is HUF 396 billion, for which a minimal impairment (HUF 0.3 billion) was recognised.

The Bank has equity interests in two companies - MBH Befektetési Bank Zrt and Takarékszövetkezet (TESZ). The nominal value of the investments was HUF 0.02 million on 31.12.2024.

The Bank had HUF 33 billion of placement on the interbank money market in the form of sight deposits, on which an impairment loss of HUF 0.04 billion was recognised.

The share of performing loans (Stage 1 and Stage 2) in the loan portfolio was 94.79% and the share of non-performing loans (Stage 3) was 5.21% at 31 December.

The average impairment level for both the total portfolio and the loan portfolio shows an increase compared to the end of the previous year.

ISSUE OF MORTGAGE BONDS AND BONDS

In 2024, MBH Mortgage Bank raised a total of HUF 129.6 billion of funds from the domestic capital market, of which HUF 75 billion was issued in the form of unsecured floating rate bonds and HUF 59.6 billion in the form of mortgage bonds. Among the mortgage bonds, the share of green mortgage bonds issued in 2024 was 24.3% (HUF 14.5 billion). During the year under review, nearly HUF 22 billion (36.6%) of the mortgage bonds issued were variable rate and HUF 37.7 billion (63.4%) were fixed rate. The mortgage bonds were all placed through public auctions (8 auctions) with the participation of the Mortgage Bank's four-member dealer consortium, while the bonds were issued through subscription (2 subscriptions).

In spite of the uncertain market environment and the decreasing domestic demand, MBH Jelzálogbank Nyrt. continued its announced issuance strategy and organised regular auctions 1-3 times per quarter: it offered its mortgage bonds maturing in 2029 and 2032 to investors. Typically, volumes of HUF 6 billion were announced at auctions. The return premium relative to benchmark government bond yields declined after the second quarter of 2024. However, the downward trend in fall and premium of returns stopped in the last quarter. In the case of MBH Jelzálogbank, the impact of the new favourable Moody's mortgage rating (A1) obtained in the summer offset the upward trend in premiums, so ultimately neither the ÁKK nor the IRS premiums returned to levels above 100 basis points prevailing in the first half of the year.

In terms of the total mortgage bond market issuance, compared to a total of HUF 117.3 billion issued in the first half of the year, a further HUF 260.3 billion of mortgage bonds with a total face value of HUF 260.3 billion were issued by five domestic mortgage banks in the second half of the year, of which the third quarter proved to be the most active in terms of issuance (HUF 233.2 billion). Green mortgage bond issuance continued to be subdued, with a total of HUF 34.4 billion issued over the year, of which MBH Jelzálogbank's green issuance amounted to HUF 14.5 billion.

In terms of mortgage bonds, mortgage bonds with a nominal value of HUF 5.9 billion, HUF 27 billion, HUF 25 billion and HUF 7.2 billion were issued by MBH Jelzálogbank in each quarter. In total three variable rate and five fixed rate mortgage bonds were marketed at the 8 mortgage bond auctions.

In August 2024, the bank decided to issue new bonds for the first time since March 2018. A 3-year maturity (MK27NV01) and 6-year maturity (MK30NV01) floating rate bonds were placed on the market through subscription. The total nominal value of the bonds was HUF 35-35 billion. The purpose of the issue is to secure MBH Mortgage Bank's unsecured funding needs. On the one hand, the mortgage bank's operations have a certain amount of unsecured funding needs on an ongoing basis - the unsecured part of mortgage loans and excessive collateral cannot be financed from mortgage bonds - while the long-term funding element in the form of the issued 3 and 5-year bonds is more in line with the asset-liability structure of the mortgage bank from a maturity perspective compared to short-term interbank funding, which is also considered favourably for rating purposes.

Three series of mortgage bonds with a total nominal value of HUF 56.5 billion matured during the full year, and the bank organised two repurchases in 2024: in February it repurchased HUF 20 billion of TJ24NF01 series, and in June it repurchased nearly HUF 5.4 billion of TJ24NV01 floating rate series in a mortgage bond swap auction, which was an innovation in the Hungarian capital market. Investors did not pay the purchase price of the MJ32NV01 floating rate mortgage bond offered for issue in HUF, but the purchase price of the other floating rate mortgage bond (TJ24NV01), also due in October 2024, was offset against the predetermined price of the other floating rate mortgage bond (TJ24NV01) announced for repurchase. The pioneering transaction was successful, with HUF 5.6 billion of the MJ32NV01 series being put into circulation, resulting in the repurchase of HUF 5.6 billion of the swap paper. The introduction of the swap auction could contribute to an even higher level of investor demand and market development in the mortgage bond market.

As a result of the above transactions, the total nominal value of outstanding mortgage bonds issued by the Issuer at the end of December 2024 amounted to HUF 364.927 billion, compared to the HUF 387.218 billion a year earlier (quarter IV, 2023).

Jelzálogbank continuously monitored the collateralisation status and the fulfilment of the proportionality requirements in accordance with the requirements of the Act on Mortgage Loans and the Bank's collateral registration regulations, and verified the existence of the conditions for the normal collateralisation of the mortgage bonds after the disbursement of the loans in order to ensure that the mortgage bonds were covered.

The net value of ordinary collateral backing mortgage bonds issued by Jelzálogbank was HUF 603.2 billion as of 31 December 2024, an increase of 3.5% compared to 31 December 2023 (HUF 582.8 billion) as a result of the increase in the refinancing loan portfolio.

Value of collateralised assets and mortgage bonds outstanding at 31 December 2024

	31 December 2024	31 December 2023	Change
Outstanding mortgage bonds in circulation			
Face value	364,927	387,218	-5.8%
Interest rate	81,457	70,012	16.3%
Total	446,384	457,230	-2.4%
Value of the ordinary collateral;			
Capital	403,892	396,276	1.9%
Interest rate	199,353	186,554	6.9%
Total	603,245	582,830	3.5%
Value of collateralised financial assets (principal and interest amount)	28,284	65,220	-57.7%
Value of the additional collateral	-	-	-
Amount of receivables arising from derivative transactions included in the collateral	-	-	-
Total	28,284	65,220	-57.7%

As at 31 December 2024, the present value of hedging assets was HUF 410.1 billion and the present value of hedged items was HUF 344.5 billion, so the present value of hedging assets was 119.07% of the present value of outstanding mortgage bonds. The ratio of the principal value of net hedging instruments to the principal value of the hedged items was 115.67% and the ratio of the interest value of hedging instruments to the interest value of the hedged items was 256.56% at 31 December 2024.

EVOLUTION OF THE BALANCE SHEET STRUCTURE (BASED ON THE INDIVIDUAL FINANCIAL STATEMENTS)

The Bank's balance sheet total as at 31 December 2024 was HUF 892.3 billion, 1.6% lower than in 2023 (31 December 2023: HUF 2.5 billion)

MÉRLEG (millió forint; %)	2024. december 31.	2023. december 31.	Változás (%)*	Változás
Assets				
Cash and cash equivalents	1,249	19,305	(93.5%)	(18,056)
Total financial assets at fair value through profit or loss	6,860	7,875	(12.9%)	(1,015)
Loans to customers at fair value through profit or loss	5,481	6,310	(13.1%)	(829)
Derivative financial assets	1,379	1,565	(11.9%)	(186)
Hedged derivative instruments	1,431	640	123.6%	791
Financial instruments at fair value, charged to other comprehensive income	47,196	9,999	-	37,197
Debt and equity-type securities	47,196	9,999	-	37,197
Financial assets at amortised cost	834,702	867,975	(3.8%)	(33,273)
Loans and advances to banks	593,463	523,272	13.4%	70,191
Loans and advances to customers	16,468	20,540	(19.8%)	(4,072)
Debt securities	224,418	323,975	(30.7%)	(99,557)
Other financial assets	353	188	87.8%	165
Tangible assets	104	143	(27.3%)	(39)
Intangible assets	150	247	(39.3%)	(97)
Income tax assets	363	337	7.7%	26
Deferred tax assets	363	337	7.7%	26
Other assets	256	66	287.9%	190
Total assets	892,311	906,587	(1.6%)	(14,276)

BALANCE (HUF million; %)	SHEET	31 December 2024	31 December 2023	Change (%)*	Change
Liabilities					
Financial liabilities at fair value through profit or loss		159	1,372	(88.4%)	(1,213)
<i>Derivate financial liabilities</i>		<i>159</i>	<i>1,372</i>	<i>(88.4%)</i>	<i>(1,213)</i>
Financial liabilities valued at amortised cost		803,370	820,600	(2.1%)	(17,230)
<i>Amounts due to other banks</i>		<i>374,995</i>	<i>445,316</i>	<i>(15.8%)</i>	<i>(70,321)</i>
<i>Debt securities issued</i>		<i>427,599</i>	<i>374,647</i>	<i>14.1%</i>	<i>52,952</i>
<i>Other financial liabilities</i>		<i>776</i>	<i>637</i>	<i>21.8%</i>	<i>139</i>
Hedged derivative liabilities		3,569	5,214	(31.5%)	(1,645)
Provisions for trade payables and expenses		7	16	(56.3%)	(9)
Profit tax liabilities		200	264	(24.2%)	(64)
<i>Actual tax liabilities</i>		<i>200</i>	<i>264</i>	<i>(24.2%)</i>	<i>(64)</i>
Other liabilities		478	916	(47.8%)	(438)
Total liabilities		807,783	828,382	(2.5%)	(20,599)
Equity					
Share capital		10,849	10,849	-	-
Own shares repurchased		(207)	(207)	-	-
Capital reserve		27,926	27,926	-	-
Profit reserve		36,129	30,126	19.9%	6,003
Other reserves		2,946	2,286	28.9%	660
Profit or loss for the current year		6,597	6,663	(1.0%)	(66)
Accumulated other comprehensive income		288	562	(48.8%)	(274)
Total equity		84,528	78,205	8.1%	6,323
Total liabilities and equity		892,311	906,587	(1.6%)	(14,276)

A change of more than +/- 300% compared to the previous year is not meaningful, marked with a "-".

Financial instruments at fair value, charged to other comprehensive income

The value of the Bank's financial assets at fair value through other comprehensive income amounted to HUF 47.2 billion at the end of 2024, a significantly higher level compared to the previous year. The proportion of debt securities in the portfolio increased to 100% by the end of 2024, while the share of equity instruments decreased to 0%.

Within financial assets at fair value through other comprehensive income, government bonds account for 93.2% of the debt securities portfolio. Their portfolio increased by HUF 41.0 billion compared to the end of 2023, reaching HUF 44.0 billion at the end of the year. The portfolio of bonds issued by credit institutions, which accounted for 6.8% of the total, decreased by 54.4% year-on-year (from HUF 7.0 billion to HUF 3.2 billion).

Financial assets at amortised cost

The value of financial assets measured at amortised cost decreased by 3.8% during 2024, reaching HUF 834.7 billion at the end of the period. Within the total portfolio, the gross portfolio of debt securities decreased by 30.7% to HUF 224.4 billion. Government bonds account for 87.4% of the total gross portfolio of securities, which amounted to HUF 196.3 billion at the end of 2024.

The other large group of financial assets measured at amortised cost is loans, whose gross portfolio increased by 13.4% over the year to amount to HUF 593.5 billion at the end of 2024.

The gross portfolio of central bank and interbank deposits increased from HUF 21.0 billion in the previous year to HUF 33.0 billion by the end of 2024, which represents a significantly higher level (+57.1%).

Financial liabilities valued at amortised cost

Financial liabilities measured at amortised cost represent 90% of the funds of Jelzálogbank. Their value decreased by 2.1% compared to the end of the previous year, amounting to HUF 803.4 billion by the end of 2024. Within these liabilities, the share of debt securities issued, i.e. mortgage bonds issued by the Bank to provide long-term funding for mortgage loans, represents a share of 53.2%. The value of mortgage bonds issued at the end of 2024 was HUF 357.3 billion, a decrease of 4.6% compared to 2023. During 2024, the portfolio of loans drawn decreased by 15.8%, amounting to HUF 375.0 billion at the end of the period.

Equity, capital position

The Bank's equity as at 31 December 2024 was HUF 84.5 billion, which is HUF 6.3 billion higher than a year earlier (an increase of 8.1%).

The Bank is a member of the Central Organisation of Integrated Credit Institutions (IHKSZ). The members of the IHKSZ are required to assess compliance with prudential requirements on a consolidated basis, with individual compliance exempted by the relevant legislation and the relevant MNB decision.

MBH Bank Nyrt. discloses information on the capital adequacy of the members of the integration according to the audited accounts in the disclosure document of the financial year.

Off balance sheet items

The Bank's off-balance sheet contingent liabilities amounted to HUF 30.7 billion at the end of the period, up 7.6% year-on-year. In 2024, the off-balance sheet contingent liabilities consisted entirely of undrawn credit lines and promissory notes not yet used by customers and refinancing partners.

EVOLUTION OF THE PROFIT (BASED ON THE INDIVIDUAL FINANCIAL STATEMENTS)

<i>Statement of profit or loss (HUF billion, %)</i>	2024.	2023.	Change (%)	Change
Interest income and similar income	61,507	61,348	0.3%	159
<i>Interest income calculated using the effective interest method</i>	53,422	51,645	3.4%	1,777
<i>Other interest type revenues</i>	8,085	9,703	(16.7%)	(1,618)
Payable interest and interest-type expenditures	(48,672)	(52,825)	(7.9%)	4,153
<i>Interest expense calculated using the effective interest method</i>	(40,665)	(43,369)	(6.2%)	2,704
<i>Other interest-type expenditures</i>	(8,007)	(9,456)	(15.3%)	1,449
Net interest income	12,835	8,523	50.6%	4,312
Fee and commission income	186	219	(15.1%)	(33)
Fee and commission expense	(288)	(366)	(21.3%)	78
Net income from commissions and fees	(102)	(147)	(30.6%)	45
Remeasurement and derecognition of financial instruments	(2,206)	966	-	(3,172)
<i>Gains on remeasurement and derecognition of financial instruments at fair value through profit or loss</i>	884	2,193	(59.7%)	(1,309)
<i>Gain on derecognition of debt and equity securities at fair value through other comprehensive income</i>	147	399	(63.2%)	(252)
<i>Gain on derecognition of loans and debt securities measured at amortised cost</i>	(3,874)	(162)	-	(3,712)
<i>Hedge accounting result</i>	380	(1,254)	(130.3%)	1,634
<i>Result of Exchange rate differences</i>	257	(210)	(222.4%)	467
Provisioning for impairment of loan losses, provisioning for liabilities and charges and impairment of non-financial assets	(535)	877	(161.0%)	(1,412)
<i>Estimated loan loss on financial assets, financial guarantees and commitments given</i>	(137)	1,345	(110.2%)	(1,482)
<i>Provisions for litigated cases, reorganisation and other expenses</i>	10	1	-	9
<i>Loss (-)/gain not derecognised on the adjustment to financial instruments</i>	(357)	(469)	(23.9%)	112
<i>Impairment (-)/reversal of impairment losses on other financial and non-financial assets</i>	(51)	-	-	(51)
Administrative and other operating expenses	(2,641)	(2,734)	(3.4%)	93
Other revenues	9	36	(75.0%)	(27)
Other expenses	(183)	(136)	34.6%	(47)
Profit/loss before tax	7,177	7,385	(2.8%)	(208)
Income tax (income) / expenditure	(580)	(722)	(19.7%)	142
Net profit or loss for the current year	6,597	6,663	(1.0%)	(66)
OTHER COMPREHENSIVE INCOME				
Items that can be reclassified to P&L	(274)	505	(154.3%)	(779)
Debt instruments at fair value through other comprehensive income	(235)	495	(147.5%)	(730)
Changes in fair value	(118)	877	(113.5%)	(995)
Reclassification of accumulated remeasurements to profit or loss on derecognition	(117)	(382)	(69.4%)	265
Profit tax relating to items reclassified to profit or loss	(39)	10	-	(49)
Items that can be reclassified to P&L	0	0	-	-
Change in the fair value of ownership instruments booked at fair value and charged to other comprehensive income	0	0	-	-
Other comprehensive income for the year net of tax	(274)	505	(154.3%)	(779)
Total other comprehensive income	6,323	7,168	(11.8%)	(845)

A change of more than +/- 300% compared to the previous year is not meaningful, marked with a "-".

Jelzálogbank's profit before tax in 2024 was HUF 7.2 billion, which is HUF 0.2 billion lower than in 2023 (2023: HUF 7.4 billion). The profit after taxation for the year was HUF 6.6 billion (HUF 6.7 billion in 2023). Total comprehensive income also underperformed the previous year, amounting to HUF 6.3 billion in 2024 (HUF 7.2 billion in 2023).

Net interest income

The Bank's net interest income of HUF 12.8 billion in 2024 (HUF 8.5 billion in 2023) is the balance of interest income of HUF 61.5 billion (an increase of 0.3% compared to 2023) and interest expense of HUF 48.7 billion (a decrease of 7.9% compared to 2023). Overall, net interest income was HUF 4.3 billion, up 50.6% year-on-year.

In terms of interest income, the interest income on financial assets measured at amortised cost was the dominant item in 2024, its value was HUF 51.5 billion at the end of the period. (2023: HUF 2.5 billion)

Interest expenses were HUF 4.2 billion lower than in the previous year, totalling HUF 48.7 billion (2023: HUF 52.8 billion). The most significant item in interest expense is interest expense on financial liabilities measured at amortised cost, which amounted to HUF 40.7 billion in 2024, which represented a decrease of HUF 2.7 billion compared to the previous year (HUF 43.4 billion in 2023).

Net income from commissions and fees

The net commission result of the Jelzálogbank was a loss of HUF 102 million in 2024 (2023: loss of HUF 147 million).

The net fee and commission income of HUF 186 million was 15.1% lower than in the previous year. The lower revenues were due to a decrease in other fee income from self-disbursed mortgage loans on the one hand, and a decrease in fees and commissions related to valuation.

Expenditure was HUF 288 million in 2024 (HUF 366 million in 2023). The lower level of fee and commission expenses is mainly explained by lower agency fee expenses.

Remeasurement and derecognition of financial instruments

The result related to financial instruments was a loss of HUF 2.2 billion, compared to a profit of HUF 966 million last year. The loss is mainly explained by the loss on derecognition of loans and debt securities measured at amortised cost.

Administrative and other operating expenses

In 2024, the operating costs of the Jelzálogbank decreased by 3.4%, by HUF 93 million, thus totalled HUF 2.6 billion (2023: HUF 2.7 billion). The decrease in operating costs was driven by lower IT costs and lower extra profit tax paid. The extra profit tax paid amounted to HUF 194 million in 2024 (2023: HUF 576 million).

However, in 2024, legal and advisory services and expert fees increased by HUF 263 million, while the amounts paid into the resolution fund, which is included in membership fees, increased by HUF 211 million.

Wages and wage-related costs increased by HUF 51 million, totalling HUF 501 million in 2024.

Estimated loan loss on financial assets, financial guarantees and commitments given

The net balance of impairment and provisioning in 2024 was HUF 137 million.

Loss (-)/gain not derecognised on the adjustment to financial instruments

The cost of the credit moratorium, which came into force on 18 March 2020, is the net present value loss effect of the unused and thus accrued loan cash flows, which amounted to HUF 357 million in 2024 for the Jelzálogbank. (2023: HUF 469 million)

Loss before tax

In 2024, the profit before taxation of Jelzálogbank amounted to HUF 7.2 billion (HUF 7.4 billion in 2023).

4. LIQUIDITY MANAGEMENT

The funding structure of MBH Jelzálogbank Nyrt. is determined by its special status as a mortgage bank - it cannot collect deposits - and therefore the funding elements from the issue of mortgage bonds and interbank borrowing are dominant within its funding structure.

The evolution of the funding structure of the Jelzálogbank, which has been operating under a pure refinancing mortgage banking strategy since 2018, in a normal business and market operating environment, is primarily determined by the evolution of the refinanced loan book and issuer activity to secure the mortgage bond portfolio required to meet the MBH Group's MFAR.

In 2024, the outstanding portfolio of mortgage bonds decreased by 5.8% (- HUF 22.3 billion) year-on-year from a nominal value of HUF 387.2 billion to HUF 364.9 billion. Based on the decision of Magyar Nemzeti Bank (MNB) No. H-KE-III-533/2022 dated 12 September 2022, all mortgage bonds of MBH Jelzálogbank Nyrt. are considered as "European (premium) covered bonds".

In addition to the mortgage bonds, the long-term (3 and 5-year) central bank liabilities raised by using the MNB's long-term covered credit facility continued to have a decisive weight in the liability structure of the Jelzálogbank in 2024 (at the end of July 2021, the facility was withdrawn by the central bank, and no new transactions could be concluded while existing portfolios were affected).

Under the amendment to the Jht., which entered into force on 8 July 2022, the hedging instruments (in addition to normal and additional collateral) were extended to include liquid assets, and detailed rules on the liquidity buffer were also developed accordingly. Accordingly, in order to cover the net liquidity outflow of the Bank's mortgage bond programme, the collaterals include a liquidity buffer of liquid assets as of 8 July 2022. Also under the amended Jht. the Bank maintains an over collateralisation of at least 2%.

The liquidity buffer on 31 December 2024:

Maximum daily net liquidity outflow within 180 days (HUF million)	-12,895
Liquidity buffer (market) value of the collaterals (HUF million)	18,832

The Bank terminated its contract with S&P Global Rating in 2019 for the purpose of rating its mortgage bonds during 2024, thus the BBB rating at the time of termination was withdrawn at MBH Jelzálogbank's own discretion.

The mortgage bonds of MBH Jelzálogbank are currently rated by Moody's Investor Service, which announced that it has assigned a long-term A1 rating to the mortgage bonds issued by MBH Jelzálogbank (the Counterparty Risk (CR) Assessment is Baa3(cr) on 22 July 2024. At the same time, Moody's also announced that MBH Jelzálogbank's long- and short-term issuer ratings were Ba3/NP, its

long- and short-term Counterparty Risk Ratings (CRRs) were Baa3/P-3, and its long- and short-term Counterparty Risk (CR) Assessment was Baa3(cr)/P-3(cr). The outlook on the ratings was assessed by Moody's as stable.

5. RISK POSITION OF MBH JELZÁLOGBANK NYRT.

The operation of the Bank's risk management function is governed by the relevant Hungarian and EU legislation in force, as well as by additional supervisory regulations and requirements. MBH Bank Nyrt. performs the governance functions of the MBH Bank Group and defines for its members the mandatory internal regulations and guidelines related to prudent exposures and risk management.

The Bank considers prudent risk-taking to be a core value and conducts its risk management and risk control activities in accordance with the principles laid down in the Risk Strategy. There is multi-level control over the Bank's risk management, of which most important include final control enforced at Board of Directors level (for certain identified and defined risk decisions Supervisory Board approval is also required), independent control separate from the risk assuming units, as well as the appropriate measuring, diversifying, monitoring and reporting of risks. The Bank continued to comply with the legal requirements throughout 2024.

RISK STRATEGY

The MBH group risk strategy specifies the list of risks that may be taken by the Bank and the applicable risk management and risk measurement tools, and prescribes the general risk taking principles and rules to be followed.

During its operation the Bank seeks to maintain a risk culture that ensures the identification, measurement and management of emerging risks in line with its risk appetite. The most important tools of such a culture include internal policies, strategies, regulations and guidelines, communication and staff training.

The primary objective of the Bank's risk management activities is to protect the financial strength and reputation of the Bank and the Bank Group and to contribute to the use of capital for competitive business activities that enhance shareholder value.

The Bank's risk appetite must be in line with the financial resources available to cover potential losses. To ensure that, the Bank calculates the current and future economic capital requirements for each quantifiable type of risk and the Pillar 1 capital requirement.

The Bank is exposed mainly to credit, liquidity, market and operational risks.

CREDIT RISK

In 2024, the main factors influencing the change in credit risk were the Russian-Ukrainian war, the prevailing geopolitical and economic situation and the application of methodologies following the end of the legal moratoria, both for the corporate and retail portfolios.

The impact of moratoria and interest rate freezes on credit risk management:

In line with the MNB's expectations, the staging logic for customers participating in the general moratorium and the agricultural moratorium has been standardised at MBH Group level, with the normal processes being complemented. After the end of the payment and agricultural moratoria, from 1 January 2024, the fulfilment of the conditions for recovery from the previously established stage risk categories and grace period has been monitored as follows.

- transactions that have been included in the general moratorium and have been classified as restructured are subject to the default recovery rules based on the default status in force, and to a 6-month probationary period for retail customers and 24 months for corporate customers. During the probationary period, restructured transactions will not be rated higher than Stage 2.
- as a general rule, customers entering the agricultural moratorium were classified as Stage 2 or higher, but if the customer has been in moratorium for at least 9 months and was classified as Stage 2 before entering the agricultural moratorium, they are classified as Stage 3. They could be placed in Stage 1 only on the basis of individual monitoring after the declaration has been made and taken into account. Individual derogations from the application of Stage 3 and Stage 2 classifications are possible and must be supported in all cases by detailed objective evidence.

For customers with a retail interest rate freeze, the Bank examined the monthly repayment increases without the interest rate freeze and applied a minimum Stage 2 classification for changes considered to be significant.

The Bank updated the macro parameters for the entire portfolio, and the updated risk parameters were also implemented in the lifetime ECL calculation.

Environmental, social and governance (ESG) aspects have not been taken into account in the Bank's risk management models until the reporting date. The way in which ESG relevant information is collected and stored has been developed, so it can be analysed and used at a later stage. An ESG data taxonomy has also been established. In line with the analysis of the ESG index composition and the MNB Recommendation 9/2024 (24 September), the information made available through the ESG data collection, gradually implemented from 1 July 2025, will be incorporated in the longer term in the stress tests to be carried out and in the estimation of lifetime PD and LGD parameters.

In exceptional economic situations, the Bank can adjust the models on an expert basis. The portfolio level management adjustment calculated in this context is a lump-sum expected loss value that the Bank's models are not able to capture at all or fully, but the level of risk is assumed to be significant (e.g. increases in credit losses due to default events after the end of the moratorium).

The Bank regularly reviews the management overlay values determined on the basis of the assessment criteria and maintains its accounting. The components of the management overlay are subject to change at the discretion of the Methodology Committee, ensuring compliance with the requirements of the respective Management Circular issued by the MNB.

In summary, the Bank's current modelling and impairment methodology, using the credit risk management methods and process additions detailed above, provides the opportunity to develop risk profiles that are well-defined from a customer management perspective and to establish adequate risk provisions to cover expected future credit losses.

MARKET RISK

Market risks include interest rate risk, equity price risk and foreign exchange risk arising from all banking activities. The Bank keeps its market risks low through an appropriate limit system and in-process controls.

Interest rate risk:

Interest rate risk arises from the fact that changes in interest rates affect the value of the financial instrument. A credit institution is exposed to interest rate risk even if the amounts of its maturing or repricing assets, liabilities and off-balance-sheet instruments are not consistent with each other. The Bank measures interest rate risk on an ongoing basis by performing sensitivity tests. In addition, the impact of adverse interest rate scenarios is continuously measured and limited through the application of stress tests. Interest rate risk is managed through an appropriate mix of securities and derivatives portfolios and a matching of other assets and liabilities in the bank's books.

Share price risk:

Share price risk is the risk that the Group's profits, capital will be reduced or completely lost as a result of changes in the level or proportion of market share prices

Management of currency risk:

The Bank wishes to keep the exposure to foreign exchange risk low and may hold open foreign exchange positions up to the limit set in the banking book.

Foreign exchange risk arising in the course of core banking activities is managed by the Bank in the course of its operations, depending on market conditions. The Bank also performs VAR calculations and stress tests to measure foreign exchange risk.

LIQUIDITY AND MATURITY RISKS

The Bank analyses liquidity risks and mitigates them with a number of indicators, the most important of which are based on regulatory indicators (LCR, NSFR, mandatory reserve ratio) and liquidity-relevant stress tests. In addition, the Bank operates an early warning system for the timely detection of liquidity disturbances, which is presented to the Asset and Liability Committee and to management without delay in the event of an alert and on a regular basis during normal operations.

OPERATIONAL RISK

The Bank continues to manage operational risks primarily through internal policies, procedures and the operation of built-in controls in line with defined supervisory requirements. MBH's Group-wide Operational Risk Management Policy and Operational Risk Management Rules set out the methodology for the operational risk management framework instruments used by the Bank.

The operational risk loss data collection is based on uniform definitions and limits. The Bank promotes the recognition and identification of operational risks with internal training.

The adequacy of the key risk indicators (KRIs) is reviewed by the Bank on an annual basis, several KRIs were also modified in 2024, and new group-level KRIs defined by the MBH were introduced.

The Bank conducts operational risk self-assessments for its key activities and uses scenario analysis to assess events that are rare but could result in serious losses if they occur and their impact.

The Bank's operational risk events and the results of operational risk monitoring are reported on a quarterly basis.

With regard to operational risk, the Bank's management attaches great importance to feedback. An essential aspect is the implementation and monitoring of the effectiveness of the measures taken to eliminate operational risks.

6. HUMAN RESOURCES

The number of MBH Jelzálogbank's employees, converted into full-time equivalents, was 16 at the end of the year.

Talent management at MBH Group:

The MBH Group places great emphasis on the training of employees and the care for talents, supporting the expansion of professional knowledge and the development of skills through extensive educational programmes. The following programmes are available for employees:

Digitised and gamified pre-boarding programme

The focus of the programme is on colleagues who are in the pre-entry period after accepting the offer of the MBH Group. The solution available in online space follows the commitment of new talents from the pre-joining period to the day of entry, following prospective employees' journeys to the day of entry, maintaining a positive experience while providing them with ongoing engagement.

Start programme:

The first element of the Generational Diversity programme, the award-winning Start programme, was a milestone in the MBH Group's talent retention activities. Start is one of the largest trainee programmes in the country, with more than 400 talented students aged 19-25 from all over the country currently working for MBH Group. The Bank Group is the first milestone for the trainees at the start of their careers. They gain relevant work experience during the programme, which provides a stable workforce supply base for the Bank. The purpose of the trainee programme is that the MBH Group should provide more than just work experience: dedicated HR colleagues guide university students through their professional work and development through own onboarding processes. In 2024, 100 colleagues from Start were hired to full-time positions in the MBH Group.

Start+ programme:

The next element of the Generational Diversity programme, the MBH Group's programme focusing on early career starters, was the Start+ programme, which also won awards. In 2024, the Bank launched the second year of the Start+ programme, which saw 12 talented young people start their careers in the banking sector. During the year-long programme, colleagues rotate through a professional area, learning about the beauty of banking and doing professional work. A key element of the programme is a presentation to senior bank executives in the final quarter, when colleagues present a solution to a critical strategic problem for the bank. 92% of the members of the first year class of 2023 remained in the Bank's employment after the one year.

Baby+ programme:

The Generational Diversity programme was an element of the Baby+ programme, which focused on colleagues about to start a family. Under this programme, the Bank offers financial, professional and personal support to help prospective parents through life changes. An important factor is that the Bank thinks not only about new mothers, but also about fathers-to-be, and offers them individual solutions. The programme is very popular, with 340 payments made and we answered the questions of more than 500 colleagues.

MMM+ programme:

The latest addition to the Generational Diversity programme is the MBH Group's programme for people with impaired working capacity. In 2024, the Bank identified 62 people and helped them with their

living situation: they are eligible for tax relief and the programme's elements also provide them with a range of support.

ESG ambassador programme:

MBH Group's Ambassador Programme is an innovative tool to introduce new values and associated behaviours and leadership tools, a new culture roadmap and an innovative tool to retain talent and sustain engagement, with around 100 participants. It is a Change Management Initiative, its members work together to ensure engagement of various talents, teams and information is delivered to all colleagues. High-interest online and offline sessions focus on a different change-related topics, and the initiative is received with great enthusiasm. They work together in joint workshops on elements of the culture programme, e.g. they created the questions for the heart rate survey across the whole organisation, which was relevant and customised, so it was really about the colleagues.

Leadership Academy

Preparing managers for the transition to the new way of banking is an integral part of our Leadership Academy. The leadership training programme is modular, with different solutions and topics (inspirational leadership, heterogeneous generational teams, transparent leadership, motivational leadership, etc.) to support the continuous development of talented leaders. A dedicated programme supports the training of newly appointed managers.

Extensive fringe benefits:

As one of the largest banks in Hungary, MBH Bank's main goal is to become the market leader in the sector. All our colleagues play a key role in implementing this. As an employer, our main goal is to maintain a performance-based culture, but we also encourage the engagement of our officers through an outstanding benefits scheme.

Our fringe benefit scheme includes, in addition to the Cafeteria, school and camping allowances and social assistance.

Our Generational Diversity programme provides support for the specific life situations of our employees. Within the framework of this programme, we offer a variety of programmes and benefits for people starting out in their careers (Start+), parents with young children (Baby+), our officers with impaired working capacity (MMM+) and colleagues preparing for retirement (Active+).

The MBH Group and health:

Health development and health preservation are important objectives for the MBH Group, as emphasised in various sports and health campaigns. Sports opportunities are available for employees in many ways and a healthy lifestyle is promoted on several fronts.

Employees benefit from extended consultation hours at the Bank's occupational physician on every day of the week.

Services of hobby and recreational rooms are also available at the buildings of the MBH Group. The canteens of the Bank offers fitness menu and other items, suitable for special nutrition.

The MBH Group and sport:

The MBH Group provides significant support to its Sports Club, where effective professional and recreational sports work is ongoing. In 2024, the club had 600-650 members, with 900-950 members in different sections /one SE member playing in more than one section/, a significant increase of more than 40% compared to the previous year.

Our sports sections: aerobic, squash, volleyball, fishing, go-karting, dragon boat, cycling, running, table tennis, men's and women's football, hiking, bowling, boxing, basketball, skill sports, swimming, wall climbing, spartan/crossfit, kayak-kenu and SUP, shooting, skeet shooting, triathlon, thai box. In 2024, we organised a series of Sports Club house championships in 20 sports. 300 certificates were awarded.

The Sports Club now prepares its competitors in 11 sports for the annual Sports Meeting of Hungarian Banks, where the MBH Group team finished third in Győr in 2024. /13 banks competed/

A significant number of runners from the Sports Club regularly take part in races such as the Wizzair Half Marathon and the SPAR Marathon. In team sports, our men's football, basketball and bowling teams achieved top positions in the Business Leagues. The dragon boaters won medals in several national and international competitions, the anglers regularly perform well, our table tennis team is supported by the training methods of two excellent NB/1 colleagues, and the go-karting teams are always successful at their monthly meetings.

Members of SC working in the rural branch network receive a recreational sports allowance, which they can spend on sports facilities near their place of work or residence. In 2024, 250 colleagues in 40 towns received sports support.

The SC considers it important that SC members can exercise regularly near all work sites, which is why we have a gym close to our priority sites /Kassák Lajos u. Headquarters, Tüskecsarnok/. At the Kassák gym, our members could participate in a number of group sessions /zumba, yoga, TRX, spinning, crossfit, pilates, body shaping/ led by 13 trainers.

The SE also made progress in communication. In 2024, it ran a months-long campaign to raise awareness among colleagues about the importance of recreational sports and the priority of a preventive, physically active lifestyle (posters, lockscreen page, Horizon, MBH SE faces videos, sports news, dedicated sub-page on the main Horizon site). The Facebook group /MBHSE/ now has 677 members.

Secure work environment:

In order to fulfil its legislative obligations, MBH Group has prepared a risk assessment of the head office and other business sites of the Bank, including all branches. As it is an office work environment, there is only a low risk of accidents. Consequently, there are very few work accidents and their number is decreasing.

Employees are also required to attend occupational safety and fire training every year. Special training material has been prepared for bank branch staff on what to do in the event of an attack. The personal, material and organisational conditions of safe work were defined in the Health and Safety Regulations of the Bank in compliance with the law.

A Health and Safety Representative also works at the Bank on behalf of the Works Council. The HS Representative is entitled to make sure that the requirements of healthy and safe work are fulfilled at the Bank. Elections for the Works Council and health and safety representative are currently underway.

7. SUSTAINABILITY

The MBH Bank Group is committed to sustainability and has therefore integrated all three pillars of ESG - environmental, social and corporate governance - into its operations and strives for continuous improvement. Details are provided in the Consolidated Sustainability Report of the Bank Group, prepared in accordance with Article 29a of Directive 2013/34/EU of the European Parliament and of the Council.

ESG strategy and reporting

The Bank pays particular attention to the risks posed to its own operations and society by climate change. In line with this, MBH Jelzálogbank identified the specificities of its business and profile (mortgage-based refinancing and mortgage bond issuance functions) the conscious exploitation and shaping of which can have an impact on reducing climate risk and improving social well-being in the medium and long term. In 2022, the Bank published its ESG strategy, which includes its identified values, mission and vision, as well as sustainability objectives by topic.

MBH Jelzálogbank, as a listed company, published an annual Sustainability Report in line with the Budapest Stock Exchange's Sustainability Recommendation, first in 2022 and then in 2023 and 2024. The published stand-alone sustainability reports are prepared in accordance with the international (Global Reporting Initiative-GRI) standard, covering the Bank's specific environmental, social and corporate governance achievements.

According to the EU Corporate Sustainability Reporting Directive (CSRD), MBH Jelzálogbank, due to its listed status, is required to prepare its Sustainability Report for the first time for the financial year 2025, in accordance with the European Sustainability Reporting Standards (ESRS) in 2026. The CSRD integrates sustainability data disclosure into the financial reporting, providing a single view of the Bank's operations and thus ensuring increased transparency and credibility of sustainability reporting for both the domestic and EU markets.

In 2022, MBH Jelzálogbank joined the Energy Efficient Mortgage Label (EEML), under which it publishes a quarterly transparency report on the composition, energy profile and environmental impact of green mortgages and green property securities backing green mortgage bonds on the website of EEML and its own website.

Green Mortgage Bond Framework

MBH Jelzálogbank Nyrt. considers green mortgage based refinancing and the issuance of green mortgage bonds as a pillar of its sustainability activities. In order to achieve the above, MBH Jelzálogbank Nyrt. created a Green Bond Framework based on the GBP (Green Bond Principles 2021) international standard the in 2021, and revised it in December 2023 and published its updated Green Bond Framework together with a rating opinion in February 2024. The Framework issued in 2024 remained unchanged in terms of the principles applied, merely complemented by improvements in corporate governance and transparency to enhance sustainable operations, and by the addition of green acceptability criteria to reflect changes in the regulatory regime for the energy performance of buildings. Based on the transparency requirements of the Framework, MBH Jelzálogbank Nyrt. publishes a quarterly Green Bond allocation report and an annual review report on the consistency of its Green Bond issuance activities with the Framework, as well as an impact assessment report. The external certification of the Green Mortgage Bond Framework, valid on 31 December 2024 was issued by Sustainalytics.

Corporate governance

Green Mortgage Bond Committee

The Bank has established the Green Bond Committee (hereinafter: ZJB) to strengthen the role of sustainability factors in the Bank's corporate governance, particularly in the areas of business and risk management. The Committee is composed of the CEO, Deputy CEO, Head of Capital Markets, Head of Refinancing, Head of ALM, Head of Collateral Register, Head of Collateral Management and reports directly to the Board of Directors on its work. According to the internal regulations the ZJB decides on the green quality of new collateral and existing collateral and regularly reviews the availability of green collateral behind the issued green mortgage bonds.

Sustainability and organisation

The Bank's Rules of Organisation and Operation (ROO) assign ESG responsibilities to each job, and management reports quarterly to the Board of Directors and the Supervisory Board on MBH Jelzálogbank's green mortgage bond issuance and other sustainability activities, as well as on the commitments and performance indicators defined in the Sustainability Reports and the ESG Strategy. The Bank continues to place a strong emphasis on improving the ESG knowledge and awareness of employees and top management, and organised targeted trainings in order to implement the ESG strategy as consciously as possible.

8. PARTICIPATION IN PROFESSIONAL ORGANISATIONS

The Bank actively participates in the statistical, legal and capital markets groups of the Hungarian Banking Association and the European Mortgage Federation/European Covered Bond Council (EMF - ECBC).

9. INFORMATION PURSUANT TO SECTIONS 95/A AND 95/B OF THE ACCOUNTING ACT

INFORMATION RELATED TO SHARES AND OWNERS

The ownership structure of MBH Bank was the following on December 2024:

Tulajdonos	2024		2023	
	Tulajdoni arány (%)	Részvény (db)	Tulajdoni arány (%)	Részvény (db)
BÉT-re bevezetett „A” sorozatú részvények				
Belföldi intézményi befektetők	52,1	56 520 385	52,1	56 527 499
Külföldi intézményi befektetők	0,01	7 278	0,01	6 705
Belföldi magánszemélyek	2,82	3 056 794	2,83	3 052 987
Külföldi magánszemélyek	0,03	33 618	0,01	21 489
Visszavásárolt részvények	0,23	253 601	0,23	253 601
Államháztartás részét képező tulajdonos	44,79	48 597 602	44,8	48 597 602
Egyéb	0,02	21 022	0,03	30 417
„A” révénysorozat összege	100	108 490 300	100	108 490 300

MBH Bank's controlling stake in MBH Jelzálogbank is 52.0801%. There is no single entity among the shareholders of MBH Bank Nyrt. that exercises ultimate control.

Presentation of Direct Holders of more than 5% related to the Series of shares listed

A tulajdonosi szerkezet alakulása	Letétkezelő (igen/nem)	2024 Mennyiség (db)	Részesedés (%)
MBH Befektetési Bank Zrt.	nem	52 531 760	48,42
Magyar Posta Zrt.	nem	43 076 417	39,71
Összesen		95 608 177	88,13

A tulajdonosi szerkezet alakulása	Letétkezelő (igen/nem)	2023 Mennyiség (db)	Részesedés (%)
MBH Befektetési Bank Zrt.	nem	52 531 760	48,42
Magyar Posta Zrt.	nem	43 076 417	39,71
Összesen		95 608 177	88,13

Presentation of Direct Owners of more than 5% related to total share capital

A tulajdonosi szerkezet alakulása	Letétkezelő (igen/nem)	2024 Mennyiség (db)	Részesedés (%)
MBH Befektetési Bank Zrt.	nem	52 531 760	48,42
Magyar Posta Zrt.	nem	43 076 417	39,71
Összesen		95 608 177	88,13

A tulajdonosi szerkezet alakulása	Letétkezelő (igen/nem)	2023 Mennyiség (db)	Részesedés (%)
MBH Befektetési Bank Zrt.	nem	52 531 760	48,42
Magyar Posta Zrt.	nem	43 076 417	39,71
Összesen		95 608 177	88,13

Method and rules to exercise rights by shareholders

A shareholder shall be entitled to exercise their shareholders' rights in possession of the share(s), or the ownership certificate(s) specified in the statutory regulations pertaining to securities. There shall be no need for an ownership certificate for the exercise of shareholders' rights if the entitlement is established by way of shareholder identification (as specified in the Capital Markets Act, "Tpt.") pursuant to the Articles of Association. In addition to the above, being listed in the share register shall also be necessary for the shareholder's exercise of their rights relating to the general meeting.

A shareholder may exercise their shareholders' rights in person, through a person authorised to do so (their representative) or the shareholder's proxy specified in the Tpt. Senior officers of the Company may also be authorised by shareholders to participate in the General Meeting as their proxy. The proxy authorisation of the authorised representative shall be valid for one General Meeting or for the period of time defined therein, but in any case not more than 12 months. The proxy authorisation shall also be valid for the continuation of the suspended General Meeting and for the repeated General Meeting convoked due to the lack of quorum. The authorisation shall be drawn up in the form of a notarial deed or a private document with full probative force and shall be lodged with the Company at the place and time indicated in the notice of the General Meeting.. The authorisation submitted by the shareholder's proxy shall state the fact that the representative acts as shareholder proxy.

A shareholder shall be entitled to a dividend of the distributable profit of the Company, ordered for distribution by the General Meeting, in proportion to the nominal value of their shares.

Upon Company's termination without a legal successor its shareholders shall be entitled to parts of the asset that can be distributed as a result of winding up, in proportion to their shares.

Shareholders shall have the right to attend the Company's General Meetings. Shareholders shall have the right to receive information concerning matters on the General Meeting's agenda Accordingly, upon written request of a shareholder submitted at least eight days before the date of the General Meeting, the Board of Directors will provide the information necessary for the discussion of the item on the agenda of the General Meeting at the latest three days before the date of the General Meeting. The Board of Directors may make the exercise of the right to information as described above conditional on the submission of a written confidentiality statement by the shareholder requesting the information. The Board of Directors may refuse to disclose information and access to documents if it violated the Company's business, banking, securities or other similar secrets, if the person requesting the information

abuses their right or fails to make a confidentiality statement even if requested. If the party requesting information considers the refusal of information unjustified, they may request the Court of Registration to order the Company to provide the information. The Company ensures that the rights to be informed, to comment and to suggest at the General Meeting are granted to every shareholder attending the General Meeting, on the condition that the exercising of these rights shall not hinder the lawful and proper operation of the General Meeting. To ensure the exercise of shareholder' rights defined hereunder, the Chair of the General Meeting shall give the floor to shareholders at the General Meeting, providing that the Chair may limit speaking time, interrupt the speaker, in particular, upon deviation from the topic, and – when multiple persons are speaking simultaneously – determine the order of contributions to ensure the regular and proper operation of the General Meeting. The Company shall have 3 (three) business days following the day of the General Meeting to answer question arisen at the General Meeting and not answered to the satisfaction of the shareholder within its framework.

A shareholder shall have all minority rights ensured by the Civil Code.

A Summary of the Rules Governing the Conduct of a General Meeting

The General Meeting is the Company's supreme body. The General Meeting shall be convened by the Board of Directors at least 30 days before the day on which the General Meeting is opened, by publishing an announcement at the places of publication specified in the Articles of Association. Shareholders who send such request in writing to the Company shall be notified of the convening of the General Meeting by electronic means as well, besides the publication in the places of publication.

The business integration management organisation and the Integration Organisation shall be notified of the General Meeting simultaneously with the publication of the invitation.

The key data of the annual report of the Company – prepared in accordance with the Accounting Act – and of the reports of the Board of Directors and the Supervisory Board, as well as a summary of the proposals regarding the items on the agenda and the proposed resolutions shall be disclosed at the places of publication of the Company at least twenty-one days before the date of the General Meeting.

If a General Meeting has not properly been convened, it may adopt resolutions only in the presence of all shareholders with voting rights, if the shareholders have not objected to the holding of the General Meeting.

A General Meeting has a quorum if shareholders representing more than half of the votes embodied by the voting shares are present. If a General Meeting does not have a quorum, the repeated general meeting shall have a quorum regardless of the number of attendees present.

A General Meeting may be suspended not more than once by the Chair. In this case the General Meeting shall be continued within thirty days, In which case the rules applicable to convening the General Meeting and the election of the officers of the General Meeting need not be applied.

Every ordinary share of series “A”, of a nominal value of HUF 100, that is, one hundred forints, carries one voting right at a General Meeting. In relation to its General Meeting the Company carries out the shareholder identification procedure, as prescribed in the Tpt., the rules of the BSE and the regulations of KELER Zrt. The date of the verification of the owner (reference date) can be the period between the 7th (seventh) and the 5th (fifth) stock exchange trading days (these days also included) prior to the General Meeting. The shareholder's rights may be exercised at a General Meeting by the person who is the owner of the share concerned on the day of shareholder identification and whose name is listed in the share register at 18:00 on the second working day preceding the day on which the General Meeting is started (the day of the closure of the share register).

The closing of the Register of Shares does not restrain the person registered in the Register of Shares from transferring their shares. Any transfer of shares on the day preceding the General Meeting's starting

day does not rule out the right of the person listed in the share register to participate and exercise their rights in the General Meeting as a shareholder.

The General Meeting makes its decisions with a simple majority, except for matters for which the applicable legal regulations stipulate different voting majority. If legal regulations stipulate unanimous decision-making regarding a certain matter, the General Meeting makes a decision on that issue with a unanimous decision.

The detailed rules on the conduct of a General Meeting are laid down in subsections 3.1-3.1.23 of the Articles of Association.

SUPREME, EXECUTIVE AND MANAGEMENT BODIES, SUPERVISORY BODY, COMPOSITION AND OPERATION OF THE BOARDS

Description of the Operation of the Board of Directors and the Sharing of Responsibility and Tasks Between the Board of Directors and the Management Team

The Board of Directors is the Company's legal representative and executive body, representing the Company towards third persons and before courts and other authorities, managing and directing the Company's business activities and financial management, making sure that the requisites for successful operation are available.

The organisation and operation of the Board of Directors is regulated by its Articles of Association and the Rules of Procedure of the Board of Directors. The Rules of Procedure of the Board of Directors are established by the Board of Directors. The Articles of Association is accessible on the Company's official website at (www.mbhjelzalogbank.hu).

The Board of Directors consists of at least three and not more than nine Members. The Members of the Board of Directors are elected by the General Meeting for a definite term of maximum five years. Of the Members of the Board of Directors the Company's Chief Executive Officer and his deputy/deputies were, Pursuant to Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) and the Articles of Association, were continuously employed by the Company (internal Members of the Board of Directors) in 2024.

The Members of the Board of Directors are – in accordance with the rules of the civil law – liable towards the Company for any damage or loss caused to the Company by breaching any applicable legal regulation, the Articles of Association, any resolution adopted by the General Meeting or their respective obligations. The board bears joint and several liability for any damage or loss caused as described above. If the damage or loss was caused by a resolution adopted by the Board of Directors, any Member of the Board of Directors who did not participate in the adoption of the decision or voted against the resolution concerned – and notifies this fact in writing to the Supervisory Board within fifteen days of the adoption of the resolution – is exempt from the liability.

The Board of Directors makes its decisions objectively, in view of the interests of all of the shareholders, seeking independence from the influence of management and/or any specific shareholder. Members of the Board of Directors may not, in their capacity as such, be bound by any mandatory instructions from any of the Company's shareholders or from their employer.

In 2024 the Board of Directors conducted its activities on the basis of an annual work plan. The Board of Directors meets as often as necessary but at least once every three months. It discusses the matters referred to it on the basis of written proposals. The Board of Directors makes its decisions in writing – in view of the proposed resolution submitted by its proponent – in the form of resolutions. The proposals and the related proposed resolutions are prepared by the management team for the Board of Directors. Responsibility for the soundness of the content of a proposal lies with the head of the organisational unit which drafted the proposal, together with the Deputy Chief Executive Officer exercising the power of professional supervision or, in the absence of such, the Chief Executive Officer exercising the power of professional supervision. The Members of the Board of Directors receive written invitations to the

meetings of Board – specifying the date and time, and the agenda, of the meeting – together with the written proposed resolutions.

A meeting of the Board of Directors has a quorum if it is attended by at least half of the BoD Members. The Board of Directors adopts its resolutions – with the exception of cases specified in its Rules of Procedure – by simple majority of votes, cast by open ballot. A Board Member who is personally involved in any way in the matter being discussed may not take part in the adoption of a resolution on the matter. The Chair of the Board of Directors orders a secret ballot at the request of any Board Member.

In urgent cases the Board of Directors may adopt valid resolutions by telephone, electronic communication and other similar ways if the Company – at least electronically – delivers to the Members of the Board of Directors the written proposal concerning the matter on which a decision is to be made and more than half of the members send their votes to the Company in writing, within the time limit set for this purpose.

The Chair of the Supervisory Board – or the Supervisory Board Member designated by him or her – participates in the meeting of the Board of Directors as a permanent invitee. The Chair of the Board of Directors may invite the Company's auditor, asset controller and any other person to take part in a Board meeting, in an advisory capacity. The supervisor, in charge of the supervision of the Company, of the Magyar Nemzeti Bank acting in his scope of duties relating to the supervision of the financial intermediary system (when referred to as a supervisory body, hereinafter: "Supervision") and the representatives of MBH Befektetési Bank Zrt. and the Central Organisation of Integrated Credit Institutions, were invited to every meeting of the Board of Directors.

The Chair of the Board of Directors is elected by the General Meeting. The work of the Board of Directors is managed by its Chair. The tasks of the Chair are carried out by the Member of the Board of Directors appointed by the Chair when he is prevented for carrying out his or her tasks.

The scope of duties and powers of the Board of Directors are specified in detail in the Articles of Association and the Board of Directors' Rules of Procedure. Included among the powers of the Board of Directors are those relating to the Company's strategy, business and financial activities, scope of duties and powers relating to the Company's operation and organisation, powers relating to capital increases and Treasury shares, rights relating to the representation of the Company and powers linked to the Board of Directors' own operation.

The Company's management team – the Company's top management – performed its activity in 2024 in the following composition: Chief Executive Officer, Deputy Chief Executive Officer. The rights of the employer are exercised in relation to the management team members by the Board of Directors, through the Chair of the Board of Directors.

The Chief Executive Officer is an employee of the Company, its employee in the highest senior management position. The Chief Executive Officer manages and controls the Company's daily operational activities under an employment relationship, and performs his tasks relating to his mandate as a Member of the Board of Directors under a corporate legal relationship. Accordingly, his employment relationship is governed by the provisions of the Labour Code, while his election Member of the Board of Directors, and his membership of the same, are regulated by the provisions of the Hpt. and the Civil Code.

The tasks are shared between the Board of Directors and the Chief Executive Officer in such a way that the Company's daily work is managed by the Chief Executive Officer within the limits of the applicable statutory regulations and the Articles of Association and in accordance with the resolutions adopted by the General Meeting and the Board of Directors. The Chief Executive Officer has the power to make decisions on all matters that are not assigned to the General Meeting's or the Board of Directors' exclusive scope of power. The Chief Executive Officer regularly informs the Board of Directors, and between meetings the Chair of the Board of Directors, about matters relating to the Company's operation.

This division of tasks does not affect the statutory responsibilities of the Board of Directors or the Members of the Board of Directors.

The Chief Executive Officer exercises the rights of the employer over the Company's employees, with the exception of Chief Executive Officer. The division of tasks between, and the powers of, the Chief Executive Officer and the Deputy Chief Executive Officer are laid down in the Company's Organisational and Operational Rules, whose modifications resulting in major organisational changes are part of the Board of Directors' powers.

The members of the Board of Directors, the Supervisory Board and the Management Team

Board of Directors

In 2024 the Company's Board of Directors was made up of the following persons:

External, independent Members without any legal relationship with the Company other than their membership relationships:

József Vida – Member of the Board of Directors since 30 November 2016, its Chair of the Board of Directors since 5 December 2016.

Ildikó Ginzer – Member of the Board of Directors since 3 December 2021

Dr. Ilona Török – Member of the Board of Directors since 14 November 2022

Szabolcs Károly Brezina – Member of the Board of Directors since 9 December 2022

Internal Members of the Board of Directors – employed by the Company:

Dr. Gyula László Nagy, Chief Executive Officer - Member of the Board of Directors since 26 April 2017

Illés Tóth Deputy Chief Executive Officer – Member of the Board of Directors since 1 December 2022

No change occurred in the membership of the Board of Directors in 2024.

Supervisory Board

In 2024 the Company's Supervisory Board was made up of the following persons:

Dr. Géza Károly Láng – Chairman of the Supervisory Board since 5 August 2022

Dr. Éva Szilvia Gödör – Member of the Supervisory Board of the since 1 August 2018

Dr. Tibor Lélfa Koppány - Member of the Supervisory Board since 3 January 2022

Dr. Ákos Ferenc Tisza-Papp – Member of the Supervisory Board since 29 November 2022

Péter Krizsanovich – Member of Supervisory Board since 29 June 2023

András Bakonyi – a member of the Supervisory Board since 29 April 2024.

Each of the above Members of the Supervisory Board is an independent Member without any legal relationship with the Company other than his or her membership relationships.

Changes in the membership of the Supervisory Board in 2024:

András Bakonyi (member of the Supervisory Board from 24 April 2024) was elected to the Supervisory Board in 2024.

The Company's Management Team

In 2024 the Company's management team was made up of the following persons:

Chief Executive Officer:

Dr. Gyula László Nagy – since 26 April 2017

Internal Member of the Board of Directors

Deputy Chief Executive Officer:

Illés Tóth Deputy Chief Executive Officer – since 1 December 2022

Internal Member of the Board of Directors

The Board of Directors' Cooperation with Other Organisations

The Board of Directors continued to maintain cooperative and correct relationships with both the Supervisory Board and the management team. Every meeting of the Board of Directors was attended by the Company's Chief Executive, who reported in depth on topical issues of relevance to the Company's operation and answered questions as they arose during the discussions of agenda items. The Chairman of the Supervisory Board was invited to every meeting of the Board of Directors where always had an opportunity to present his opinions and recommendations, thereby ensuring the owner's representation during the processes of corporate governance. Moreover, consultations and exchanges of opinions took place between the Chairmen of the two boards, Chief Executive Officer and his Deputy on a regular basis between the meetings as well.

Rules of procedure for the Supervisory Board

Reports and proposals were, for the most part, put on the meetings' agendas in a written form. No formal division of work existed among the Board Members. In line with their specific individual technical/professional competences and experience the Members applied different perspectives in the evaluation of the results of each audit.

The Supervisory Board's Cooperation with Other Organisations

The SB had a continuous, objective and effective working relationship with with the Board of Directors, the management team and the Company's Auditor in 2024 as well. The Chairman of the SB attended the meetings of the Board of Directors as a permanent invitee where he could explain his position in representation of the SB.

The Chief Executive Officer took part in every meeting and provided the Members of the Board with adequate information and gave satisfactory answers to questions.

Consultations and exchanges of opinions between the Chairman of the Board of Directors, that of the SB, and Chief Executive Officer, took place on a regular basis even between meetings.

The auditor was a permanent invitee to each SB meeting in order to help the Board carry out its tasks by providing technical/professional input, as necessary.

Audit Committee

Members - as at 31 December 2024

Péter Krozsanovich
Dr. Géza Károly Láng
dr. Éva Szilvia Gödör

Procedures for the Audit Committee

The Audit Committee adopts its own rules of procedure. The Audit Committee convenes as often as required for the effective performance of its duties and its meetings are held on the basis of the work plan it has adopted for itself. The by-laws of the Audit Committee contains the structure of the Committee, the rules for obligations and responsibilities of committee members, the rights and authorisation of the committee, the rules for preparing, calling and holding the meeting, and furthermore it contains the rules for making resolutions within the frames of the meeting and aside of it in writing, and the rules on minutes of making resolutions, and its documentation.

The Committee Operating with the Participation of Supervisory Board Members as Specified in the Hpt.

Nomination Committee

The Nomination Committee is responsible for nominating and recommending nominees to the Supervisory Board and the Board of Directors defining the skills and responsibilities required for membership of the governing body, and evaluating the composition and performance of the governing body and its members. Decision on the target for the representation of genders in the executive board and elaboration of a strategy required to meet that target, He is also responsible for the regular review of the Company's policy on the selection and appointment of the Managing Director.

Before the regular annual General Meeting in 2024 the Nomination Committee assessed and evaluated the 2023 activities of MBH Jelzálogbank's managing bodies and found that their members had adequate knowledge, skills and experience and that the respective numbers of their members, their composition and performance, had also been adequate.

Members of the Nomination Committee as at 31 December 2024:

Dr. Géza Károly Láng
Péter Krizsanovich
Dr. Koppány Tibor Lélfa

Standing Committees as defined in the Company's Rules of Procedure and Standing Committees' Rules of Procedure

Asset and Liability Committee (ALCO or J-EFB)

The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation.

The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters.

It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations.

It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits.

Methodology Committee (MC)

The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation.

It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group.

Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits.

Taking decisions on operational risk management measures.

As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility.

Refinancing Credit Committee (RHB)

The purpose of the Refinancing Loan Committee is to take decisions on the refinancing exposures necessary for the establishment of certain framework conditions for the cooperation agreement

(framework agreement) to be concluded with a given counterparty bank in connection with JZB's refinancing business.

Green Mortgage Bond Committee (ZJB)

The Committee is responsible for setting up and maintaining the Green Mortgage Bond Framework, deciding on the eligibility of Green Mortgage Loans, monitoring the use of funds from the issuance of Green Mortgage Loans. It determines the maximum number of green mortgage bonds that can be placed and informs the EFB. The Committee is responsible for establishing and maintaining the Green Mortgage Bond Framework, decides on the eligibility of Green Mortgage Loans and monitors the use of funds from the issuance of Green Mortgage Bonds. Approves the environmental impact and allocation reports defined in the Green Mortgage Bond Framework. Supports the creation and implementation of the MBH Group's green strategy.

MAIN FEATURES OF THE INTERNAL CONTROL SYSTEM OF THE COMPANY

The system of internal control mechanisms was implemented and operated in 2024 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsde Zrt. and MNB Recommendation 12/2022 (11 August) establishment and operation of internal lines of defence, the management and control functions of financial institutions. The system of internal controls contains the elements of responsible internal management, risk management, the compliance assurance function, control mechanisms integrated in work processes as an element of the internal control system, management control and the independent internal audit function.

In the context of responsible corporate governance the Company's management team coordinates the activities of the organisational units constituting elements of the control functions, gathers information on the observance of, and compliance with, the basic principles and causes the various control functions to report on their activities and integrates their findings and experience in its decisions.

The Group Leader MBH Bank Compliance and Anti-Money Laundering is specialised in the following areas:

Capital market, DDC and sanctions compliance

General compliance

Prevention of Money Laundering Monitoring,

Money laundering prevention assessment and evaluation

BRIEF DESCRIPTION OF THE COMPANY'S RISK MANAGEMENT SYSTEM AND PRINCIPLES APPLIED IN RISK MANAGEMENT

MBH Jelzálogbank Nyrt. is a member of an Integration Organisation as specified in Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions (hereinafter: Szhitv.). The rules of risk management under Integration apply to the Bank, as a member of the integrated organisation. The operation of the Bank's risk management function is governed by the relevant Hungarian and EU legislation in force, as well as by additional supervisory regulations and requirements. Being a member of the MBH Group, the Bank must also comply with MBH Bank's group-wide internal regulations and requirements.

According to Section 5/A (1) of the Szhitv. the Integration Organisation and its members bear joint and several liability for each other's liabilities, in accordance with the rules set forth in the Civil Code. The joint and several liability covers all claims and receivables from the Integration Organisation and its members, regardless on when they arose or arise.

Pursuant to Section 1 (5) of the Szhitv. the Integration Organisation and its members operate under consolidated supervision as specified in the Htp. The Bank is a member of the MBH Integration Group

which is managed by MBH Befektetési Bank and is part of the MBH Group which in turn is managed by MBH Bank.

Section 1 (5) of the Szhtv. stipulates that if the conditions set forth in Article 10 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) are met, the integration of cooperative credit institutions is exempted from the individual application of the requirements set out in Parts Two to Eight of the CRR. Magyar Nemzeti Bank granted the individual waiver specified in Article 10 of the CRR in to the members of the Integration in its resolution No. H-JÉ-I-209/2014. dated 03.03.2014.

In its group-wide risk strategy MBH Bank specifies the list of risks that may be taken by the Bank and the applicable risk management and risk measurement tools, and prescribes the general risk taking principles and rules to be followed. During its operation the Bank seeks to maintain a risk culture that ensures the identification, measurement and management of emerging risks in line with its risk appetite. The most important tools of such a culture include internal policies, strategies, regulations and guidelines, communication and staff training.

The Integration and its member institutions are developing an integrated risk culture covering the Integration as a whole that will provide for the identification, measurement and management of risks as they arise, in line with their respective risk appetites and risk tolerance.

The Bank's risk appetite must be in line with the financial resources available to cover potential losses. To this end, it calculates the current and future economic capital requirements for each quantifiable type of risk and the Pillar 1 capital requirement.

Prudent risk-taking is considered by the Bank as a core value. To this end, the risk management organisation measures and analyses risk exposures, processes the information so gathered, establishes risk taking rules and operates risk management systems.

The group-wide Risk Strategy relies on the following main pillars:

- applying best market practice approaches and methods in risk management
- identifying and continuously monitoring the risk and return profiles of business lines, products and risk positions
- taking risks into account in business decisions
- the separation of the risk management organisation from the business area
- the importance of all stages of the risk management process
- the risk management process is part of the overall management system and its aspects are integrated into strategic and annual planning.

The boards and committees of Jelzálogbank discuss the proposals regarding revisions and recommended modifications of the risk measurement and management methods and procedures, and reports on changes and trends in risks, at regular intervals.

Risk-management organisation

Jelzálogbank's risk management organisation is separated from the organisational units engaged in business management.

The risk management function of Jelzálogbank is operating under a multi-level control system whose most important elements include ultimate control exercised at the level of the Board of Directors, along with independent control separated from the risk taking units, as well as appropriate measurement, diversification, monitoring and reporting of risks.

Control, Feedback

To minimise risks the Company is operating the elements of the internal line of defence, in observance of the relevant statutory regulations and supervisory recommendations. Within this framework, in addition to the operation of the risk management organisation, MBH Bank Nyrt's Compliance and Prevention of Money Laundering (hereinafter "Compliance and Prevention of Money Laundering") ensures compliance with the principles and regulations laid down in legislation, other professional conventions and practices not constituting legislation, recommendations, directives and decisions of public authorities, internal regulations (hereinafter "Compliance Rules"), the prevention, prevention, control of violations and breaches thereof, and

b) operates the internal control system whose elements (in-process management control, management information system and the independent internal audit organisation) extend to all organisations and activities of the Company, are integrated in its daily activity and are traceable, providing regular feedback to the relevant management and governance levels.

The compliance function is performed by MBH Bank Compliance and Prevention of Money Laundering instead of MBH Befektetési Bank as of 01 March 2024, based on a service level agreement (SLA). This division coordinates and ensures conformity to the compliance rules.

The Compliance and Prevention of Money Laundering conducts its work on the basis of an annual work plan approved by the Management Board. The purpose of its activity is to promote the organisation's prudent, reliable, effective and efficient operation, in compliance with the applicable statutory regulations across the bank group and thereby to facilitate the organisation's undisturbed and successful operation, the maintenance of confidence in the institution, and help the Company avoid legal sanctions (that could be imposed by the Supervision, or that might be imposed under the competition law or in relation to payment of indemnity), major financial losses or reputation damage.

General compliance

The purpose of the General Compliance operation is to contribute to the smooth and prudent operation of MBH Jelzálogbank by identifying, assessing and managing compliance risks.

In accordance with the provisions of the Hpt. and the Group Conflict of Interest Policy, employees are, during their employment, not permitted to engage in any conduct that would jeopardise MBH Jelzálogbank's legitimate economic interests. During the process aimed at establishing legal relationships aimed at work the division also conducts investigations to identify possible conflicts of interests, during the procedure preceding the conclusion of the contract, in regard to candidates selected from applicants for contracting, as well as to employees already having contractual legal relationships and senior officers alike.

In addition to identifying and managing cases involving conflicts of interest involving employees, in order to avoid and prevent any potential conflicts of interest, this function conducts documented investigations during the sale of receivables or assets to determine, among others, whether the buyer has any interest in the debtor of the receivable to be sold; this function is also responsible for conducting conflict of interest investigations of intermediaries and of service providers to which activities are to be outsourced (before the conclusion of the relevant contracts).

General Compliance participates in the development of the terms and conditions of new and changing products and services, reviews the compliance of new and changing products and services with the requirements of legislation and supervisory regulatory instruments, provides its views on the development of a monitoring system for complaint handling practices and monitors the adequacy of complaint handling activities, except for complaints concerning investment services activities.

Capital market, DDC and sanctions compliance

In the framework of the Capital Markets, DDC and Sanctions Compliance activities within the Compliance and Prevention of Money Laundering, MBH Jelzálogbank maintains a list of insiders and informs persons with access to inside information about their inclusion in the insider list. Money and

Capital Market Compliance also maintains a list for MBH Jelzálogbank of all persons discharging managerial responsibilities and persons closely associated with them.

Preventing and Combating Money Laundering and Terrorist Financing

The Money Laundering Prevention Investigation and Review and the Money Laundering Prevention Monitoring units within Compliance and Prevention of Money Laundering conduct screening and analysis activities using customer record systems and external software to support the operation of a modern and effective anti-money laundering system by screening and reviewing clients and transactions on a risk basis. Through their analytical and evaluation activities, these divisions identify and mitigate existing and future customer, transactional and geographical risks, thereby supporting risk management and business processes as well.

Reporting

The Compliance and Prevention of Money Laundering has fulfilled its obligation under the SLA contract to inform the Board of Directors and the Supervisory Board of the Company's compliance activities through its quarterly reports.

Elements of control integrated into work processes and management control were included in job descriptions and current procedures, the application principles were included in internal orders, organisational and operational regulations about control systems. The principles of application were established in order to support the Company's efficient operation, the accomplishment of the Company's objectives, its operation in compliance with legal regulations and the identification of possible risks along with providing appropriate responses to them.

Fraud Prevention

The Banking Security Directorate's Fraud Prevention Department is responsible for conducting investigations into internal and external abuses and crimes, and for operating preventive monitoring systems. The division carries out human security activities for employees, and participates, *inter alia*, in the performance of activities related to classified requests from authorities in accordance with applicable laws.

No fraud incident or suspected fraud occurred in relation to MBH Jelzálogbank in 2024 according to the division's records.

Data Protection and Secrecy

The Data and Confidentiality Unit within the Law and Governance Division is responsible for the protection of personal data and confidentiality, in accordance with the regulations issued by the Central Organisation of Integrated Credit Institutions at the integration level. For the year 2024, the department required regular annual training in HR Master for the employees concerned and did not provide any other specific training.

In 2024, the provision of data protection support for possible new data management notices, by providing data protection opinions on mortgage bank regulations and data protection opinions on documents related to certain mortgage bank products and services.

An integral part of the internal monitoring system is the Internal Audit organisation, which is independent of the internal control system (first and second lines of defence).

The independence of the Bank's Internal Audit organisation is guaranteed by the fact that Internal Audit and Internal Auditors may not be tasked with any function other than auditing and it/they do not operationally participate in the bank's processes and decisions according to the relevant regulations. The annual work plan of Internal Audit is approved by the SB and any additional auditing task may only be prescribed by the SB and the head of Internal Audit, or the Company's Chief Executive Officer with the SB's agreement. The Internal Audit organisation is managed by the Supervisory Board. The Company's Head of Internal Audit reports directly to the SB.

In 2024, Internal Audit reported to the Supervisory Board and the Company's management on its activities in accordance with the requirements of the Hpt. in a regular and comprehensive manner, and

its report included a presentation of the results of the investigations conducted, which were discussed in detail by the Supervisory Board, an overview of the performance of the tasks required in the course of the investigations, the current status of the external investigations and the performance of the tasks required at the conclusion of the investigations, and a summary of the fines imposed.

The planning and implementation of the activities of Internal Audit is based on risk analysis. The scope of the audits covers all organisational units of the Company, including those areas with internal control functions and those with special control functions and tasks, all business areas and activities, processes, products and services of the Company - including outsourced activities and the activities of dependent intermediaries it has appointed - and all Company records, documents and IT systems and databases supporting business or back office processes, i.e. Internal Audit has unrestricted access to all information and documents necessary to conduct investigations. In 2024, Internal Audit continued to have at its disposal all the planning documents (Audit Universe, Long-Term Audit Plan, Annual Work Plan, Capacity Plan) prepared in accordance with the methodology required by the Group Controller's Internal Audit, which were previously reviewed by the IHKSZ, approved by the Group Controller's Internal Audit of MBH Bank and subsequently approved by the Supervisory Board of the Company. The Group Internal Audit Policy and the Internal Audit Rules, which also apply to the Company's Internal Audit, have been discussed by the Supervisory Board and recommended to the Board of Directors for approval. In 2024, Internal Audit also had a manual to facilitate the conduct of internal audit activities, including the rules for conducting investigations, the procedures for preparing reports and statements, and reporting lines.

The core mission of Internal Audit in 2024 was to assess and improve the effectiveness of risk management, control and governance processes through systematic and controlled procedures, thereby helping to achieve organisational objectives.

10. MAJOR EVENTS AFTER THE BALANCE SHEET DATE

In the first two months of 2025, MBH Jelzálogbank Nyrt. issued mortgage bonds in two public placements with a total nominal value of HUF 14.75 billion. In January, the series MJ31NF01 (new fixed-rate series with a term of 4.8 years left) was issued in a public auction for HUF 8.75 billion, while in February, the series MJ28NF02 (new fixed-rate series with a term of 3.2 years left) was issued in the form of a public offering for HUF 6.0 billion.

The Bank completed the review of its Green Mortgage Bond Framework in Q1 2025, during which it further developed the set of eligibility criteria used in the framework necessary for the classification of Eligible Green Mortgage Loans.

The Fund Prospectus for MBH Jelzálogbank Nyrt's HUF 150,000,000,000 Issue Programme for the years 2025-2026 was approved by Magyar Nemzeti Bank (MNB) by its decision No. H-KE-III-122/2025 on 26.02.2025.

II. INDIVIDUAL FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR 2024 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Individual statement of the financial position

Data in HUF million

	Megjegyzés	2024.12.31.	2023.12.31.
Eszközök			
Pénzeszközök és pénzeszköz egyenértékesek	4.9	1 249	19 305
Eredménnyel szemben valós értéken értékelt pénzügyi eszközök		6 860	7 875
Kötelezően eredménnyel szemben valós értéken értékelt ügyfelekkel szembeni hitelek	4.10.1	5 481	6 310
Származékos pénzügyi eszközök	4.10.2	1 379	1 565
Fedezetbe vont derivatív eszközök	4.11	1 431	640
Egyéb átfogó jövedelemmel szemben valós értéken értékelt pénzügyi eszközök		47 196	9 999
Hitel és tulajdonviszonyt megtestesítő értékpapírok	4.12.1	47 196	9 999
Amortizált bekerülési értéken értékelt pénzügyi eszközök		834 702	867 975
Hitelintézetekkel szembeni követelések	4.13.1	593 463	523 272
Ügyfelekkel szembeni követelések	4.13.2	16 468	20 540
Hitelviszonyt megtestesítő értékpapírok	4.13.3	224 418	323 975
Egyéb pénzügyi eszközök	4.13.4	353	188
Tárgyi eszközök	4.14, 4.15	104	143
Immateriális javak	4.14	150	247
Nyeréségadó eszközök		363	337
Halasztott adó eszközök	4.16	363	337
Egyéb eszközök	4.17	256	66
Eszközök összesen		892 311	906 587
Kötelezettségek			
Eredménnyel szemben valós értéken értékelt pénzügyi kötelezettségek		159	1 372
Származékos pénzügyi kötelezettségek	4.10.2	159	1 372
Amortizált bekerülési értéken értékelt pénzügyi kötelezettségek		803 370	820 600
Hitelintézetekkel szembeni kötelezettségek	4.19.1	374 995	445 316
Kibocsátott hitelviszonyt megtestesítő értékpapírok	4.19.2	427 599	374 647
Egyéb pénzügyi kötelezettségek	4.19.4	776	637
Fedezetbe vont derivatív kötelezettségek	4.11	3 569	5 214
Céltartalék kötelezettségekre és költségekre	4.20	7	16
Nyeréségadó kötelezettségek		200	264
Tényleges adókötelezettségek		200	264
Egyéb kötelezettségek	4.22	478	916
Kötelezettségek összesen		807 783	828 382
Saját tőke			
Jegyzett tőke	4.23	10 849	10 849
Visszavásárolt saját részvények	4.23	(207)	(207)
Tőketartalék	4.23	27 926	27 926
Eredménytartalék	4.23	36 129	30 126
Egyéb tartalékok	4.23	2 946	2 286
Tárgyévi eredmény	4.23	6 597	6 663
Halmozott egyéb átfogó jövedelem	4.23	288	562
Saját tőke összesen		84 528	78 205
Kötelezettségek és saját tőke összesen		892 311	906 587

Statement of individual results and other comprehensive income

Data in HUF million

	Megjegyzés	2024.01.01- 2024.12.31.	2023.01.01- 2023.12.31.
Kamat és kamatjellegű bevételek		61 507	61 348
Effektív kamatláb módszerrel számított kamatbevételek	4.1	53 422	51 645
Egyéb kamatjellegű bevételek	4.1	8 085	9 703
Kamat és kamatjellegű ráfordítások		(48 672)	(52 825)
Effektív kamatláb módszerrel számított kamatráfordítások	4.1	(40 665)	(43 369)
Egyéb kamatjellegű ráfordítások	4.1	(8 007)	(9 456)
Nettó kamatjövedelem		12 835	8 523
Díj- és jutalékbevételek	4.2	186	219
Díj- és jutalékráfordítások	4.2	(288)	(366)
Nettó díj- és jutalékbevételek		(102)	(147)
Pénzügyi instrumentumok átértékelésének és kivezetésének eredménye	4.3	(2 206)	966
Eredménnyel szemben valós értéken értékelt pénzügyi instrumentumok átértékeléséből és kivezetéséből származó eredmény		884	2 193
Egyéb átfogó jövedelemmel szemben valós értéken értékelt hitelviszonyt és tulajdonviszonyt megtestesítő értékpapírok kivezetéséből származó eredmény		147	399
Amortizált bekerülési értéken értékelt hitelek és hitelviszonyt megtestesítő értékpapírok kivezetéséből származó eredmény		(3 874)	(162)
Fedezeti elszámolások eredménye		380	(1 254)
Árfolyam-különbség eredménye		257	(210)
Értékvesztés képzése a hitelezése veszteségekre, céltartalék képzése kötelezettségekre és költségekre és nem-pénzügyi eszközökre képzett értékvesztés	4.4	(535)	877
Pénzügyi eszközök, pénzügyi garanciák és adott kötelezettségvállalások várható hitelezési vesztesége		(137)	1 345
Céltartalékok peres ügyekre, átszervezési- és egyéb költségekre		10	1
Pénzügyi instrumentumok módosítási eredményéhez kapcsolódó, kivezetéssel nem járó veszteség (-) / nyereség		(357)	(469)
Egyéb pénzügyi és nem-pénzügyi eszközökhöz kapcsolódó értékvesztés képzése (-) / visszairása		(51)	0
Adminisztratív és egyéb működési költségek	4.5	(2 641)	(2 734)
Egyéb bevételek	4.6	9	36
Egyéb ráfordítások	4.6	(183)	(136)
Adózás előtti eredmény		7 177	7 385
Nyeréségadó bevétel / (ráfordítás)	4.7	(580)	(722)
Tárgyévi eredmény		6 597	6 663

Data in HUF million

	Megjegyzés	2024.01.01- 2024.12.31.	2023.01.01- 2023.12.31.
Eredménybe átsorolható tételek		(274)	505
Egyéb átfogó jövedelemmel szemben valós értéken értékelt adósságinstrumentumok		(235)	495
Valós érték változások		(118)	877
Halmozott átértékelések eredménybe történő átsorolása kivezetéskor		(117)	(382)
Eredménybe átsorolható tételekhez kapcsolódó nyereségadó		(39)	10
Eredménybe át nem sorolható tételek		0	0
Nyereségadóval nettósított egyéb átfogó időszakai jövedelem		(274)	505
Teljes átfogó jövedelem		6 323	7 168

Individual statement of changes in equity

Data in HUF million

	Megjegyzés	Jegyzett tőke	Visszavásárolt saját részesvények	Tőketartalék	Eredmény-tartalék	Egyéb tartalék	Tárgyévi eredmény	Halmozott egyéb átfogó jövedelem	Saját tőke összesen
2023.01.01		10 849	(207)	27 926	28 981	1 620	1 811	57	71 037
Tárgyévi eredmény		0	0	0	0	0	6 663	0	6 663
Nyereségadóval nettósított egyéb átfogó időszakai jövedelem		0	0	0	0	0	0	505	505
Teljes tárgyévi átfogó jövedelem		0	0	0	0	0	6 663	505	7 168
Tárgyévi általános tartalék		0	0	0	(666)	666	0	0	0
Előző évi eredmény átvétele		0	0	0	1 811	0	(1 811)	0	0
Tulajdonosokkal szembeni tranzakciók	0	0	0	0	1 145	666	(1 811)	0	0
2024.01.01.		10 849	(207)	27 926	30 126	2 286	6 663	562	78 205
Tárgyévi eredmény		0	0	0	0	0	6 597	0	6 597
Nyereségadóval nettósított egyéb átfogó időszakai jövedelem		0	0	0	0	0	0	(274)	(274)
Teljes tárgyévi átfogó jövedelem		0	0	0	0	0	6 597	(274)	6 323
Tárgyévi általános tartalék		0	0	0	(660)	660	0	0	0
Előző évi eredmény átvétele		0	0	0	6 663	0	(6 663)	0	0
Tulajdonosokkal szembeni tranzakciók		0	0	0	6 003	660	(6 663)	0	0
2024.12.31.		10 849	(207)	27 926	36 129	2 946	6 597	288	84 528

Individual cash flow statement

Data in HUF million

	Megjegyzés	2024.01.01- 2024.12.31.	2023.01.01- 2023.12.31.
Működési cash flow			
Adózás előtti eredmény		7 177	7 385
A pénzmozgással nem járó bevételekkel és kiadásokkal, kamatokkal, osztalékokkal és adókkal kapcsolatos módosítások	4.4, 4.5	160	88
Értécsökkenés, amortizáció és értékvesztés	4.4	156	(1 745)
Hitelezési kockázat kezeléshez kapcsolódó pénzügyi instrumentumok várható hitelezési vesztesége (-) / nyeresége	4.4	(47)	231
Értékpapírokra, társult és egyéb vállalkozásokban lévő részesedésekre képzett értékvesztés	4.4	(10)	(1)
Egyéb céltartalék képzés / (képzett céltartalék visszairása)	4.3	6 867	312
Kötelezően eredménnyel szemben valós értéken értékelt ügyletekkel szembeni hitelek átértékelése	4.1	(11 803)	(8 421)
Egyéb átértékelési különbözetek	4.1	(45 273)	(55 831)
Nettó kamateredmény	4.7	(670)	(432)
Pénzeszközök árfolyamváltozása és értékvesztése	4.4	156	(1 745)
Kapott kamat	4.4	(47)	231
Fizetett kamat	4.4	(10)	(1)
Nyereségadó	4.3	6 867	312
Módosító tételekkel korrigált adózás előtti eredmény:		18 862	1 818
Hitelintézetekkel szembeni követelések változása	4.13.1	(70 680)	(89 806)
Ügyletekkel szembeni követelések változása	4.13.2	5 150	10 819
Egyéb átfogó jövedelemmel szemben valós értéken értékelt tulajdonviszonyt megtestesítő értékpapírok változása	4.12.1	(37 531)	8 690
Származékos pénzügyi eszközök változása	4.10.2	(605)	4 031
Egyéb eszközök változása	4.17	(175)	(114)
Hitelintézetekkel szembeni kötelezettségek változása (rövid távú)	4.19.1	(198)	(124 402)
Egyéb pénzügyi kötelezettségek	4.19.4	189	70
Egyéb kötelezettségek	4.22	(477)	105
Származékos pénzügyi kötelezettségek változása	4.10.2	(2 858)	(1 199)
Működési tevékenység eszközeinek és kötelezettségeinek nettó változása		(107 185)	(191 806)
Működésből (felhasznált) / származó nettó pénzáramlás		(88 323)	(189 988)
Befektetési cash flow			
Tárgyi eszközök és immateriális javak beszerzése	4.14	(40)	(53)
Tárgyi eszközök és immateriális javak értékesítése	4.14	1	23
Amortizált bekerülési értéken értékelt értékpapírok beszerzése	4.13.3	(97 718)	(24 679)
Amortizált bekerülési értéken értékelt értékpapírok értékesítése	4.13.3	191 328	25 670
Befektetésből (felhasznált) / származó nettó pénzáramlás			
Finanszírozási cash flow			
Kibocsátott kötvények állományának növekedése	4.19.2	130 306	70 967
Kibocsátott kötvények állományának csökkenése	4.19.2	(83 584)	(55 556)
Lizingek miatti pénziáramlás	4.15	(50)	(46)
Hitelintézetekkel szembeni hosszú lejáratú kötelezettségek csökkenése (hosszú távú)	4.19.1	(210 000)	(17 375)
Hitelintézetekkel szembeni hosszú lejáratú kötelezettségek növekedése (hosszú távú)	4.19.1	140 000	210 000
Finanszírozásból (felhasznált) / származó nettó pénzáramlás		(23 328)	207 990
Pénzeszközök és pénzeszköz-egyenértékesek nettó növekedése / (csökkenése)		(18 080)	18 963
Pénzeszközök és pénzeszköz-egyenértékesek január 1-jén		19 305	342
Pénzeszközök árfolyamváltozása és értékvesztése	4.9	24	0
Pénzeszközök nettó változása	4.9	(18 080)	18 963
Pénzeszközök és pénzeszköz-egyenértékesek az időszak végén		1 249	19 305

III. DECISION ON THE APPROPRIATION OF THE PROFIT AFTER TAXATION

Proposal of the Board of Directors for the appropriation of the profit for 2024:

Megnevezés	millió Ft
1. Adózás előtti eredmény	7 177
2. Adófizetési kötelezettség	580
3. Tárgyévi eredmény (1.-2.)	6 597
Eredménytartalék növekedése tárgyévi eredmény miatt	6 597

Establishment of the dividend:

The proposed dividend to be paid is HUF zero, i.e. no dividend will be paid from the free profit reserve increased by the profit for the year 2024.

General reserve recognition:

As required by the **Hpt.**, the **retained earnings** will be reduced by **HUF 660 million**, corresponding to 10% of the profit after taxation, to the **Other reserve**.

Megnevezés	millió Ft
1. Általános tartalék képzés	660
Eredménytartalék csökkenése/Egyéb tartalék növekedése általános tartalék képzés miatt	660

Proposal to the General Meeting

The Board of Directors proposes that the entire amount of the distributable profit be transferred to the retained earnings, from which the statutory general reserve will be created.

IV. AUDIT REPORT ON THE INDIVIDUAL FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR 2024 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ON ITS INDIVIDUAL MANAGEMENT REPORT;



The independent auditor's report will be published in accordance with Act C of 2000 on accounting after the approval of the Standalone Financial Statements by the General Assembly.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of MBH Mortgage Bank Plc.

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of MBH Mortgage Bank Plc. (the "Company") included in the digital file 5299007F4BUUY6S14E44-2024-12-31-hu.xhtml (SHA 256 HASH algorithm value: 77E03FA86677583A31B9010B9A47488B8AA909E8577BoA237E68B3156033254D for the financial year ended on 31 December 2024 which comprise the standalone statement of financial position as at 31 December 2024 (in which total assets equal to equity and total liabilities are MHUF 892,311), the standalone statement of profit or loss and other comprehensive income (in which the total comprehensive income is MHUF 6,323 profit), the standalone statement of changes in equity, the standalone statement of cash flows for the financial year then ended and the notes to the standalone financial statements comprising material accounting policy information and other explanatory information.

In our opinion, the standalone financial statements give a true and fair view of the standalone financial position of the Company as at 31 December 2024, and of its standalone financial performance and its standalone cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the annual financial statements prepared in accordance with IFRS as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee dated 28 March 2025.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the standalone financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we also comply with further ethical requirements set out in these.

We did not provide non-audit services to the Company, in the period from 1 January 2024 to 31 December 2024.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Könyvvizsgáló Kft., 1055 Budapest, Bajcsy-Zsilinszky út 78.
T: (+36) 1 461 9100, F: (+36) 1 461 9101, www.pwc.hu



Our audit approach

Overview

Overall materiality

Overall materiality applied was MHUF 845

Key Audit Matter

Expected credit loss allowance for loans and advances to customer

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the standalone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the standalone financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the standalone financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the standalone financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the standalone financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the standalone financial statements as a whole.

Materiality

MHUF 845

Determination

1% of the standalone equity

Rationale for the materiality benchmark applied

We chose standalone equity as the benchmark because, in our view, it is a balanced benchmark which reflects the interests of the shareholders and of the regulator and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Expected credit loss allowance for loans and advances to customer

The net amount of loans and advances to customers measured at amortized cost is HUF 16,468 million on December 31, 2024. The amount of credit losses recognized in the standalone statement of financial position is MHUF 1,307.

Management disclosed related assumptions, balances and estimates in sections 2.4, 3.2.1. and 4.13.2. of the notes.

The method of the expected credit loss is based on of subjective assumptions and requires a high degree of estimation from the management, regarding both the individual and collective expected credit loss, especially considering the current uncertain economic environment.

The first step of the expected credit loss calculation is to identify whether the credit risk has increased significantly. This information determines whether a 12-month or full lifetime expected credit loss should be presented.

The Company applies impairment models to calculate expected credit loss which quantify the probability of default, exposure at default and the loss given default as the primary parameters in the estimation of the recoverable amount taking into account forward looking information – in line with the requirements of *IFRS 9 Financial instruments* standard.

The modelling methodologies are developed using historical experience, which - in uncertain economic conditions that currently vary across customer segments and industry

We gained an understanding of the monitoring process and the process of the ECL calculation. We identified the main control points and tested their operational effectiveness.

For expected credit loss allowances we assessed with the support of our experts whether the methodology applied by the Company was compliant with *IFRS 9 Financial Instruments* and the selected model parameters and the ECL balances were recalculated on a sample basis.

Furthermore, we examined the input data used to calculate the ECL and the reasonability of the parameters. We analysed the development of the expected credit loss.

We have read section 2.4, 3.2.1 and 4.13.2 of the standalone financial statements to assess whether the disclosures are consistent with the requirements of *IFRS 7 Financial Instruments: Disclosures* standard.



sectors - can result in limitations in their reliability to appropriately estimate ECL.

A further limitation is caused by the fact that the measures introduced by the Hungarian government in recent years to ease loan repayments have complicated a timely reflection of a potential deterioration of the loan portfolio and resulted in low observed default rates.

We paid considerable attention to this area during our audit due to the significance of the amounts involved and because of the subjective nature of the judgments and assumptions that management is required to make, particularly due the high level of uncertainty that can be experienced in the current economic environment.

Other information

Other information comprises the standalone business report which is named management report in the annual report of the Company for the financial year ended on 31 December 2024. Management is responsible for the preparation of the standalone business report in accordance with the provisions of the Accounting Act and other relevant regulations, and for the preparation of the annual report in accordance with Act CXX of 2001 on Capital Market. Our opinion on the standalone financial statements does not cover the standalone business report or the annual report.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated, we are required to report this fact, and based on the Accounting Act, also the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the standalone business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the standalone business report is consistent with the standalone financial statements.

In the course of fulfilling our obligation, in respect of forming our opinion on the standalone business report we have considered the requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation") as the regulation prescribing further requirements for the standalone business report.

Because the Company's transferable securities are admitted to trading on a regulated market of a Member State of the European Economic Area, our opinion on the standalone business report shall cover the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and state whether the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided.



In our opinion the other information is consistent, in all material respects, with the standalone financial statements as at 31 December 2024, and the standalone business report is consistent, in all material respects, with the provisions of the Accounting Act and the other relevant regulation referred to above.

We are not aware of any other material inconsistency or material misstatement in the other information, therefore we have nothing to report in this respect.

We state that the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided.

As the conditions in Section 95/E. of the Accounting Act on sustainability statements are not met, we have nothing to state in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

Management is responsible for the preparation of the standalone financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and to prepare the standalone financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company on 28 April 2022. Our appointment has been renewed annually by shareholders' resolutions representing a total period of uninterrupted engagement appointment of 3 years. Our appointment for the year ended 31 December 2024 was approved by the shareholders' resolution on 24 April 2024.

The engagement partner on the audit resulting in this independent auditor's report is Mészáros Balázs Árpád.

Report on the compliance of the presentation of the standalone financial statements with the requirements of the regulation on the European single electronic format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the standalone financial statements of the Company included in the digital file 5299007F4BUUY6S14E44-2024-12-31-hu.xhtml ("standalone financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the standalone financial statements in ESEF format



The management is responsible for the presentation of the standalone financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the standalone financial statements in the applicable XHTML format;
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Company's financial reporting process including compliance with the ESEF Regulation.

Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the presentation of the standalone financial statements in ESEF format complies, in all material respect, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation, and verifying whether the XHTML format was applied properly.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the presentation of the standalone financial statements in ESEF format of the Company's for the financial year ended 31 December 2024 included in the digital file 5299007F4BUUY6S1E44-2024-12-31-hu.xhtml complies, in all material respects, with the requirements of the ESEF Regulation.

Budapest, 28 March 2025

Mészáros Balázs Árpád
Statutory auditor
Licence number: 005589
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Licence number: 001464

Translation note:

This English version of our report is a translation from the original version prepared in Hungarian on the standalone financial statements prepared in Hungarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this English translation.

PROPOSED RESOLUTION**I.**

a) The General Meeting adopts the Individual Management Report of the Company for the year 2024 prepared in accordance with International Financial Reporting Standards (Report of the Board of Directors on the Company's Business for the year 2024).

b) The General Meeting adopts the Individual Financial Statements of the Company for the year 2024 prepared in accordance with International Financial Reporting Standards (Individual Statement of Financial Position, Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, Individual Statement of Cash Flows, Notes to the Individual Financial Statements).

The General Meeting establishes the individual financial statements of MBH Bank Nyrt. for 2024 prepared according to the International Financial Reporting Standards with the following main figures:

Balance sheet total:	892,311 HUF million
Profit in the current year	6,597 HUF million
Total comprehensive income:	6,323 HUF million

II.

The General Meeting decides on the appropriation of the profit after taxation for the current year as follows:

- no dividend is paid on Series A shares for the year 2024.
- the Company transfers its profit for the year 2024 (after taxation) to the retained earnings and allocates from that HUF 660 million to the statutory general reserve.



MBH Mortgage Bank Plc.

***Annual report
for the year ending 31.12.2024.***

(Free translation)

Budapest, 28 March 2025

31 December 2024



MBH Mortgage Bank Plc.

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Statistic code

***Standalone
Financial
Statements***

Prepared under
International Financial Reporting Standards
(IFRS) as adopted by the European Union

Budapest, 28 March 2025

31 December 2024

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STANDALONE STATEMENT OF FINANCIAL POSITION

	Note	31.12.2024	31.12.2023
Assets			
Cash and cash-equivalents	4.9	1 249	19 305
Financial assets measured at fair value through profit or loss		6 860	7 875
Loans and advances to customers mandatorily at fair value through profit or loss	4.10.1	5 481	6 310
Derivative financial assets	4.10.2	1 379	1 565
Hedging derivative assets	4.11	1 431	640
Financial assets measured at fair value through other comprehensive income		47 196	9 999
Debt and equity securities	4.12.1	47 196	9 999
Financial assets measured at amortised cost		834 702	867 975
Loans and advances to banks	4.13.1	593 463	523 272
Loans and advances to customers	4.13.2	16 468	20 540
Debt securities	4.13.3	224 418	323 975
Other financial assets	4.13.4	353	188
Property and equipment	4.14, 4.15	104	143
Intangible assets	4.14	150	247
Income tax assets		363	337
Deferred income tax assets	4.16	363	337
Other assets	4.17	256	66
Total assets		892 311	906 587
Liabilities			
Financial liabilities measured at fair value through profit or loss		159	1 372
Derivative financial liabilities	4.10.2	159	1 372
Financial liabilities measured at amortised cost		803 370	820 600
Amounts due to banks	4.19.1	374 995	445 316
Issued debt securities	4.19.2	427 599	374 647
Other financial liabilities	4.19.4	776	637
Hedging derivative liabilities	4.11	3 569	5 214
Provisions for liabilities and charges	4.20	7	16
Income tax liabilities		200	264
Current income tax liabilities		200	264
Other liabilities	4.22	478	916
Total liabilities		807 783	828 382
Equity			
Share capital	4.23	10 849	10 849
Treasury shares	4.23	(207)	(207)
Share premium	4.23	27 926	27 926
Retained earnings	4.23	36 129	30 126
Other reserves	4.23	2 946	2 286
Profit for the year	4.23	6 597	6 663
Accumulated other comprehensive income	4.23	288	562
Total equity		84 528	78 205
Total liabilities and equity		892 311	906 587

Approved for issue on behalf of the Board of Directors in Budapest on 28 March 2025.

Dr. Gyula László Nagy
CEO

Illés Tóth
Deputy CEO

STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Interest income		61 507	61 348
Interest income using effective interest rate method	4.1	53 422	51 645
Other income similar to interest	4.1	8 085	9 703
Interest expense		(48 672)	(52 825)
Interest expense using effective interest rate method	4.1	(40 665)	(43 369)
Other income similar to interest	4.1	(8 007)	(9 456)
Net interest income		12 835	8 523
Fee and commission income	4.2	186	219
Fee and commission expenses	4.2	(288)	(366)
Net income from fees and commission		(102)	(147)
Result from remeasurement and derecognition of financial instruments	4.3	(2 206)	966
Result from remeasurement and derecognition of financial instruments measured at fair value through profit or loss		884	2 193
Result from derecognition of debt and equity securities measured at fair value through other comprehensive income		147	399
Results from derecognition of loans and debt securities measured at amortised cost		(3 874)	(162)
Results from hedge accounting		380	(1 254)
Foreign exchange gains less losses		257	(210)
Allowances for expected credit losses, provisions for liabilities and charges and impairment of non-financial assets	4.4	(535)	877
Expected credit loss on financial assets, financial guarantees and loan commitments		(137)	1 345
Provisions for litigation, restructuring and similar charges		10	1
(Loss) / gain on modification of financial instruments that did not lead to derecognition		(357)	(469)
(Impairment) / reversal of impairment on other financial and non-financial assets		(51)	0
Administrative and other operating expense	4.5	(2 641)	(2 734)
Other income	4.6	9	36
Other expense	4.6	(183)	(136)
Profit before taxation		7 177	7 385
Income tax income / (expense)	4.7	(580)	(722)
Profit for the year		6 597	6 663

	Note	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Items that may be reclassified to profit or loss		(274)	505
Debt instruments at fair value through other comprehensive income:		(235)	495
Fair value changes		(118)	877
Reclassification of accumulated remeasurements to profit or loss upon de-recognition		(117)	(382)
Income tax relating to items that may be reclassified subsequently	4.7	(39)	10
Items that may not be reclassified to profit or loss		0	0
Other comprehensive income/ (loss) for the year net of tax		(274)	505
Total comprehensive income		6 323	7 168
Earnings per share (HUF 100 face value)			
Basic	4.26	54.84	55.40
Diluted	4.26	54.84	55.40
Weighted average number of shares (piece)		108 236 699	108 236 699

STANDALONE STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	(-) Treasury shares	Share premium	Retained earnings	Other reserves	Profit for the year	Accumulated other comprehensive income	Total equity
01.01.2023		10 849	(207)	27 926	28 981	1 620	1 811	57	71 037
Profit for the year		0	0	0	0	0	6 663	0	6 663
Other comprehensive income for the year net of tax		0	0	0	0	0	0	505	505
Total comprehensive income for the year		0	0	0	0	0	6 663	505	7 168
General reserve for the year		0	0	0	(666)	666	0	0	0
Transfer of previous year's profit		0	0	0	1 811	0	(1 811)	0	0
Transactions with Owners		0	0	0	1 145	666	(1 811)	0	0
01.01.2024		10 849	(207)	27 926	30 126	2 286	6 663	562	78 205
Profit for the year		0	0	0	0	0	6 597	0	6 597
Other comprehensive income/(loss) for the year net of tax		0	0	0	0	0	0	(274)	(274)
Total comprehensive income for the year		0	0	0	0	0	6 597	(274)	6 323
General reserve for the year		0	0	0	(660)	660	0	0	0
Transfer of previous year's profit		0	0	0	6 663	0	(6 663)	0	0
Transactions with Owners		0	0	0	6 003	660	(6 663)	0	0
31.12.2024		10 849	(207)	27 926	36 129	2 946	6 597	288	84 528

STANDALONE STATEMENT OF CASH FLOWS

	Note	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
<i>Cash flow from operating activities</i>			
Profit/ (Loss) before taxation		7 177	7 385
<i>Adjustments for non-cash income and expenses, interest, dividends and tax:</i>			
Depreciation, amortisation and impairment	4.4, 4.5	160	88
Expected credit loss / (reversal) on financial instruments held for credit risk management	4.4	156	(1 745)
Impairment / (Reversal of impairment) on securities, associates and other investments	4.4	(47)	231
(Reversal of provisions for) / Recognise provision on other items	4.4	(10)	(1)
Revaluation of loans and advances to customers mandatorily at fair value through profit or loss	4.10.1	(15)	(1 043)
Other revaluation differences	4.3	6 867	312
Net interest income	4.1	(11 803)	(8 421)
Foreign Exchange movement	4.3	(24)	0
Interest received	4.1	62 344	61 275
Interest paid	4.1	(45 273)	(55 831)
Income tax	4.7	(670)	(432)
Adjusted profit / (loss) before taxation		18 862	1 818
Change in loans and advances to banks	4.13.1	(70 680)	(89 806)
Change in loans and advances to customers	4.13.2	5 150	10 819
Change in financial assets measured at fair value through other comprehensive income	4.12.1	(37 531)	8 690
Change in derivative assets	4.10.2	(605)	4 031
Change in other assets	4.17	(175)	(114)
Change in amounts due to banks (short term)	4.19.1	(198)	(124 402)
Change in other financial liabilities	4.19.4	189	70
Change in other liabilities	4.22	(477)	105
Change in derivative liabilities	4.10.2	(2 858)	(1 199)
Net change in assets and liabilities of operating activities		(107 185)	(191 806)
Net cash (used in) / generated by operating activities		(88 323)	(189 988)
<i>Cash flow from investing activities</i>			
Purchases of property, equipment and intangible assets	4.14	(40)	(53)
Disposals of property, equipment and intangible assets	4.14	1	23
Purchase of securities measured at amortised cost	4.13.3	(97 718)	(24 679)
Redemption of securities measured at amortised cost	4.13.3	191 328	25 670
Net cash (used in) / generated by investing activities		93 571	961
<i>Cash flow from financing activities</i>			
Increase in issued securities	4.19.2	130 306	70 967
Decrease in issued securities	4.19.2	(83 584)	(55 556)
Cash outflows due to leases	4.15	(50)	(46)
Decrease in long term amounts due to banks	4.19.1	(210 000)	(17 375)
Increase in long term amounts due to banks	4.19.1	140 000	210 000
Net cash (used in) / generated by financing activities		(23 328)	207 990
Net increase / (decrease) of cash and cash-equivalents		(18 080)	18 963
Cash and cash-equivalents at 1 January		19 305	342
FX change on cash and cash-equivalents	4.9	24	0
Net cash-flow of cash and cash-equivalents	4.9	(18 080)	18 963
Cash and cash-equivalents at the end of the year		1 249	19 305

1. GENERAL INFORMATION

The stand-alone financial statements for the year ended 31 December 2024 were approved by the resolution of the Board of Directors as of 28 March 2025. The final approval on the stand-alone financial statements is provided by the General Meeting.

MBH Mortgage Bank Public Limited Company (hereinafter MBH Mortgage Bank Co. Plc., Mortgage Bank, Bank, Company) was established on October 21, 1997 under the name of FHB Land Credit and Mortgage Bank Company and later under the name of Takaréktör Mortgage Bank Co. Plc. (between 25th June 2018 and 1st of May 2023).

The Bank's operations are provided by the Act XXX of 1997 on Mortgage Loan Companies and Mortgage Bonds as well as Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Credit Institution Act).

The license of operation, issued by the Hungarian Financial Supervisory Authority, specifies the Bank's activities and their conditions.

The Bank's core business as a specialized credit institution includes primarily the refinancing of long-term mortgage loans secured by mortgaged properties, and the issuance of long-term mortgage covered bonds (mortgage bonds).

On September 23, 2015 the Bank joined the Integration of Cooperative Credit Institutions. Consequently, the H-N-I-654/2015. resolution of the Hungarian National Bank declared that members of the former Bank Group are under the combined supervision of the MTB Bank of Hungarian Savings Cooperatives Co. Ltd. Group from 1st of January 2017 onwards.

From 24 September 2015 the principle of joint and several responsibilities-defined in Section 4 of Article 1 of Szhtv-covered both Takaréktör Mortgage Bank and Takaréktör Commercial Bank (hereinafter Commercial Bank), according to the decision of the Board of Directors of MTB Ltd., thus Takaréktör Mortgage Bank and Commercial Bank have become members of the Guaranty Community of Savings Cooperatives.

In December 2017 the Bank sold the majority of their direct and indirect investments, while Takaréktör Commercial Bank Ltd. remained in its portfolio until 29 October 2019. As a result of a transaction dated on the same day Takaréktör Mortgage Bank sold its 51% share in Takaréktör Commercial Bank to the MTB Ltd., since 1 May 2023 MBH Investment Bank Ltd.

Mortgage Bank starting from April 2018 has stopped its own lending activity, operates as pure refinancing mortgage bank, its main activities being the refinancing of mortgage loans for members of the MBH Integration Group and partner banks outside the Group, and the issuance of mortgage bonds.

In accordance with the resolution of the Magyar Nemzeti Bank (central bank of Hungary, MNB) and after the decision of the General Meeting, Budapest Bank and Hungarian Takaréktör Bankholding (MTBH) merged into MKB Bank on 1 April 2022. At that time, MTB Bank of Hungarian Savings Cooperatives had a direct ownership of 88.13% in Takaréktör Mortgage Bank Co. Plc. and also directly owned 88.33% of the voting rights. As a result of MTBH's the merger MKB Bank (as the legal successor of MTBH) became the indirect owner of Takaréktör Mortgage Bank Co. Plc. with a stake of 88.13%, and also acquired indirectly the 88.33% of the voting rights in the company.

On 18 October 2022, as a result of the sale and purchase of shares, MKB Bank Plc. acquired 43,076,417 pcs of series "A" dematerialized ordinary shares with a nominal value of HUF 100 per share owned by MTB Ltd. in Takaréktör Mortgage Bank. With this transaction, MKB Bank acquired 39.8 % direct qualifying stake (voting rights) in Takaréktör Mortgage Bank. Hence, MTB Ltd.'s ownership decreased to 48.42%. Magyar Posta Ltd. acquired MKB Bank Plc.'s full stake in Takaréktör Mortgage Bank on 2 December 2022. As a result of this transaction based on exchange of shares, Magyar Posta Ltd. acquired a 39.71 % direct qualifying stake (voting rights) in Takaréktör Mortgage Bank.

On 9 December 2022, the supreme bodies of MKB Bank and Takaréktörbank Zrt. adopted the proposals for the merger of the two member banks as part of the implementation of the second step of the merger schedule

of Magyar Bankholding. According to the decisions of the General Meetings, the two member banks of the banking group, MKB Bank Nyrt. and Takarékbank Zrt., merged on 30 April 2023 and then continue their operations under the name MBH Bank Nyrt, with a single brand name and image.

On 10 March 2023, the Extraordinary General Meeting of the Bank decided in its Resolution 1/2023 (10.03.2023) to change the name of the Mortgage Bank with effect from 1 May 2023: it will continue to operate under the name MBH Mortgage Bank Co. Plc.

Despite the still complex geopolitical and macroeconomic environment, MBH Mortgage Bank has maintained its status as an active issuer of mortgage bonds in 2024.

In 2024, mortgage bonds with a nominal value of HUF 59.6 billion were issued in eight transactions, of which green mortgage bonds were issued in two transactions for a total of nearly HUF 14.5 billion. The active market environment was driven by an improving market environment, a reduction in mark-ups due to higher mortgage rating and an increase in mortgage lending. In August 2024, for the first time since March 2018, an unsecured bond issue of HUF 70 billion was also launched.

As of 22 July 2024, Moody's Investor Service again rating MBH Mortgage Bank (Ba3/NP for its long- and short-term issuer ratings and Baa3/P-3 for its long- and short-term Counterparty Risk Ratings (CRRs)), its long and short-term Counterparty Risk (CR) Assessment Baa3(cr)/P-3(cr), and mortgage bonds issued by MBHJ for which it has assigned a long-term A1 rating (the Counterparty Risk (CR) Assessment is Baa3(cr)). The rating of the mortgage bonds is 4 notches higher than the rating of Hungarian sovereign debt.

Based on the decision of MBH Mortgage Bank's Board of Directors, MBH Mortgage Bank has withdrawn the Standard and Poor's rating of its mortgage bonds, which is 4 notches lower than Moody's rating. Subsequently, on 5 November 2024, S&P Global Ratings announced that it has withdrawn its 'BBB' rating (stable outlook) on MBH Mortgage Bank Plc's mortgage bond issuance programme and its mortgage bonds at the request of the Issuer.

In 2024, MBH Mortgage Bank successfully continued its green mortgage bond fundraising activities, which resulted in an increase in its green mortgage bond portfolio to HUF 48.6 billion. In its ESG Strategy, MBH Mortgage Bank has set a target for increasing the share of green mortgage bonds to 15% in the total outstanding mortgage bond portfolio by 2025. The share of green mortgage bonds was 12.9% at the end of Q3 2024.

1.1. Ownership structure

The shareholder structure of MBH Mortgage Bank Plc. is the following as of 31 December 2024:

Shareholder	2024		2023	
	Holding (%)	Number of shares (piece)	Holding (%)	Number of shares (piece)
Ordinary shares listed on BSE (Series "A")				
Domestic institutional investors	52.1	56 520 385	52.1	56 527 499
Foreign institutional investors	0.01	7 278	0.01	6 705
Domestic private investors	2.82	3 056 794	2.83	3 052 987
Foreign private investors	0.03	33 618	0.01	21 489
Treasury shares	0.23	253 601	0.23	253 601
Part of public finance	44.79	48 597 602	44.8	48 597 602
Other	0.02	21 022	0.03	30 417
Subtotal (Series "A")	100	108 490 300	100	108 490 300

MBH Bank's controlling stake in MBH Mortgage Bank is 52,0801%. The MBH Bank has no ultimate controlling party.

Direct owners with more than 5% ownership relating to listed series

Ownership structure	Custodian Bank (yes/no)	2024 Number of shares (piece)	Stake (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Ownership structure	Custodian Bank (yes/no)	2023 Number of shares (piece)	Részesedés (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Direct owners with more than 5% ownership relating to total equity

Ownership structure	Custodian Bank (yes/no)	2024 Number of shares (piece)	Stake (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Ownership structure	Custodian Bank (yes/no)	2023 Number of shares (piece)	Részesedés (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Chairman of the Board of Directors

József Vida

Chairman of the Supervisory Board

Dr. Géza Károly Láng

Members of the Board of Directors

Dr. Gyula László Nagy
Illés Tóth
Ildikó Ginzer
Dr. Ilona Török
Szabolcs Károly Brezina

1.2. Availability of financial statements and annual report

The annual report, which is prepared by the Bank every year, does not contain the Business Report, while it is available for inspection on the Bank's website and at the registered office.

Seat: 1117 Budapest, Magyar Tudósok körútja 9. G. ép.
Website address: www.mbhjelzalogbank.hu

MBH Mortgage Plc. prepares its Stand-alone Financial Statements under IFRS, that is published and available at:

<https://www.mbhmortgagebank.hu/for-investors/financial-data>

Mortgage bank, a specialized credit institution subject to the Mortgage Act, does not prepare a separate segment report, the consolidated financial statement of its parent company, MBH Bank Plc. contains segment information related to the group.

Auditor company

PricewaterhouseCoopers Auditing Ltd.

Statutory registered auditor

Balázs Árpád Mészáros

Responsible person for the control and management of accounting services:

Ildikó Brigitta Tóthné Fodor (registration number 007048)

Fee of audit and other services provided by the auditor*:

	2024	2023
Annual fee of audit services	36	31
Total fee of services provided by the auditor	36	31

* The fees shown are in million HUF and not include VAT and also there was no other, non-audit fee.

1.3. Changes in the legal and regulatory environment and its effect on the stand-alone financial statements

During the year, the Group's activities were affected by the following government regulations and other legal regulatory instruments and amendments:

- the Government Decrees on the different application of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises and certain related legal provisions;
- the amendments to Government Decree No 197/2022 (4.VI.) on extra-profit taxes (most recently 356/2024 (21.XI.)), which change the relevant regulation of the special tax for credit institutions and financial undertakings;
- Government Decree No 522/2023 (30.11.23) on the different application of Act CLXII of 2009 on credit for consumers in emergency situations Government Decree No 782/2021 (24.12.21) 130/2024 (20.6.24) (XII.24.), extending the interest rate freeze measure applicable to residential mortgage credit contracts until 31 December 2024, and amending Decree No 374/2024 (XII.2.), extending the interest rate freeze measure applicable to residential mortgage credit contracts until 30 June 2025

In 2022, the MNB revised again the regulations on JMM (Mortgage Funding Adequacy Ratio). Pursuant to the amendment from 1 July, 2022 under the specified conditions foreign currency mortgage-based sources can also be taken into account when calculating the indicator, thus supporting the expansion of the range of investors in mortgage bonds. It is only possible to set off funds secured by corporate loans secured by commercial real estate to a limited extent. At the same time the indicator's denominator will also be extended to foreign currency residential mortgage loans.

In view of the uncertain macroeconomic and financial environment, the MNB reviewed its further decisions of aggravation and postponed by one year to 1 October, 2023 the increasing of the minimum expected level of the JMM indicator from 25 to 30 percent, as well as the tightening of restrictions on cross-ownership of mortgage bonds between banks.

From 1 July 2022, mortgage funding denominated in foreign currency will also be eligible for the calculation of the mortgage funding compliance ratio (JMM), subject to certain restrictions. For these sources, the MNB has planned to introduce the eligibility of green mortgage bonds only from autumn 2024 in order to enforce and strengthen environmental sustainability objectives.

However, given the still uncertain market environment, the still low proportion and slow recovery of the pools of loans eligible as collateral and the administrative difficulties of raising funds and entering the foreign currency mortgage bond markets, it has become necessary to postpone the entry into force of the

requirement from 1 October 2024. The amendment will support banks' compliance with the JMM regulation in a different economic environment than in the past, and will also help to reap the financial stability benefits of denomination and investor diversification.

The members of the banking group are subject to the global minimum tax under Act LXXXIV of 2023, but are temporarily exempted from paying the tax under Article 47 of this Act.

1.4. Sustainability activity (ESG)

MBH Mortgage Bank published its 2023 standalone Sustainability Report in July 2024, in line with the ESG development roadmap.

(https://www.mbhjelzalogbank.hu/sw/static/file/FIN_MBH_JZB_ESG_jelentes_2024_HUN_0711.pdf)

Following the practice of previous years, MBH Mortgage Bank will publish a separate Sustainability Report in 2025 for the year 2024..

1.5. Segment report

Considering that, Mortgage Bank starting from April 2018 has stopped its own lending activity, operates as pure refinancing mortgage bank, therefore separate segments cannot be identified. MBH Bank Plc. as the parent company publishes the segment report in its consolidated financial statement.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Accounting policies are the specific principles, bases, conventions, rules and practices adopted by the Bank in preparing and presenting the separate financial statements. Current note contains the main accounting policies and principles that can be interpreted at a general level, for more detailed accounting policies related to specific balance sheet and profit and loss items please see Note 4.

2.1. Basis of reporting

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter: "IFRS").

The functional currency of the members of the Bank is the Hungarian forint (HUF). In these financial statements, all figures are presented in millions of HUF, and any different amounts are indicated separately.

2.2. Foreign currencies

Items included in the financial statements of each of the Bank's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions in foreign currencies are translated to the respective functional currencies of Bank entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the official exchange rate of the NBH at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

2.3. Presentation in the financial statements

The separate financial statements have been prepared based on going concern assumption. The management neither intends to liquidate the Bank nor to cease trading. The management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Bank's ability to continue as a going concern. The Bank has a history of profitable operations and ready access to financial resources.

2.4. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense.

Management discusses with the Bank's Supervisory Board the development, selection and disclosure of the critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see Note 3).

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Allowances for credit losses

Credit risk is identified and measured in accordance with the Bank's impairment and provisioning policy, so in this context, when applying impairment models based on expected credit losses, the Bank considers all reasonable supportable information available without undue cost or effort. Forward-looking information, including other past and macroeconomic factors affecting the debtor and influencing the evolution of credit risk (for example, the probability of default (PD), the loss-to-default ratio (LGD), the exposure value, the historical and expected changes in the collateral) is taken into account in expected credit loss (hereinafter: ECL) models. In determining the recognition and reversal of ECL, as well as the creation, release and use of provisions, the Bank takes into account the parameters above and the expected return in accordance with the principles of IFRS. When determining the expected credit loss and the expected return, the probability and magnitude of the loss, as well as the probability and extent of the return, must be taken into account. More details can be found in Note 3.2.1.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument (see Note 4.24).

Deferred tax on tax loss carryforward

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

For further information about the deferred tax on tax loss carryforward, please refer to Note 4.16.

2.5. Change in estimates

There are not any significant areas, where there is any material change in estimates.

2.6. Offsetting

The Bank does not offset financial assets and financial liabilities, incomes and expenses unless required or permitted by a standard or an interpretation. (For example, year-end not realized foreign exchange gains and losses, or exceptional financial instruments and cash-flow statements.). Usually, the Bank use offsetting if the economic events are the same or similar and gains and losses arising from similar transactions are not material or their separation is not material, when offsetting reflects the economic content better.

2.7. Errors

After the balance sheet date of the consolidated financial statements of 2023 there were no mistakes or errors discovered which are significant and affect the decision made by the users based on the financial statements.

2.8. Adaptation of revised and new IFRS/IAS Standards

2.8.1. The effect of adopting new and revised International Reporting Standards effective from 1 January 2024

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IFRS 16 „Leases”**: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1 „Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 7 „Statement of Cash Flows” and IFRS 7 „Financial Instruments: Disclosures”**: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

The adoption of these amendments to the existing standards (not mentioned above) has not led to any material changes in the Bank's financial statements.

2.8.2. New standards and amendments to the existing standards issued by IASB not yet effective and/or not yet adopted by the EU

- **Amendments to IAS 21 „Lack of Exchangeability”** (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January).
- **Amendments to IFRS 9 and IFRS 7** (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). Amendments to the Classification and Measurement of Financial Instruments.
- **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). IFRS 18 will replace IAS 1.
- **IFRS 19 „Subsidiaries without Public Accountability: Disclosures”** (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).

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

2.8.3. New standards and amendments to the existing standards issued by IASB but rejected or deferred by the EU

- **IFRS 14 „Regulatory Deferral Accounts”** (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016, only applicable in a first-time adopter's first financial statements under IFRS) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- **Amendments to IFRS 10 „Consolidated Financial Statements” and IAS 28 „Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). The effective date is deferred indefinitely.

The Bank is currently assessing the impact of those above-mentioned standards.

2.8.4. Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026)

- **IFRS 1** was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the ‘qualifying criteria’, rather than ‘conditions’ for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in **IFRS 1** and the requirements for hedge accounting in **IFRS 9**.
- **IFRS 7** requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included ‘significant unobservable inputs’. This new phrase replaced reference to ‘significant inputs that were not based on observable market data’. The amendment makes the wording consistent with **IFRS 13**.
- **IFRS 16** was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with **IFRS 9**, the lessee is required to apply **IFRS 9** guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.
- In order to resolve an inconsistency between **IFRS 9** and **IFRS 15**, trade receivables are now required to be initially recognised at ‘the amount determined by applying **IFRS 15**’ instead of at ‘their transaction price (as defined in **IFRS 15**)’.
- **IFRS 10** was amended to use less conclusive language when an entity is a ‘de-facto agent’ and to clarify that the relationship described in paragraph B74 of **IFRS 10** is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent.
- **IAS 7** was corrected to delete references to ‘cost method’ that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment ‘Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate’.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank’s consolidated financial statements.

3. RISK MANAGEMENT

3.1. Introduction and overview

MBH Mortgage Bank Plc. (in the following: Bank) is a member of the Integration Organization, as well as the management organization of the Integration under Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions (in the following: Szhitv.). As a consequence of its Integration membership, the Bank is subject to the risk management policies of the Integration. The Bank is a member of the MBH Group, therefore its operation must also comply with the group-wide internal regulations of MBH Bank Plc.

Based on the Section 5/A (1) of the Act on the Integration of Cooperative Credit Institutions the Integration Organization and its members shall be jointly and severally liable for each other's obligations in accordance with the rules of the Civil Code. Joint and several liability shall extend to all claims against the Integration Organization and its members, irrespective of the date on which they arose.

Based on the Section 5 of Article 1 of Szhitv. the Integration Organisation and its members are under the combined supervision according to Credit Institution Act. The Bank forms an independent (sub)consolidation group (MBH Integration Group) with subsidiaries subject to consolidated supervision of MBH Investment Bank Ltd., which is also part of the MBH Group controlled by MBH Bank Plc.

If the conditions are met in the Article 10 of the EU Regulation No 575/2013 (CRR) of the European Parliament and of the Council based on the Section 5 of Article 1 of Szhitv the integration of cooperative credit institutions is exempted from individual applying of the requirements are defined in the Section (2)-(8) of CRR. According to the resolution no. H-JÉ-I-209/2014 (on 3 March 2014) the National Bank of Hungary (MNB) authorized the members of the Integration to apply individual exemption based on the Article 10 of CRR.

The Integration and its member institutions seek to create an integrated and Integration-wide risk culture that ensures the identification, measurement and management of emerging risks in accordance with their risk appetite and their level of risk tolerance.

MBH Bank's group-level risk strategy defines the range of risks that the Bank and other members of the MBH Integration Group can take on, the risk management and measurement tools to be applied, and defines the general risk-taking principles and rules to be followed by the Bank. In the course of its operations, the Bank strives to maintain a risk culture that ensures the identification, measurement and management of emerging risks in accordance with risk appetite. Internal policies, strategies, regulations and guidelines, communication and employee training are the primary tools for a corresponding risk culture.

The Bank activities involve a certain degree of risk assumption. The measurement, evaluation, acceptance and management of these risks are integral parts of the Bank's daily operative activity.

Risk management is an integral part of the Bank's operations and a crucial component of its business and overall financial performance. The Bank's risk management framework has been designed to support the continuous monitoring of the changes of the risk environment and is supported by the strong commitment to a prudent risk management culture both on the strategy and business line levels.

The main principles and priorities of the risk management function include the ultimate oversight by the Board of Directors (the approval of the Supervisory Board is also required for some specifically defined risk decisions), the importance of independent review of all risk-taking activities separately from business lines, and the proper evaluation, diversification, limitation, monitoring and reporting of all risks. Decisions in respect of major risk principles are approved at group level, and are implemented individually by the own decision making boards of the Bank members.

The risk self-assessment and the identification of material risks are prepared at least annually as part of the Internal Capital Adequacy Assessment Process (ICAAP) review process.

The most significant risks MBH Mortgage Bank needs to manage are the followings:

Credit risk

- ***Credit risk***

The risk of lending comprises the potential risk of the business partner failing to fulfill its payment obligations or failing to do so on time as well as the risk of the value of the receivable diminishing because the business partner's credit rating decreases. Risks originated from loans or other loan type commitments extended to associated enterprises are also included in the Bank's credit risk managing mechanism.

- ***Counterparty risk***

Counterparty risk means potential losses from a counterparty's failure to perform its contractual obligation before the conclusion of the specific transaction (i.e. before the final settlement of cash flows). As a type of credit risk, this risk affects derivatives, repurchase agreements (hereinafter: „repo”) and other securities financing transactions. Another characteristic feature of counterparty risks is their bilateral character; in other words, the respective positions can take on an opposing (market) risk profile from the perspective of the counterparties participating in the given transaction which, among other things, provides an opportunity for netting positions and settlements.

- ***Credit valuation adjustment risk (CVA)***

Credit valuation adjustment risk is defined as the adjustment of the counterparty's portfolio to the average market value.

- ***Concentration risk***

The concentration of risks means the risk exposure that is able to generate such losses that endangers the institution's business activities or causes significant changes in the risk profile of the institution. It is fundamentally originated from credit risk, but it causes effect with other risks in tight interaction.

- ***Foreign exchange (FX) lending risk***

FX lending risk is the potential threat of a loss from lending in a currency other than the legal currency of the country of the borrower's residence.

Liquidity risk

Liquidity is the institution's ability to finance the growth of its assets and meet its maturing obligations without incurring significant and unexpected losses. Liquidity risk is embodied in long-term lending from short-term liabilities (maturity transformation carried out for the sake of profitability), mass disinvestment before maturity, the renewability of funds, changes in funding costs, environmental effects and the uncertainty of the behaviour of other market participants.

Market risk

Market risk is the current or prospective risk of losses on balance sheet and off-balance sheet positions arising from changes in market prices (changes in bond prices, security or commodity prices, exchange rates or interest rates that impact the positions).

- ***Currency risk***

Currency risk means the risk of having the profit or the capital of the Bank decreasing or being totally lost due to changes in the levels and proportions of the currency exchanges.

- ***Interest rate risk in the banking book***

Interest rate risk in the banking book is the possibility that income and/or institution's economic value of equity originating from banking book positions changes adversely as a result of changes in market interest rates.

- ***Credit spread risk from non-trading book activities***

Risk driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework such as IRRBB or by expected credit/(jump to-) default risk. Credit spread risk captures the risk of an instrument's changing spread while assuming the same level of creditworthiness, i.e. how the credit spread is moving within a certain rating/PD range.

Operational risks

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

- ***Legal and business risk***

Legal risk is the risk of losses due to the non-observance of the scope set by legal provisions and jurisdiction caused by ignorance, lack of diligence in applying law, a delay in reacting to changes in legal framework conditions, unexpected or ex post facto changes in legal framework respectively courts diverse legal judgements from the Bank's side. The legal risk includes conduct risk in the supply of financial services originated from an inadequate supply of services or deliberately exhibited impermissible conduct. This includes risks arising from fraud and unfair, unethical or aggressive trading practices harmful to consumers.

- ***Reputational risk***

Reputational risk is the current or prospective indirect risk to liquidity, earnings and capital arising from adverse perception of the image of the financial institution on the part of customers, counterparties, shareholders, investors or regulators. It is manifested in the fact that the external opinion on the institution is less favourable than desired.

- ***Modelling risk***

Modelling risk is the risk of loss resulting from decisions based on using insufficiently accurate models. Mistakes in models are not necessarily, or not primarily occur from negligence instead limitations of knowledge, not enough data, or changes that cannot be read from past data: simply the fact that the models are never perfect.

- ***Information and communication technology (ICT) risk***

ICT risk means the current or prospective risk of losses due to the inappropriateness or failure of the hardware and software of technical infrastructures, which can compromise the availability, integrity, accessibility and security of such infrastructures and of data. ICT risk also includes risks occurring from outsourcing of ICT relevant systems.

Other significant risks

- ***Strategic and business risk***

Strategic risk is defined as the negative impact on capital and income of business policy decisions, deficient or unsatisfactory implementation of decisions, or slow adjustment to changes in the economic environment. Business risk is defined as unexpected changes in the economic environment that cause negative changes in business volume or margins and are not attributable to other types of risk. It quantifies the difference between planned and actual costs and income.

Risk management governance

The Bank's Risk Strategy was set up in accordance with the Business Strategy and the regulations of the NBH. The tasks incorporated in the Risk Strategy aiming to ensure a balanced risk / return relationship, development of a disciplined and constructive control environment, defining the Bank's risk assumption willingness, risk appetite and the on-going ability of the Bank to manage its risks and the maintenance of its funds to cover risk exposures in long-term. This will also ensure the capital preservation and guarantee the solvency of the Bank at any time.

Committees	Main responsibilities
Supervisory Board	The Supervisory Board controls the management of the Company in order to protect the interests of the Company; It controls the harmonized and prudent operation of the Company and the credit institutions, financial enterprises and investment companies under its controlling influence; The Supervisory Board steers the company's internal audit organization; Its task is to analyse regular and ad-hoc reports prepared by the Board of Directors; It decides on matters conferred to its competence by the Civil Code, Credit Institutions Act or the Articles of Association.
Audit Committee	The Audit Committee assists the Supervisory Board in the audit of the financial reporting system and in the selection of the auditor and in cooperation with the auditor.
Nomination Committee	The Nomination Committee is responsible for nominating and recommending nominees to the Supervisory Board and the Board of Directors, with the exception of the members of the Supervisory Board representing the employees. It is furthermore responsible for determining the skills and tasks required for membership of the management bodies, evaluating the composition and performance of the management bodies and its members. Determining the gender ratio within the management body and developing the strategy necessary to achieve this. It regularly reviews the Company's policy on the selection and appointment of managing directors.
Board of directors	As the company's operative managing body the Board of Directors carries out management-related tasks and ensures the keeping of the company's business books in compliance with the regulations; It pursues tasks related to the shares and dividend, tasks related to the company's organization and scope of activities, tasks related to strategic planning (preparation of the business policy and financial plan, and approval of the risk strategy), it approves the policies related to risk assumptions, it evaluates regular and ad-hoc reports.
Asset and Liability Committee (J-EFB)	The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation. The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters. It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations. It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits.
Methodology Committee (MC)	The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation. It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group. Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits. Taking decisions on operational risk management measures. As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility.
Refinancing Lending Committee	The purpose of the operation of the Refinancing Lending Committee is to make the necessary decisions to establish certain terms and conditions of the Bank's refinancing business that will be concluded with a particular partner bank (framework agreement).

Green Covered Bond Committee	Bank established its Green Covered Bond Committee (hereinafter referred as GCBC) to increase the role of green factors in its business and risk management governance. The Committee consists of the CEO, deputy CEO responsible for the Risk Management – Chairman of GCBC, Heads of Capital Market, Refinancing, ALM, Collateral Registry, Collateral Management. GCBC reports directly to the Management of Board. Pursuant to the internal regulations, the GCBC decides on the 'green' quality if new collateral is involved, and regularly reviews the adequacy of the green collateral behind the issued green mortgage bonds.
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3.2. Risk factors

3.2.1. Credit risk

Credit risk is the risk of financial loss if a customer or a counterparty fails to meet an obligation under a contract. It arises principally from the Bank's lending business, but also from certain off-balance products such as guarantees, and from assets held in the form of debt securities.

For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Credit risk management

The Bank has standards, policies and procedures dedicated to the effective monitoring and managing risk from lending (including debt securities) activities. The risk management of the Bank controls and manages credit risks at high standards, in a centralised manner. Its responsibilities include:

- Formulating the Bank's credit policy in consultation with business units by establishing credit approval policies, standards, limits and guidelines that define, quantify, and monitor credit risk.
- Establishing the authorisation structure for the approval and renewal of credit facilities. In order to establish an adequate credit decision-making system in which decisions are made on time, the limit amounts are established differently according to the customer segment, the customer quality and the business line, for the delegated credit decision authorities and the boards and individual decision-makers of the Business and Risk Units.
- Monitoring the performance and management of retail and wholesale portfolios across the Bank.
- Supervising the management of exposures to debt securities by establishing controls in respect of securities held for trading purposes.
- Establishing and maintaining the Bank's concentration risk management policies ensuring that the concentration of exposure does not exceed the limits stated in the internal and regulatory limit systems and concentration risks are effectively managed without any need for additional capital requirements if possible.
- Developing and maintaining the Bank's risk assessment systems in order to categorise the exposures according to the degree of the risk of financial loss faced and to manage the existing risks adequately. The purpose of the credit (deal) classification system is to define when ECL may be required against specific credit exposures. The risk categorisation system consists of several grades which reflect sufficiently the varying degrees of risk of default and the availability of collateral or other credit risk mitigation options with regard to a specific exposure.
- Providing position statements, guidance and professional support to the business units of the Bank members in credit risk management.

In order to comply with the prudential requirements, the Bank developed and operates its borrower group forming concept. As part of that, the borrower group-level monitoring concept is to be highlighted. According to the processes, the complete risk assumption process must be executed at the level of borrower groups: in the case of the individual groups the limit proposal and monitoring process for each individual group member takes place at the same time based on the collective analysis and consideration of risks.

With regards to the management of concentration risks, the Bank implemented the global concept of concentration risk limits. As part of the concept, the Bank set up bank and sector level KPI's (key performance indicator) set and product limits, in order to restrain the assumption of further risks arising from the characteristics / risks rooted in different sectors and the assumption of risks of products representing high or special risk. Aiming to avoid high risk concentration within the portfolio, the concentration risk limit value has been established for the total bank portfolio, with the stipulation that the limits of the individual customers / customer groups may exceed this target value only in extraordinary and justified cases, based exclusively on the strategic guidelines approved by the relevant Committee.

As of the reporting date, environmental, social and governance (ESG) aspects have not been considered in the models used for the Bank's risk management. The method of collecting and storing ESG relevant information has been already developed to ensure the subsequent analysis and usability in usual business procedures. ESG data taxonomy has been set up. In longer terms by analysing the composition of the ESG index and the gradual implementation of ESG customer-level data from 1st July 2025 in accordance with the Recommendation No 9/2024 (IX.24.) of the Magyar Nemzeti Bank information data can be utilised during stress test modelling as well as the estimation of life-time PD and LGD parameters.

In addition, MBH Bank's risk parameters were updated based on the latest macro forecasts, in accordance with the expectations of the NBH. The macro scenarios used at the Bank were provided by the Research Center, thus ensuring that the macro forecasts used in ECL calculation and the macro parameters used in financial planning are even more closely consistent. Based on the forecasts, the Bank will use the current macroeconomical PD forecast models to calculate the new parameters required for macroeconomic adjustments (Macro overlay factor – MOF) on a segment level. Using these new parameters the IFRS PD (without macro correction) values will be adjusted to reflect the expectations of the macroeconomic scenarios. The weighting of the macroeconomic scenarios is calculated in accordance with the recommendations of the (internal use only) management letter from NBH, which is also in line with the weighting recommended by the Research Center. At reporting date, the weights used are the following: 30% - stress scenario (2023: 30%), 65% - base scenario (2023: 65%), 5% - optimistic scenario (2023: 5%). The resulting IFRS PD values, adjusted to the new macroeconomic environment and expectations will be implemented after the approval of the Methodology Committee. The Bank's macroeconomic models will be validated with every update, both with statistical methods and business side validation, thus ensuring the applicability of the model.

Quarterly reports on the development of ECL for credit risks are presented to the Methodology Committee, and quarterly reports on the development and utilisation of sectoral and transaction type limits are also presented.

Determination and recognition of expected credit loss (ECL)

When classifying the Bank's exposures, the customer's / partner's ability to pay is taken into account as the primary cover for the exposure. Except for those transactions that are covered by collateral which is independent of the financial and legal situation of the customer / partner and the recovery of the loan is fully guaranteed.

The Bank assigns exposures at each reporting period – in this case monthly – during which the exposures are allocated to the segments and to the so-called 'stages' (Stage 1, Stage 2, Stage 3 and / or POCI) in accordance with the principles of IFRS 9.

The Bank assesses at each reporting date whether the credit risk of the financial asset has increased significantly since the initial recognition.

The Bank determines the significant increase in credit risk based on the examination of the following four conditions:

- deterioration of client treatment
- change in the master scale PD compared to the initial value, exceed a deterioration of 500 bps
- changes in life-time PD exceed the absolute threshold of 500 bps

- relative changes in life-time PD exceed the thresholds established for the following rating categories
 - 1-9 rating category: 500%
 - 10-14 rating category: 400%
 - 15-18 rating category: 300%
 - 19-21B rating category: 200%
- performing forbore exposures under probation period
- delay in payment (more than 30 days past due),
- the amount of the client's exposure classified as Stage 2 exceeds a significant proportion of its gross exposure, which the Bank has set at 20%.

The existence of any of these conditions is assessed by the Bank as a significant increase in the credit risk. In case the conditions for a Stage 2 rating are not met, the transaction may be transferred to Stage 1, if the Bank does not maintain the client or transaction in a higher rating category due to other prudential rules (e.g. recovery).

Financial assets whose default risk has increased to such an extent after initial recognition that there is objective evidence of ECL have to be assigned to Stage 3 and loss allowance has to be recognised by calculating the lifetime expected credit loss (ECL). Bank defines materiality threshold, exposure that is below that threshold should be considered as a small amount (below the limit). The ECL of those assets which are above the threshold should be estimated individually.

In order to determine the impairment and allowance for classes of clients, the ECL should be calculated according to the relevant principles of IFRS 9 for classes of clients calculated on a monthly basis, automatically.

Factors taken into account when determining expected credit loss:

- remaining lifetime,
- exposure at default (EAD),
- loss given default (LGD),
- probability of default (PD),
- credit conversion-factor (CCF),
- effective interest rate (EIR).

The amount of impairment and allowance equals to the amount of expected credit loss. In Stage 1 the expected credit loss is equal to 12-month ECL. In Stage 2 and Stage 3 the expected credit loss is equal to the lifetime ECL.

The applied risk parameters are determined on the basis of statistical models for homogeneous groups. The models are validated at least once a year, and if necessary, they will be revised.

The Bank calculates lifetime ECL, except for the following financial instruments for which the loss is calculated for 12 months:

- financial instruments except for trade receivables, which credit risk did not significantly increase compared to initial recognition.

The Bank does not use the low credit risk exemption.

For tradereceivables the Bank always calculates lifetime expected credit loss.

Expected credit losses are probability-weighted estimates of credit losses during the life expectancy of a financial asset. These are assessed by the Bank as follows:

- financial assets not impaired at the reporting date: discounted loss on cash flow (difference between the contractual cash flows and the expected cash flows),

- financial assets impaired at the reporting date: difference between the gross carrying amount and the estimated present value of the expected outstanding amount,
- undrawn loan commitments: present value of the difference between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down,
- financial guarantee contracts: expected payments to the holder, reduced by the amounts that are expected to be recovered.

The Bank recognises gain or loss for the expected credit loss on the following financial instruments not measured at fair value through Profit or Loss:

- debt instruments,
- accounts receivables,
- financial guarantees, and
- loan commitments.

The expected credit loss should be recognised by the Bank as the following:

- deducted amount from the gross carrying value (impairment) – in case of financial assets measured at amortised cost,
- provision – in case of financial guarantees and loan commitments, if the financial instrument includes both a loan and an undrawn component and the Bank is unable to distinguish the expected credit loss calculated for the loan and for the undrawn components, the Bank will therefore determine the impairment loss on the two components together. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognised as a provision,
- in case of financial assets measured at fair value through other comprehensive income (FVTOCI), the impairment loss is not recognised in the financial statement as part of the assets' fair value. The recognised impairment modifies the cumulative other comprehensive income and the statement of profit or loss.

For purchased or originated credit-impaired financial assets at the reporting date the Bank recognises the accumulated changes in the lifetime expected credit loss since the initial recognition.

The Bank assesses ECL for contingent liabilities (i.e. contracted but undrawn loan commitments, issued financial guarantees, letter of credits) as follows:

- in the case of clients / debtors subject to individual valuation, the Bank determines the amount of provision individually,
- in the case of clients / debtors subject to collective valuation, the Group determines the EAD and the amount of provision by the probability of default of the guarantor.

For transactions accounted as commitments showing loss on the reporting date, the calculated provision is based on the negative difference between the expected drawn amount and the gross carrying amount.

ECL are based on the amount of loss calculated as above.

3.2.1.1 Individually and collectively assessed exposures

Expected credit loss accounted for loans to be assessed individually and collectively

On the balance sheet date, and during the monthly monitoring, an assessment is made for the relevant financial instruments to determine the expected credit loss and the amount of the loss allowance for impairment. Individual calculation approach is applied in case of individually significant exposures to defaulted wholesale customers in Stage 3. The customer is individually significant if the total on- and off-balance

exposure or the customer group exposure exceeds the predefined materiality limit. Workout experts calculate the loss allowances by discounting the expected recoveries from cash flows with the effective interest rate of transactions and deducted it from the gross exposures. The experts provide estimates in more probability-weighted scenarios on transaction basis. The Bank has not got individually assessed exposures in 2024.

Credit loss allowance of loans to be assessed collectively is determined in accordance with the provisions of IFRS 9. Allowance of loans to be assessed collectively is calculated on a monthly basis and the risk parameters used are determined on the basis of statistical models developed for homogeneous groups or groups of transactions. The models are validated at least once a year and revised if necessary. For Stage 1 loans, the expected credit loss is determined on the basis of the 12-month expected credit loss. For Stage 2 and Stage 3 loans, the expected lending loss is determined with the lifetime expected credit loss.

The aim of the IFRS 9 credit risk scoring system is to assign a PIT (point-in-time) PD to each relevant customer. The Pillar II. capital requirement calculation was modified according to IFRS 9 requirements. Both rating systems use the same default definition and model structure, including the quantitative and qualitative sub-models and the explanatory variables. The calibration processes are different. In the case of IFRS 9 it depends on the stage of a given customer. In Stage 1, the time horizon is one year, in Stage 2 the lifetime PIT PDs are estimated. Stage 3 contains the defaulted customers, where the PD equals to 1.

In Stage 2, the one-year PD is transformed to the lifetime PD, based on the Markov chain estimation of transition probabilities and taken into account the macroeconomic forecast, especially the year-on-year GDP forecasts, in the first three years of the estimation horizon. From the fourth year, the TTC (through-the-cycle) PD has been used. The Bank classified its retail portfolio in homogenous credit risk clusters, and allocates PD, LGD and CCF parameters.

The internal rating-based models calculate the risk parameters which determine the level of impairment.

Collectively assessed exposures of the Bank are the followings:

31.12.2024	Cash and cash-equivalents	Loans and advances to banks	Loans and advances to customers	Securities	Repurchase agreements and other financial assets	OFF B/S exposures
Collectively assessed						
Non-default	1 249	594 023	16 848	271 817	353	31
Default	0	0	927	0	3	1
Total collectively assessed gross amount	1 249	594 023	17 775	271 817	356	32
Total expected credit loss on collectively assessed items	0	(560)	(1 307)	(203)	(3)	(2)
Total collectively assessed carrying amount	1 249	593 463	16 468	271 614	353	30
Total gross amount	1 249	594 023	17 775	271 817	356	32
Total expected credit loss	0	(560)	(1 307)	(203)	(3)	(2)
Total carrying amount	1 249	593 463	16 468	271 614	353	30

31.12.2023	Cash and cash-equivalents	Loans and advances to banks	Loans and advances to customers	Securities	Repurchase agreements and other financial assets	OFF B/S exposures
Collectively assessed						
Non-default	19 311	523 285	19 674	334 213	188	35
Default	0	0	1 594	0	3	1
Total collectively assessed gross amount	19 311	523 285	21 268	334 213	191	36
Total expected credit loss on collectively assessed items	(6)	(13)	(728)	(249)	(3)	(1)
Total collectively assessed carrying amount	19 305	523 272	20 540	333 964	188	35
Total gross amount	19 311	523 285	21 268	334 213	191	36
Total expected credit loss	(6)	(13)	(728)	(249)	(3)	(1)
Total carrying amount	19 305	523 272	20 540	333 964	188	35

3.2.1.2 Credit risk classification

Tables below show the breakdown of gross value and expected loss of loans and advances to customers and banks measured at amortised cost, by credit quality and stages:

31.12.2024	Gross amount			
	Stage 1	Stage 2	Stage 3	POCI
<i>Loans and advances to banks</i>				
Low risk	561 022	0	0	0
Total loans and advances to credit institutions	561 022	0	0	0
<i>Retail loans</i>				
Low risk	2	0	0	0
Medium risk	13 253	0	0	0
High risk	402	2 901	0	0
Default	0	0	927	0
Total Retail loans	13 657	2 901	927	0
<i>Wholesale loans</i>				
High risk	0	290	0	0
Total Wholesale loans	0	290	0	0
Total	574 679	3 191	927	0
31.12.2024	Expected credit loss			
	Stage 1	Stage 2	Stage 3	POCI
<i>Loans and advances to banks</i>				
Low risk	(522)	0	0	0
Total loans and advances to credit institutions	(522)	0	0	0
<i>Retail loans</i>				
Medium risk	(926)	0	0	0
High risk	(47)	(98)	0	0
Default	0	0	(204)	0
Total Retail loans	(973)	(98)	(204)	0
<i>Wholesale loans</i>				
High risk	0	(32)	0	0
Total Wholesale loans	0	(32)	0	0
Total	(1 495)	(130)	(204)	0

31.12.2023	Gross amount			
	Stage 1	Stage 2	Stage 3	POCI
<i>Loans and advances to banks</i>				
Low risk	502 274	0	0	0
<i>Total loans and advances to credit institutions</i>	<i>502 274</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Retail loans</i>				
Low risk	9	0	0	0
Medium risk	13 942	0	0	0
High risk	481	4 671	0	0
Default	0	0	1 790	0
<i>Total Retail loans</i>	<i>14 432</i>	<i>4 671</i>	<i>1 790</i>	<i>0</i>
<i>Wholesale loans</i>				
High risk	0	375	0	0
<i>Total Wholesale loans</i>	<i>0</i>	<i>375</i>	<i>0</i>	<i>0</i>
Total	516 706	5 046	1 790	0

31.12.2023	Expected credit loss			
	Stage 1	Stage 2	Stage 3	POCI
<i>Loans and advances to banks</i>				
Low risk	(13)	0	0	0
<i>Total loans and advances to credit institutions</i>	<i>(13)</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Retail loans</i>				
Medium risk	(81)	0	0	0
High risk	(21)	(193)	0	0
Default	0	0	(401)	0
<i>Total Retail loans</i>	<i>(102)</i>	<i>(193)</i>	<i>(401)</i>	<i>0</i>
<i>Wholesale loans</i>				
High risk	0	(32)	0	0
<i>Total Wholesale loans</i>	<i>0</i>	<i>(32)</i>	<i>0</i>	<i>0</i>
Total	(115)	(225)	(401)	0

3.2.1.3 Restructured assets

During the normal course of business, the Bank enters into forbearance measures to decrease the potential loan loss and maximize collection opportunities for the borrowers who have problems with their payment ability but not with their willingness and capacity to pay.

Restructured exposures are renegotiated, rescheduled (prolonged) or otherwise revised loans, receivables and credits (including also purchased ones) originated in the framework of an amendment or termination of a previously concluded contract, initiated either by the borrower or the Bank, where

- the contract is amended to avoid default because the borrower is unable to fulfil its payment obligations in compliance with the conditions of the original contract due to significant deterioration in its financial position or payment ability, and
- the amendments significantly change the original terms and conditions of the outstanding contract largely in favour of the borrower, as compared to the market terms and conditions generally applicable to contracts of the same type and concluded under the same conditions, or
- a supplementary agreement or a new contract is concluded between the borrower and the Bank that relates to a new loan provided for the repayment of the outstanding debts (principal and / or interest) arising from the original contract that is not terminated, or to any further commitment assumed to avoid any increase in the credit risks and to mitigate the possible loss.

Under its forbearance policies, the Bank grants loan forbearance on a selective basis where the borrower is in default on its debt, or there is a high risk of future default, and there is evidence that the borrower made all reasonable efforts to pay under the original contractual terms, and it is expected that the borrower will be able to meet the revised terms. Both corporate and retail loans are subject to forbearance policies.

The Bank generally applies the following types of forbearance measures:

- extension of the tenor / final maturity of the loan,
- renegotiation of original repayment schedule, reschedule instalments,
- agreement on instalment payment,
- reduction of the collateral coverage parallel reducing exposure,
- refinancing of the loan,
- interest rate cut, or lower conditions,
- interest capitalization.

Such exposures and associated credit risks are managed, monitored and reported distinctly by specific restructuring and debt management units of the Bank on the basis of guidelines and procedure rules set by internal regulations incorporating also both legal and supervisory requirements and recommendations. When the conditions of forbearance cease to exist and the following cure period expires, respective assets are returned to normal / business treatments both from business and risk management perspectives.

Based on qualitative and quantitative information the Bank terminates the forborne status of non-performing loans. After 1 year the fulfilment of non-default requirements, and after a further 2 years the fulfilment of monitoring period requirements, the forborne status of non-performing loans are reverting to normal treatment.

To revert to normal treatment regarding corporate customers, additional criteria is that the customer performs its amended contractual obligations duly through a specified period (90 days or 365 days) and its risk position shows significant improvement. The amended terms and conditions of the contract are indicated in the records.

Recognition, derecognition and subsequent valuation of these assets are carried out according to the general rules of accounting as specified by the relevant IFRS.

The detailed requirements of risk classification and impairment valuation of forborne exposures are included in the accounting policies, and other internal regulations on the valuation of assets and liabilities, as well as in impairment and provisioning policies.

Based on these internal guidelines, forbearance measures are regarded as ECL triggers and, as a consequence, ECL assessment should be performed for such exposures where the general methodologies and principles of assessment are to be applied. On the results of such risk assessments, ECL losses and the reversals of previously charged ECL are accounted for according to the common rules defined by IFRS 9.

Compared to the previous financial year, there were no changes in forbearance policies and in practices applied by the Bank. It is obligatory to examine and define the effect of proposed construction (modification of the contracts), forborne contract on the NPV in all the cases of clients to forborne, treated by Business Units. If the change of NPV would be higher than 1%, thus the treatment should be transferred to the Restructuring and Debt Management Unit.

The following tables show the gross and net book value of the Bank's forborne exposures:

Gross amount of forborne assets	Non-default	Default	Total
31.12.2024			
Households	46	13	59
Total	46	13	59

31.12.2023			
Non-financial corporations	375	0	375
Households	2 190	653	2 843
Total	2 565	653	3 218

Net amount of forborne assets	Gross amount	ECL	Total
31.12.2024			
Households	59	(5)	54
Total	59	(5)	54

31.12.2023			
Non-financial corporations	375	(32)	375
Households	2 843	(246)	2 597
Total	3 218	(278)	2 940

Definition of non-performing (default)

In the context of internal credit risk management objectives, the Bank considers the following to be events of default, the occurrence of which, based on past experience, would be likely to result in the non-recovery of the financial asset:

- breach of financial covenants by the debtor;
- based on information from an internal or external source, the debtor is likely to default on its debt service (e.g. the debtor is more than 90 days in arrears);
- loans restructured with a loss of more than 1% of the NPV.

The Bank, in accordance with the provisions of its risk management policy, continuously monitors the changes in the quality of its credit portfolio. The business fields and the management are informed on a weekly basis on past due receivables and the registered risk-mitigating assets underlying these receivables. The risk classification of loans is carried out by the Bank quarterly, in the framework of risk monitoring. Decisions related to individual ECL losses of exposures are made during the monitoring.

3.2.1.4 Portfolio affected by interest rate cap

Due to the first moratorium on repayment set out in Act LVIII of 2020 on transitional rules and epidemiological preparedness related to the termination of emergency, it was not necessary to pay instalments for all corporate and retail loan agreements from 19 March 2020.

The next piece of legislation is Act CVII of 2020 on transitional measures to stabilize the situation of certain priority social groups and enterprises in financial difficulties, supplementing it Act 637/2020 (XII.22.), (second moratorium) entered into force on 1 January 2021, according to which the repayment moratorium could be used until 30 June 2021. This legislation was extended until 31 July 2022, and then, according to a further statement, until 31 December 2022.

Unpaid interest accrued during the moratorium, together with the instalment due for the remaining term, shall be paid in equal annual instalments during the term of the moratorium after the expiration of the moratorium on payment. The monthly instalment cannot increase due to unpaid interest and principal. The term is extended accordingly.

Based on Government Decree No. 782/2021 (XII.24.) (modification No. 374/2024 (XII.2.) Government Decree) on different application in the state of emergency of Act CLXII of 2009 on Consumer Credit in the case of a mortgage contract tied to a reference interest rate, if the repricing date is before 30 June 2025 the applicable reference interest rate cannot be higher than the reference interest rate valid on 27 October 2021.

The modification loss due to the program was calculated based on the expected cash flow, estimated under these legislations.

MBH Mortgage Bank modified the ECL methodology in accordance with the legislation and recommendations after the onset of the emergency. Credit risk monitoring is a key element in the methodology for measuring the significant increase in credit risk since its initial publication. During the pandemic period, the Bank placed even more emphasis on this activity.

In the individual monitoring processes, a stricter procedure was applied, and new methodologies were introduced to identify companies in a deteriorating risk situation. In addition, the Bank has recalculated the parameters of the previously applied IFRS, considering the expected macroeconomic effects. This ensured that appropriate loss levels were established for the different credit risk categories.

Clients effected by the interest rate cap program 2024

Financial assets modified during the period 31 December 2024 (interest rate cap extend until the end of half year of 2025)	12 month ECL	Lifetime ECL	Total
Gross carrying amount before modification	5 491	3 238	8 729
Loss allowance before modification	(34)	(192)	(226)
Net amortised cost before modification	5 457	3 046	8 503
Net modification gain/(loss) (change in gross carrying amount)	(114)	(63)	(177)
ECL gain or loss	1	3	4
Net amortised cost after modification	5 344	2 986	8 330

Clients affected by interest rate cap program/ number of loans:

Interest rate cap extend until the year end 2024	Number of loans	Outstanding balance	% of portfolio
Retail loans	4 421	8 330	51.39 %
Total (retail loans)	4 421	8 330	51.39 %

Clients affected by interest rate cap program / Carrying amount of the loans:

31.12.2024	Stage 1	Stage 2	Stage 3	Total
<i>Retail loans</i>	5 378	2 682	492	8 552
Investment grade	5 378	0	0	5 378
Default grade	0	0	492	492
Non-Investment grade	0	2 682	0	2 682
Gross carrying amount	5 378	2 682	492	8 552
Allowances for credit losses	(34)	(78)	(110)	(222)
Carrying amount	5 344	2 604	382	8 330

3.2.1.5 Collaterals and other means for improving the loans portfolio

Collaterals for lending risk applied by the Bank:

Real estate

The Bank accepts as collateral mortgages, independent or separated liens are established on such real estate that are registered in Hungary and have long term and stable collateral value.

Real estate is valued by independent appraisers who are not involved in decision-making regarding the loan. Collateral Management establish the value of credit collateral conservatively.

State guarantee and GHG Ltd. guarantee

All instances of State guarantee and other guarantee accepted by the Banks involve joint and several liability set forth by law. The rules governing the guarantee are laid down in statutory provisions.

Bail

Deposit can take the form of cash, bank deposit or securities.

Other

In addition to the above the Banks also accept assigned claims, lien on claims.

The table below shows the structure of the collaterals:

	2024.12.31.	2023.12.31.
Mortgage	2 274 257	2 023 628
Bail	15	14
Guarantee	24 437	26 959
Total	2 298 708	2 050 601

The table below shows the maximum credit risk exposure:

	2024.12.31.	2023.12.31.
Other demand deposit	115	160
Financial assets at fair value through other comprehensive income	47 232	9 989
Debt securities at amortised cost	224 585	324 218
Retail loans	17 485	20 893
Corporate loans	290	375
Dues from banks	594 022	523 285
Advances	356	191
Off-balance sheet commitments	30 711	28 539
Total gross credit risk exposure	914 796	907 650

3.2.2. Liquidity risk

Liquidity risk is the risk that the Bank's cash flows may not be adequate to fund operations and meet commitments on a timely and cost-effective basis. This risk arises from mismatches in the timing of cash flows.

Liquidity risks can fundamentally be divided into two categories, and their subcategories:

- funding liquidity risk, including:
 - maturity (maturity mismatch) liquidity risk arising from the fact that the cash flows of assets and liabilities are not properly matched and maturing liabilities in certain periods exceed the amount of receivables due. The nearer the period of the mismatch, the more significant the risk.
 - withdrawal (massive withdrawal of funds before maturity) liquidity risk - funds are withdrawn prior to the contractual expiry.
 - structural liquidity risk - the risk of funds being renewed with difficulty and only at higher cost;
- market liquidity risk - the risk that a market position cannot be closed at the market price in the short term, only at a less favorable price, therefore the position will need to be maintained so that the proper market price can be realized, and this may require committing/using liquid assets.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions on MBH Integration group level. All liquidity policies and procedures are subject to approval by the Board of Directors following the prior review and approval by the Asset-Liability Committee (hereinafter: ALCO)

Liquidity risk means the MBH Integration Group does not possess the necessary amount of cash and cash-equivalents to pay due and legitimate obligations.

Liquidity risks are curtailed by the following MBH Integration Group-level limits:

- Liquidity coverage ratio (LCR)
- Net stable funding ratio (NSFR)
- Liquidity stress test
- Limits specified in the early warning system

The decisions by the management of the Bank are, however, also based on the liquidity gap between contractual inward and outward flows (net position), and therefore both financial assets and financial liabilities are rated in liquidity categories.

The following table shows the distribution of financial assets according to contractual maturity (undiscounted):

31.12.2024	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Cash and cash-equivalents	1 249	1 249	1 249	0	0	0	0
Financial assets measured at fair value through profit or loss and hedging derivative assets	8 291	33 612	495	4 435	4 517	14 816	9 348
Loans and advances	5 481	9 038	78	145	639	2 945	5 230
Derivative financial assets and hedging derivative assets	2 810	24 574	417	4 290	3 878	11 871	4 118
Financial assets measured at fair value through other comprehensive income	47 196	55 829	0	3 259	2 891	46 153	3 526
Debt and equity securities	47 196	55 829	0	3 259	2 891	46 153	3 526
Financial assets measured at amortised cost	834 072	882 984	28 745	7 541	228 150	196 939	421 610
Loans and advances	609 931	614 349	28 367	5 512	168 726	24 647	387 098
Debt securities	224 418	268 281	24	2 029	59 424	172 292	34 512
Other financial assets	353	353	353	0	0	0	0
Total financial assets	891 438	973 673	30 488	15 234	235 557	257 908	434 484

31.12.2023	Within the year	Over the year	Total
Assets			
Cash, cash balances at central banks and other demand deposits	19 305	0	19 305
Financial assets held for trading	88	7 787	7 875
Non-trading financial assets mandatorily at fair value through profit or loss	0	640	640
Financial assets at fair value through other comprehensive income	6 757	3 242	9 999
Financial assets at amortised cost	224 043	643 932	867 975
Total financial assets	232 193	655 601	887 794

The below table shows the undiscounted contractual cash flows of the Bank's financial liabilities and loan commitments based on their earliest possible date of maturity. The disclosure for derivatives shows the gross inflow and outflow amount of derivatives (for example: forward exchange contracts and currency swaps).

31.12.2024	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities measured at fair value through profit or loss and hedging derivative liabilities	(3 728)	(26 866)	0	(3 160)	(6 165)	(13 222)	(4 319)
Derivative financial liabilities and hedging derivative liabilities	(3 728)	(26 866)	0	(3 160)	(6 165)	(13 222)	(4 319)
Financial liabilities measured at amortised cost	(803 370)	(914 776)	(16 598)	(4 085)	(236 368)	(452 925)	(204 882)
Amounts due to banks	(374 995)	(374 995)	0	(2 000)	(210 219)	(162 776)	0
Issued debt securities	(427 599)	(539 005)	(15 822)	(2 085)	(26 142)	(290 074)	(204 882)
Other financial liabilities	(776)	(776)	(776)	0	(7)	(76)	0
from which: Lease liabilities	(83)	(83)	0	0	(7)	(76)	0
Total financial liabilities	(807 098)	(941 642)	(16 598)	(7 244)	(242 533)	(466 148)	(209 201)
Credit limits	(30 711)	(30 711)	(30 711)	0	0	0	0
Off balance sheet items	(30 711)	(30 711)	(30 711)	0	0	0	0

31.12.2023	On demand	Within 3 months	3 - 12 months	1 – 5 years	5 – 10 years	10 – 15 years	Total
Financial liabilities measured at fair value through profit or loss							
Derivative financial liabilities	0	0	0	0	0	0	0
Financial liabilities measured at amortised cost							
Loans received	0	(2 185)	0	(443 131)	0	0	(445 316)
Mortgage bonds	0	(20 843)	(62 340)	(147 797)	(141 780)	(1 887)	(374 647)
Other financial liabilities	(514)	0	(44)	(79)	0	0	(637)
from which: Lease liabilities	0	0	0	(12)	(36)	(69)	(117)
Total financial liabilities	(514)	(51 566)	(62 384)	(591 007)	(141 780)	(1 887)	(849 139)
Credit limits	0	(28 539)	0	0	0	0	(28 539)
Off balance sheet items	0	(28 539)	0	0	0	0	(28 539)

The following table shows the breakdown of financial liabilities by expected maturity (undiscounted):

31.12.2024	Book value	Total principal and interest	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Financial liabilities measured at fair value through profit or loss and hedging derivative liabilities	(3 728)	(26 866)	0	(3 160)	(6 165)	(13 222)	(4 319)
Derivative financial liabilities and hedging derivative liabilities	(3 728)	(26 866)	0	(3 160)	(6 165)	(13 222)	(4 319)
Financial liabilities measured at amortised cost	(803 370)	(914 776)	(16 598)	(4 085)	(236 368)	(452 925)	(204 882)
Amounts due to banks	(374 995)	(374 995)	0	(2 000)	(210 219)	(162 776)	0
Issued debt securities	(427 599)	(539 005)	(15 822)	(2 085)	(26 142)	(290 074)	(204 882)
Other financial liabilities	(776)	(776)	(776)	0	(7)	(76)	0
from which: Lease liabilities	(83)	(83)	0	0	(7)	(76)	0
Total financial liabilities	(807 098)	(941 642)	(16 598)	(7 244)	(242 533)	(466 148)	(209 201)
Credit limits	(30 711)	(30 711)	(30 711)	0	0	0	0
Off balance sheet items	(30 711)	(30 711)	(30 711)	0	0	0	0

The Bank maintains its liquidity and fulfill its due payment obligations.

The Bank analyses the consequences of any potential severe liquidity stress.

The following are viewed by the Bank as liquidity stress positions:

- sudden and large-scale withdrawal of clients' deposits, and this needs to be hedged by selling or borrowing against liquid assets.

Assumptions used in the liquidity stress test applied by the MBH Integration Group:

- decrease of the market value of liquid assets;
- withdrawal of a certain part of the customer deposit portfolio;
- drawdown of undrawn credit facilities and guarantees;
- a certain roll-over of customer loans;
- partial repurchase of bonds issued.

A stress position may arise due to a fault attributable to the Bank (reputational risk) or due to a fault beyond its control (general market influence).

The Bank, in part, prepares for liquidity stress positions by:

- creating liquidity reserves;
- entering long-term cross-currency interest rates swaps (CCIRS) for currency refinancing.

The Bank has in place a contingency plan to manage any critical situations arising from liquidity disturbances/crises, which the affected business lines and functions comply with so that they can take prudent and optimal measures in due time under the given circumstances.

3.2.3. Market risk

Market risk is the risk that changes in market prices, such as interest rate (interest rate risk), equity prices (equity risk), and foreign exchange rates (foreign exchange risk) will affect the Bank's income or the value of its holdings of financial instruments.

Management of market risks

As part of the Risk strategy, the Board of Directors approves the maximum amount and scope of market risks incurable by the Bank, ensured by a comprehensive limit structure broken down by relevant portfolios. The main market risk limit is arising from the annual capital allocation process based on ICAAP requirements.

ALCO is responsible for developing and monitoring the Bank's market risk management policies. ALCO has the overall responsibility for establishing and managing market risk policies for the Bank, within the framework of internal policies, covering risk management, assessment of risk and related limits, competence and decision-making mechanism, and regulation for breaches of limits, approved by the Board of Directors. The members of the ALCO are senior executives who have principal decision-making responsibilities for businesses throughout the whole Bank.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Bank has only non-trading portfolios.

Non-trading portfolios include positions that arise from the Bank's retail and commercial banking activity and the interest rate management of the Bank's retail and commercial banking assets and liabilities. The

Bank's non-trading activities encompass all activities, including lending, accepting deposits, and issuing debt instruments.

3.2.3.1 Exposure to market risks – Currency risk

Currency risk means the risk of having the profit or the capital of the Bank decreasing or being totally lost due to changes in the levels and proportions of the currency exchanges. The Bank is exposed to currency risks because of collecting deposits denominated in different currencies, providing loans, the sale and purchase of securities and various derivative transactions. The Bank measures currency risks daily.

The financial position of the Bank in foreign exchange at the end of the reporting periods were the following:

Forreign currency positions	31.12.2024				Total
	HUF	EUR	CHF	Other currency	
Assets	892 379	(99)	35	(4)	892 311
Liabilities	(807 722)	(45)	(5)	(11)	(807 783)
Off-balance items	(12 155)	(18 556)	0	0	(30 711)
Total	72 502	(18 700)	30	(15)	53 817

Forreign currency positions	31.12.2023				Total
	HUF	EUR	CHF	Other currency	
Assets	902 320	3 917	350	0	906 587
Liabilities	(828 362)	(12)	(4)	(4)	(828 382)
Off-balance items	(10 626)	(17 913)	0	0	(28 539)
Total	63 332	(14 008)	346	(4)	49 666

The following table shows the VaR position of the Bank's trading portfolio at 99% confidence level with a one-day holding period:

VAR status	Average	Maximum	Minimum	15%- stress
31.12.2024				
Currency risk	2	13	1	(14)
Total	2	13	1	(14)

The Bank applies historical and parametric VaR for general market risk:

- Historical VaR: (1 day holding period; 99% confidence level, number of observations: 250 business days),
- Parametric VaR: Risk metrics methodology (1 day holding period; 99% confidence level, 0.94 decay factor, number of observations: 100 business days).

Sensitivity test

Moving the exchange rates by -15% during the sensitivity test would result in an overall loss of HUF 14 million on the open foreign exchange position by the end of the period. The breakdown by currency is shown in the table below:

31.12.2024	CHF	GBP	USD	Total
Loss by currency	(2)	(8)	(4)	(14)

3.2.3.2 Exposure to market risks - Interest risk

Interest rate risk registered in the banking book

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows of financial instruments because of a change in market interest rates.

The management of interest rate risk is supplemented by monitoring the sensitivity of the financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 200 basis point parallel fall or rise in all yield curves worldwide.

At the end of the reporting period, the interest rate structure of the interest-bearing financial instruments of the Bank was the following:

Interest rate structure of financial instruments*	31.12.2024			Total
	HUF	EUR	USD	
Fixed rate assets	182 236	18	0	182 254
Variable rate assets	702 123	3 068	0	705 191
from which: transactions affected by the interest rate cap program	8 330	0	0	8 330
Total assets	884 358	3 086	0	887 445
Fixed rate liabilities	558 104	0	0	558 104
Variable rate liabilities	263 468	0	0	263 468
Total liabilities	821 572	0	0	851 572

*table does not include derivative transactions

Sensitivity tests

The following table shows the sensitivity of the Bank to the increase or decrease of market interest rates per currency:

	31.12.2024	
	Effect on equity	Effect on P/L*
HUF		
200 bp increase	939	1 198
200 bp decrease	1 743	1 198
EUR		
200 bp increase	0	4
200 bp decrease	0	4
USD		
200 bp increase	0	0
200 bp decrease	0	0

*The table shows the effect on net interest income of a 200 bp change in market interest rates.

3.2.4. Operational risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk, conduct risk, reputational risk, modelling risk and information and communication technology (ICT) risk. Operational risk does not include business and strategic risks.

The principles, rules and procedures that serve to properly identify, manage and monitor operational risk are defined in the Risk Strategy and in the OpRisk Policy.

Until 30 of September, 2023 the operational risk capital requirement of MBH Bank Plc. is calculated by using The Standardised Approach (TSA) both at single and group level, from 31 of December, 2023 as a result of the methodological harmonization process, the Bank apply the Basic Indicator Approach (BIA).

Risk management and monitoring

The system that serves to evaluate operational risk is fully integrated in the Bank's risk management process and in the working processes.

The centralised unit of the Bank's operational risk management is the OpRisk Management that is responsible for the establishment and maintenance of the internal regulation and organisation of operational risk management and for the establishment and coordination of the OpRisk management methods and tools. Besides, its task is to ensure proper loss data collection and in connection with that the reporting obligations.

Besides the OpRisk Management, OpRisk Network (extended to the whole organisation) were established in order to identify, report and manage operational risks. The network's tasks and responsibilities are included in the OpRisk regulations. The OpRisk Management keeps independent control over the OpRisk Champions that are assigned in the various units and responsible for managing operational risk and reporting of loss events.

At group level the OpRisk Management of the Bank determines the operational risk regulations required from the subsidiaries, and also the framework for operational risk management at group level and in this respect supervises the subsidiaries as well. The centralised and decentralised operational risk management units have also been established in the subsidiaries that have loss data collection and reporting obligation towards the OpRisk Management.

The OpRisk Management prepares reports on the current status of the operational risk management of the Bank for the Board of Directors on a quarterly basis. The Bank has a half-yearly reporting obligation about operation risks in COREP (Common Reporting Framework) data delivery to NBH.

Business Continuity Planning

In order to undisturbedly maintain the Bank's operational processes it is necessary to evaluate the potential risks and the potential damages resulting from the fallout of the processes. This analysis and the procedures needed to maintain the functionality of the Bank's organisation is included in the Business Continuity Regulation and Plans (BCP). The BCP includes measures that must be taken when the processes that are critical regarding the Bank's operation and resources (eg. IT) that support these processes get damaged or become unmaintainable.

3.3. Encumbered assets

According to implementation regulation (EU) 680/2014, the following encumbered assets existed at the end of the reporting period:

Encumbered assets	31.12.2024		31.12.2023	
	Book value	Fair value	Book value	Fair value
Debt securities	271 460	261 399	316 232	301 419
Loans and advances other than loans and demand	417 112	417 112	408 443	408 443
Total	688 572	678 511	724 675	709 862

Assets, collateral received, and own debt securities issued	Nominal value of collateral received or own debt securities issued non available for encumbrance
31.12.2024	
Other collateral received	416 107
Total	416 107
31.12.2023	
Other collateral received	406 574
Total	406 574

3.4. Capital management

MBH Mortgage Bank Plc. is a member of the Central Body of Integrated Credit Institutions (CBIC). The members of CBIC should examine prudential requirements on consolidated bases. The exemption of individual compliance is ensured by the relevant legislation and the respective resolution of the National Bank of Hungary.

MBH Investment Bank Co. Ltd. publishes audited financial statements on the capital adequacy of the members of the integration in the disclosure document of the business year.

4. NOTES

4.1. Net interest income

Interest income and interest expense are recognised time-proportionately using the effective interest rate method. Interest income and interest expense include the amortization of discount or premium on securities.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense. The Bank has recorded the modification loss of Stage 1 financial assets among the “Interest income”.

The Bank applies the simplified approach for financial assets that have no payment schedule, or the short-term financial assets (maximum 12 month maturity), if the effect is not material.

Interest income	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Interest income from financial assets measured at AC	51 520	50 316
Interest income from financial assets measured at FVTOCI	1 902	1 329
<i>Interest income calculated using the effective interest rate method</i>	53 422	51 645
Interest income from financial assets held for trading	836	2 574
Financial assets held for non-trading purposes measured at FVTPL	541	438
Interest income from derivatives	5 676	6 589
Interest income from other financial assets	1 032	102
<i>Other interest income</i>	8 085	9 703
Total interest income	61 507	61 348

Interest expense	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Interest expense from financial liabilities measured at AC*	(40 665)	(43 369)
<i>Interest expense calculated using the effective interest rate method</i>	(40 665)	(43 369)
Interest expense from financial liabilities held for trading	(1 848)	(3 159)
Interest expense from derivatives for trading	(6 149)	(6 297)
Interest expense from other liabilities	(10)	0
<i>Other interest expense</i>	(8 007)	(9 456)
Total interest expense and expenses similar to interest expense	(48 672)	(52 825)

Net interest income	12 835	8 523
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* In 2020, the MNB introduced a new fixed-rate secured loan facility to cushion the negative consequences on the money market and the real economy (LTRO – Long Term Refinancing Operations program). The interest expense on the stock of funds borrowed from the MNB appears in the interest expense on financial liabilities measured at amortised cost.

4.2. Net income from fees and commissions

The Bank applies IFRS 15 for the “Net income from fees and commission” that are not part of the EIR calculation based on IFRS 9. The fee and commission that is part of the Effective Interest Rate (hereinafter: EIR) calculation are represented as interest income and expense.

Fee and commission income, that is not part of the EIR calculation is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example: the arrangement for the acquisition of shares or other securities) and
- income earned from the provision of services is recognised as revenue as the services are provided (for example: asset management and service fees).

The Bank applies simplified approach for financial assets, that have no payment schedule (e.g. overdraft, or credit cards), or the short-term financial assets (maximum 12 month maturity), if the effect is not material. According to the simplified approach no fee and commission items (received or paid) are taken into account when calculating the effective interest. These items are recognized as revenue or expense at arisen date.

Fees and commission income	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Own-disbursement mortgage loans	47	73
Handling commission	3	2
Real estate appraisal fee	35	52
Refinanced mortgage loans	101	92
<i>Total fee and commission income</i>	<i>186</i>	<i>219</i>
Fees and commissions to banks and to clearing house	(11)	(15)
Agency fee expense	(160)	(228)
Real estate appraisal fee	(15)	(37)
Treasury services	(102)	(84)
Other	0	(2)
<i>Total fee and commission expense</i>	<i>(288)</i>	<i>(366)</i>
Net income from fees and commissions	(102)	(147)

4.3. Results from remeasurement and derecognition of financial instruments

„Results from remeasurement and derecognition of financial instruments” comprises gains less losses related to trading and investment assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

Results from financial instruments	01.01.2024- 31.12.2024.	01.01.2023- 31.12.2023
Gains/(losses) on derivative instruments	869	1 150
Changes in fair value of loans mandatorily measured at FVTPL	15	1 043
Result from remeasurement and derecognition of financial instruments measured at FVTPL	884	2 193
Gains/(losses) on debt securities measured at FVTOCI	147	399
Result from derecognition of debt securities measured at FVTOCI	147	399
Gains/(losses) on loans and advances measured at AC	(16)	(162)
Gains/(losses) on debt securities measured at AC	(4 138)	0
Gains/(losses) on mortgage bonds issued	280	0
Results from derecognition of loans and debt securities measured at AC	(3 874)	(162)
Results from hedge accounting	380	(1 254)
Foreign exchange gains less losses	257	(210)
Total	(2 206)	966

4.4. Allowances for expected credit losses, provisions for liabilities and charges and impairment of non-financial assets

ECL	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Loans and advances to banks and customers	(183)	1 576
Provisions for commitments and guarantees	(1)	0
Investment in securities	47	(231)
ECL on financial assets, financial guarantees and loan commitments	(137)	1 345
Provision for litigation	10	(11)
Other provision	0	12
Provisions for litigation, restructuring and similar charges	10	1
(Loss) / gain on modification of financial instruments that did not lead to derecognition	(357)	(469)
(Impairment) / reversal of impairment on other investments	0	0
(Impairment) / Reversal of impairment on other financial and non financial assets	(51)	0
Total	(535)	877

4.5. Administrative and other operating expenses

Operating expenses	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Wages and salaries	(501)	(450)
Severance payment	(5)	(1)
Compulsory social security obligations	(53)	(51)
General and administrative expenses	(29)	(28)
Property costs	(49)	(46)
Legal and advisory services	(367)	(104)
IT costs	(334)	(463)
Marketing and public relations	(3)	(3)
Communication and data processing	(23)	(21)
Postal fee	(16)	(14)
Insurance fees	(1)	(3)
Membership fees	(456)	(245)
Other services used	(64)	(137)
Bank tax	(332)	(407)
Extraprofit tax	(194)	(576)
Other tax related costs	(60)	(49)
Other fees and charges paid	(45)	(48)
Administrative costs	(2 532)	(2 646)
Depreciation	(109)	(88)
Total operating expenses	(2 641)	(2 734)

Short-term employee benefits

Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave are settled in the period in which the employees render the related service. Under the Bank's policy, the employer must grant employees their paid leave in the period the leave is earned, except for the paid leave emerges during maternity leave. Deferral of the expected cost of leave appears in operating expenses.

Long-term employee benefits

The Bank has a defined jubilee benefit plan for all employees of the Bank. The employees receive jubilee benefit only if they remain with the entity for a specified period and benefits are determined by the length of their service. The authority for jubilee benefit, its condition and the benefit are regulated in the Bank's policy. In the normal course of business, the Bank pays fixed contributions into the Hungarian State and private pension funds on its employees, which is recognised in social security contributions and which cannot be considered as employee benefit plan. The Bank itself does not offer a pension scheme or post-retirement benefit plan, and consequently has no legal or contractual obligation to make further contributions.

Termination benefits

The Bank recognises termination benefits as a liability and an expense when it has a demonstrable obligation to terminate the employment of an employee or a group of employees before the normal retirement date or to offer termination benefits as an incentive to encourage employees to voluntarily leave the Bank. In case of redundancy, obligation can be recognised when the employee's contract of employment is terminated.

Bank tax, extra profit tax

Hungarian credit institutions are obliged to pay bank tax. The base of the banking tax is the adjusted balance sheet total according to Hungarian Accounting Standards at the actual calendar year minus two years.

The bank tax is presented in the line “Administrative and other operating expenses” as it does not meet the definition of income tax according to IFRS.

According to the Government Decree No 197/2022. (4.VI) credit institutions and financial enterprises are subject to extra profit tax in 2024 as well. The tax base is the amended net profit before tax of the 2022 tax year. The tax rate is 13% up to HUF 20 billion of the tax base, and 30% above that limit.

The 2024 extra profit tax liability may be reduced up to 50 % if the daily average amount of Hungarian government securities held by a Bank for the period from 1 January 2024 to 30 November 2024 increased compared to the daily average between 1 January 2023 and 30 April 2023. The Bank was able to take advantage of the extra profit tax relief in 2024.

The extra profit tax must be presented among operating expenses, and the total amount of expenditure for the year must be accounted for at the beginning of the year. The Bank presents the whole expense of extra profit tax and bank tax according to IFRIC 21.

In 2024, the Bank's average statistical employee number was 15.6 (2023: 16.5).

4.6. Other income and expense

Other income and expense	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Sales of property, plant, equipments	0	9
Service-level agreement income	0	21
Income from enforcement and recovery operations	7	3
Income from tax refunds	2	0
Other income	0	3
Other operating income total	9	36
Subsidies*	(161)	(125)
Fines, penalty for late payment	(4)	0
Loss on damages compensations paid	0	(10)
Other expense	(18)	(1)
Other expense total	(183)	(136)

*The Bank recognises among other expenses the subsidy charged by law from bank tax.

4.7. Income tax income / (expense)

Income tax comprises of current tax and deferred tax.

By accounting treatment for current and future income tax, the Bank recognises the tax consequences of the future recovery / settlement of the carrying amount of assets, liabilities, transactions and other events of the current period that are recognised in the statement of financial position.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the end of the reporting period.

Both in the reporting period and in the comparative period, the corporate income tax rate was 9% levied on the taxable profit in Hungary. Due to this, a 9% nominal income tax rate was applied both for current income tax and deferred tax purposes. The Bank classifies the local business tax and innovation contribution as income taxes.

Income tax expense recognized in the Statement of Profit or Loss and Other Comprehensive Income:

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Current tax income/(expense)	(644)	(581)
Corporate income tax expense on current year's profit	(308)	(321)
Corporate income tax expense - effect of self-revision of previous years	3	0
Local business tax	(295)	(226)
Innovation contribution	(44)	(34)
Deferred tax income/(expense)	64	(141)
Recognize (reversal) of deductible temporary differences	(1)	0
Recognize (reversal) of carryforward and unused tax losses	65	(141)
Income tax income / (expense)	(580)	(722)

For further information on deferred tax assets and liabilities please see Note 4.16

The members of the Group are considered subjects of the global minimum tax under Act LXXXIV. of 2023, however, they are temporarily exempted from paying the tax under Article 47 of this Act.

A reconciliation of corporate tax payable for pre-tax profit or loss, calculated with the tax rate determined by law, and the Bank's current rate of tax, applicable to the balance sheet date, is the following:

Determination of the effective tax rate	01.01.2024-31.12.2024		01.01.2023-31.12.2023	
	%	million HUF	%	million HUF
Profit before taxation		7 177		7 385
Income tax using the domestic corporation tax rate	9.00%	(646)	9.00%	(665)
Local business tax	4.11%	(295)	3.05%	(225)
Innovation contribution	0.61%	(44)	0.46%	(34)
Non-deductible expense	0.01%	(1)	0.01%	(1)
Tax exempt income	(0.43%)	31	(0.31%)	23
Change of unrecognised tax losses carryforward*	(5.18%)	372	(2.44%)	180
Effect of corporate tax group	0.00%	0	0.00%	0
Previous year's corporate tax adjustment	(0.04%)	3	0.00%	0
Income tax income / (expense)	8.08%	(580)	9.78%	(722)

*The Group relies on its available business plans for calculating the amount of tax losses that can be offset against future tax bases.

Tax losses can be offset against up to 50% of future tax bases.

On 31 December 2024, the Bank had unused tax losses amounting to HUF 18,744 million (2023: HUF 22,162 million) with the following maturity:

Unused tax losses	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Without maturity	18 744	22 162
Total	18 744	22 162

The rules of utilization of tax losses carried forward have tax losses arising in following years, can be utilized solely in the subsequent five years following the tax year in which they were generated.

The tax authority conducted a full tax authority investigation at the Bank for the 2022 tax year. The tax authority may examine books and records at any time within 6 years after the 2024 tax year.

4.8. Notes for financial instruments

Initial recognition and measurement of financial instruments

Financial assets are recognised by the Bank on settlement date. All financial instruments are measured at fair value at initial recognition. Trade receivables, if they do not contain a significant financing component, are recognised at transaction price by the Bank. The Bank measures its financial assets at amortised cost if supported by the results of the business model test and if they meet the criteria of the SPPI (Solely Payments of Principal and Interest) test. Interest income and interest expense should be determined using the effective interest rate method and then recognised in the Profit or Loss statement.

In those cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument, the Bank uses the contractual cash flows over the full contractual term of the financial instrument.

Classification and subsequent measurement of financial instruments

Based on the principles of IFRS 9 standard the Bank applies the following three main categories to classify and measure the financial assets:

- fair value through Profit and Loss (FVTPL);
- fair value through other comprehensive income (FVTOCI);
- amortised cost (AC).

The Bank uses in accordance with IFRS 9 standard the following business models to manage its financial instruments.

- **Held to Collect (HTC):** an instrument is held for the collection of contractual cash flows. The intention is to hold to maturity, however sale is permitted especially in case of increase in credit risk, not significant sales (even if frequent), infrequent sales (even if significant) – regardless of the reason behind the sales. Sales could be also consistent with the business model if the credit concentration risks change or if close to maturity.
- **Both Held to Collect and For Sale (HTCS):** an instrument that is held for the collection of contractual cash flows and for the sale of financial assets at the same time. Compared to the HTC sales occur more frequently and are higher in value.
- **Other trading business model (TRADING):** mainly trading financial instruments that are purchased for short-term gain.

The listing in the business model reflects the expectations of the Bank, not just the intent, but also the ability. The classification is not based on scenarios that are not reasonably expected. If the Bank sells a particular portfolio or financial asset in a 'stress case' scenario, it does not affect the evaluation of the business model.

For selected financial instruments the Bank makes an irrevocable election to measure the investments in equity instruments, which are not held for trading at "Financial assets measured at fair value through other comprehensive income" category at initial recognition, in other cases these financial assets should be measured at fair value through profit or loss.

All other financial assets are classified by the Bank as the fair value through profit or loss category.

Classification and subsequent measurement of financial liabilities

The Bank classifies its financial liabilities into the following categories:

- mandatory FVTPL measurement (FVTPL category) if liabilities are held for trading,
- at amortised cost – in case of all other financial liabilities.

Derecognition of financial instruments***Financial asset transfer***

The Bank derecognises financial assets in accordance with IFRS 9.

The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. The computation and comparison are made using the current market interest rate as a discount rate. All reasonably possible variability in net cash flows is considered, with greater weight being given to those outcomes that are more likely to occur.

The Bank has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does not change significantly as a result of the transfer.

Write-off of financial assets under legal proceeding

Loans which are under legal proceeding (bankruptcy, liquidation and final proceedings) and in case of enforcement collateral transactions:

- the Bank's contractual right to receive cash flows from the financial asset does not expire,
- the Bank did not transfer the right of collecting cash flows from the financial asset,
- the Bank did not assume any obligation to pay the cash flows from the financial asset,

therefore the Bank does not derecognize such items entirely from its books, but may partially derecognize them.

When the Bank can reasonably not expect to recover part of the financial asset while maintaining the legal claim it is considered as a partial derecognition. In such cases, the Bank directly derecognises the gross carrying amount of the financial asset.

After the legal waiver of the claim, the Bank may write down the total gross carrying amount of the financial asset if it is not able to be recovered and void according to the relevant internal rules (in this case there is no legal claim).

The Bank derecognises financial liability (or a part of a financial liability) from its consolidated statement of financial position when the obligation specified in the contract is fulfilled, cancelled or expired.

4.9. Cash and cash-equivalents

Cash and cash-equivalents include highly-liquid financial assets with original maturities of less than three months, with an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term obligations.

The most part of Cash reserves are the bank account and term deposits at MNB, the rest of it are the nostro accounts at other banks, cash on hand and sweep account related to cash reserves.

	31.12.2024	31.12.2023
Receivables from central banks	1 134	19 145
Other current receivables from banks	115	160
Total	1 249	19 305

4.10. Financial assets measured at fair value through profit or loss

4.10.1. Loans and advances to customers mandatorily at fair value through profit or loss

The fair value of loans and advances is based on observable market transactions. In the absence of observable market transactions, fair value is estimated using discounted cash flow models. Performing loans are grouped, as far as possible, into homogeneous pools segregated by coupon rates. In general, contractual cash flows are discounted using a rate which is the sum of the available interest rate which would have been offered if the customer applied for the loan at the end of the reporting period plus the counterparty margin. The rediscounted cash flows are decreased using the same impairment percentage as it was used for impairment purposes, and it is considered as fair value of the loan portfolio.

Non-performing loans which are assessed for ECL individually are discounted with discount factors which are calculated as in case of performing loans, but that estimated cash flows are used for calculation, which was also used for impairment purposes. In the case of work-out loans where the Bank expects cash flows only from sale of collaterals and therefore they are impaired to the net present value of this amount, the fair value is equal to the carrying amount.

The Group performed SPPI test for the related loans, based on which the Group determined that the pricing method of the loans does not exclusively reflect the time value of money and credit risk, given the interest component containing the leverage determined by the Regulator.

In connection with loans mandatorily measured at FVTPL the Group has identified the following effects in the profit or loss:

Loans mandatorily measured at FVTPL	Total
Opening fair value at 01.01.2024	6 310
Fair value and other movements	15
Financial assets derecognised during the period	(844)
Closing fair value at 31.12.2024	5 481
Opening fair value at 01.01.2023	6 593
Fair value and other movements	1 043
Financial assets derecognised during the period	(1 326)
Closing fair value at 31.12.2023	6 310

4.10.2. Derivative financial assets and liabilities

Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. Interest income on derivatives are recognised in „Other interest income” and „Other interest expense”. Fair value differences related to derivatives are recognised in „Result from remeasurement and derecognition of financial instruments measured at fair value through profit or loss”.

The fair values of the Bank's derivatives not designated as hedges were as follows:

Derivative financial instruments	31.12.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	1 369	159	1 555	1 369
Foreign exchange swaps	10	0	10	3
Total	1 379	159	1 565	1 372

4.10.3. Offsetting of financial assets and liabilities according to IFRS7.13 A-F

This disclosure represents the financial instruments that are set off or that are subject to an enforceable master netting agreement or similar agreement, irrespective whether they are set off or not.

As of reporting date the Bank had no enforceable master netting agreement or similar agreement which should be set off in accordance with IAS 32.42.

This is because the agreements constitute rights for an offset that is enforceable only in case of default, insolvency or bankruptcy of the Bank or its counterparties. In addition the Bank or the counterparties do not intend to settle on a net basis or realize the assets and settle the liabilities simultaneously.

Similar agreements include derivative clearing agreements, GMRA (Global master repurchase agreements). Similar financial instruments include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements. Financial instruments such as loans and deposits are not disclosed in the tables below unless they are offset in the consolidated statement of financial position.

The Bank receives and gives collateral in the form of cash and marketable securities in respect of following transactions:

- derivatives,
- sale and repurchase agreements, reverse sale and repurchase agreements.

Such collateral is subject to standard industry terms, including an ISDA Credit Support Annex.

The table below presents the potential effect of the not implemented offsetting as well.

31.12.2024 Offsetting and enforceable master netting arrangements	Gross amounts before off- setting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offset- ting in the statement of financial position	Amounts subject to master netting and similar agreements not set off in the statement of financial position			Net amount of exposure
				Financial instruments	Cash collateral received	Other non- cash collate- ral received	
Financial assets for trading	1 379	0	1 379	159	0	0	1 220
Total assets subject to offsetting	1 379	0	1 379	159	0	0	1 220
Financial liabilities for trading	159	0	159	159	0	0	0
Total liabilities subject to offsetting	159	0	159	159	0	0	0

31.12.2023 Offsetting and enforceable master netting arrangements	Gross amounts before off- setting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after off-set- ting in the statement of financial position	Amounts subject to master netting and similar agreements not set off in the statement of financial position			Net amount of exposure
				Financial instruments	Cash collateral received	Other non- cash collate- ral received	
Financial assets for trading	2 205	0	2 205	2 205	0	0	0
Total assets subject to offsetting	2 205	0	2 205	2 205	0	0	0
Financial liabilities for trading	6 586	0	6 586	2 205	0	0	4 381
Total liabilities subject to offsetting	6 586	0	6 586	2 205	0	0	4 381

4.11. Hedging derivative assets and liabilities

The Bank offsets the fluctuating net income effects of the fair value and the cash flow changes of certain financial instruments through hedge transactions and related hedge accounting. Based on the used hedge methodology there are two types of hedges in the Bank: micro hedge.

The Bank prepares hedging documentation containing the purpose of the hedge relationship, the ID codes, the terms and conditions of the hedged and hedge transactions, the risk intended to be hedged and the method for measuring hedging efficiency. The Bank assesses hedging efficiency on the day of the creation of the hedge and monthly thereafter, at the end of the month. Assessment methods used: dollar offset and scenario analysis (parallel changing the interest rates of the transactions under the terms and conditions by +/-250 basis points). The Bank regards a hedge relationship as effective if there is an economic relationship between the hedged and the hedge items (interest rates move between the hedging transaction and the underlying transaction in the same way in the opposite directions) and the hedge effectiveness is at a pre-fixed required level.

In the stand-alone statement of profit or loss and other comprehensive income the following lines contain the gains and losses in connection with the hedging instruments (including the ineffective part):

- I. Interest income / expense similar to interest
- II. Results from hedge accounting, (including change in the fair value of hedged instruments)

In the consolidated statement of financial position the fair value change of hedging instruments recorded in "Hedging derivative assets" and "Hedging derivative liabilities".

12.31.2024

Type of hedging transaction	Type of hedged transaction	Fair value of hedging transaction	Fair value of hedged transaction	Result of hedging transaction	Result of hedged transaction
IRS	Mortgage bonds issued	(615)	45 008	(591)	591
IRS	Securities purchased	(1 522)	27 776	1 595	(1 640)

12.31.2023

Type of hedging transaction	Type of hedged transaction	Fair value of hedging transaction	Fair value of hedged transaction	Result of hedging transaction	Result of hedged transaction
IRS	Mortgage bonds issued	892	25 113	1 131	(1 135)
IRS	Securities purchased	3 644	37 157	3 996	(4 266)

4.12. Financial assets measured at fair value through other comprehensive income

4.12.1. Debt and equity securities

Securities are classified as held to collect and sell if there was a decision made previously about possible disposal in case of the changes in market conditions. By these assets the objective is to achieve both collecting contractual cash flows and selling financial assets. Financial investments are recognised on trade date, when the Bank enters into contractual arrangements with counterparties to purchase securities and are derecognised when either the securities are sold or the borrowers repay their obligations.

The liquid securities are initially measured at fair value modified by direct and incremental transaction costs. Securities measured at FVTOCI are subsequently remeasured at fair value, and changes therein are recognised in the Other comprehensive income. Relating to these assets ECL gains / losses, interest income and foreign exchange differences should be accounted for in statement of profit or loss. When these securities are sold, cumulative gains or losses are recognised in the statement of profit or loss and other comprehensive Income as “Result from derecognition of debt securities measured at fair value through other comprehensive income”.

The table below shows the composition of equity and debt instruments measured at FVTOCI:

Securities measured at FVTOCI	31.12.2024	31.12.2023
Debt securities	47 232	9 996
Equity instruments	0	10
Total securities measured at FVTOCI (gross)	47 232	10 006
Breakdown of securities (Gross)		
Government bonds	44 043	3 006
Credit institution bonds	3 189	6 990
Non-listed shares	0	10
ECL losses	(36)	(7)
Total	47 196	9 999

During the reporting period, the Bank did not recognise dividends on investments in equity instruments measured at fair value as opposed to other comprehensive income.

The amount of ECL of the FVTOCI financial assets, which is accounted for between other comprehensive income reserve and profit or loss, does not decrease the carrying amount of the financial assets.

The following tables show the composition of debt securities measured at FVTOCI by stage (all of the securities have low credit risk):

Debt securities by stage	Stage 1	Stage 2	Stage 3	Total
31.12.2024				
Government bonds	44 043	0	0	44 043
Credit institution bonds	3 189	0	0	3 189
Expected credit loss	(36)	0	0	(36)
Total	47 196	0	0	47 196

31.12.2023				
Government bonds	3 006	0	0	3 006
Credit institution bonds	6 990	0	0	6 990
Expected credit loss	(7)	0	0	(7)
Total	9 989	0	0	9 989

Gross book value – debt securities	Stage 1	Stage 2	Stage 3	Total
01.01.2024	9 996	0	0	9 996
Change in EAD*	37 236	0	0	37 236
31.12.2024	47 232	0	0	47 232

The Bank's securities portfolio has changed in accordance with the strategy of the Asset and Liability Committee.

Expected credit loss of assets (ECL) – debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2024	(7)	0	0	(7)
Change in EAD	(29)	0	0	(29)
31.12.2024	(36)	0	0	(36)

Gross book value – debt securities	Stage 1	Stage 2	Stage 3	Total
01.01.2023	18 164	0	0	18 164
Change in EAD	(8 168)	0	0	(8 168)
31.12.2023	9 996	0	0	9 996

Expected credit loss of assets (ECL) – debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2023	(2)	0	0	(2)
Change in EAD	(5)	0	0	(5)
31.12.2023	(7)	0	0	(7)

4.13. Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held in a business model whose objective is to collect contractual cash flows. On the balance sheet, these assets are carried at amortised cost (gross carrying amount less expected credit loss). Interest income on these assets is calculated by effective interest method and is included under the line “Interest income” in the statement of profit or loss. Impairment and impairment reversal is included in the line “Expected credit loss on financial financial assets, financial guarantees and loan commitments”. Gains and losses from derecognition (such as sales) of the assets are reported under the line item “Results from financial instruments measured at amortised cost”.

State interest subsidy- retail loans

Interest subsidy is available to clients who have been granted loans in accordance with the specific provisions of the Hungarian legislation (Government Decree 12 of 2001). There are two types of interest subsidy: mortgage bond’s interest subsidy and supplementary interest subsidy. Both methods are designed to reduce the interest payable by the client. The mortgage bond’s interest subsidy being based indirectly on the bank’s costs (mortgage bond’s interest subsidy), and the supplementary interest subsidy on the actual amount of interest payable by the client (asset side subsidy). Both types of subsidies are presented in the Bank’s revenues, thus the Bank only passes on these subsidies to the clients as they pay a lower-than-market interest rate to the Bank. The interest subsidy is available for a period not exceeding the first 20 years of a loan.

Mortgage bond interest subsidy

The mortgage bond interest subsidy is available for housing loans up to the stipulated amounts and based on conditions as specified in the government decree 12/2001 and calculated in accordance with the criteria set. The condition of the maximum interest percentage payable by the customer also has to be met. The subsidy is available for housing loans eligible for subsidy as specified in the decree such as:

- Mortgage loans granted by the Bank or with partner banks; and
- Independent and separated liens purchased by the Bank then repurchased by the partner bank under refinancing arrangements, and for receivables from the repurchased part(s) of lien packages.

The subsidy is available on a monthly basis up to the total of mortgage bonds outstanding in the given month. The underlying calculation is based on the daily balance of subsidized loans or mortgage bonds.

Supplementary interest subsidy- own loans

The amount of supplementary interest subsidy and the underlying calculation method thereof (reflecting the maximum interest) are laid down in the contract between the Bank and the client. The monthly interest subsidy is one-twelfth of the prevailing subsidized outstanding principal as determined by the amount of the non-due repayable principal as of the date of the transaction.

4.13.1. Loans and advances to banks

The Bank has a substantial refinanced mortgage loans portfolio. As part of the refinancing arrangements, the partner credit institutions sell independent mortgage rights to the Bank to cover the retail mortgage loans it provides, or – in case of applying a separate mortgage right – in addition by the transfer of the mortgage rights, uses a refinancing mortgage loan from the Bank.

The repurchase of the stand-alone mortgage and the repayment of the refinancing mortgage loan are carried out by the partner credit institution during the period of the refinanced loan transactions in such a way that the repurchase or repayment is adjusted to the partner bank's client's principal repayment schedule.

The refinanced loans of the partner banks meet the requirements regulated by law (therefore these loans are problem-free), the rating and ECL recognition obligation, as well as the receivable from the customer is recognised the given commercial bank. Refinanced mortgages are classified as performing because by purchasing a stand-alone line or a separate line, the Bank lends a long-term loan to the partner commercial bank and the customer risk is recognised entirely at the partner bank, the Bank is only exposed to the partner bank's credit risk. The Bank presents refinanced mortgage loans at amortized cost less ECL (if there is any).

Loans and advances to banks	31.12.2024	31.12.2023
Interbank term deposits	33 000	21 012
Interbank loans granted	561 022	502 273
Expected credit loss	(559)	(13)
Total	593 463	523 272

The following tables show of loans to banks at AC by stage:

Loans and advances to banks at AC by stage	Stage 1	Stage 2	Stage 3	Total
31.12.2024				
Interbank term deposits	33 000	0	0	33 000
Interbank loans granted	561 022	0	0	561 022
Expected credit loss	(559)	0	0	(559)
Total	593 463	0	0	593 463
31.12.2023				
Interbank term deposits	21 012	0	0	21 012
Interbank loans granted	502 273	0	0	502 273
Expected credit loss	(13)	0	0	(13)
Total	523 272	0	0	523 272

Gross book value – Loans and advances to banks	Stage 1	Stage 2	Stage 3	Total
01.01.2024	523 285	0	0	523 285
Change in EAD	25 897	0	0	25 897
Assets derecognized except write off	(17 188)	0	0	(17 188)
Financial assets originated or purchased	62 028	0	0	62 028
31.12.2024	594 022	0	0	594 022

Expected credit loss of assets (ECL) – Loans and advances to banks	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2024	(13)	0	0	(13)
Change in EAD*	(510)	0	0	(510)
Assets derecognized except write off	1	0	0	1
Financial assets originated or purchased	(37)	0	0	(37)
31.12.2024	(559)	0	0	(559)

* For the consolidated subsidiary exposures, the Bank applied a 0% impairment and provision rate as at 31 December 2023. This rule was reviewed and removed in 2024. The related PDs were applied to the counterparties, which caused a significant increase in the ECL portfolio for impairment losses on loans to credit institutions.

Gross book value – Loans and advances to banks	Stage 1	Stage 2	Stage 3	Total
01.01.2023	437 041	0	0	437 041
Change in EAD	(74 409)	0	0	(74 409)
Assets derecognized except write off	(19 229)	0	0	(19 229)
Financial assets originated or purchased	179 882	0	0	179 882
31.12.2023	523 285	0	0	523 285

Expected credit loss of assets (ECL) – Loans and advances to banks	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2023	(31)	0	0	(31)
Change in EAD	17	0	0	17
Assets derecognized except write off	1	0	0	1
31.12.2023	(13)	0	0	(13)

4.13.2. Loans and advances to customers

From 2024 the Bank presents the movement of loans measured at amortised cost by sectoral breakdown. The following movement tables contain cumulative data for the financial year.

Gross book value – retail segment	Stage 1	Stage 2	Stage 3	Total
01.01.2024	14 432	4 671	1 790	20 893
Reclassifications				
from Stage 1 to Stage 2	(167)	157	0	(10)
from Stage 1 to Stage 3	(131)	0	124	(7)
from Stage 2 to Stage 1	1 569	(1 804)	0	(235)
from Stage 2 to Stage 3	0	(51)	44	(7)
from Stage 3 to Stage 1	264	0	(344)	(80)
from Stage 3 to Stage 2	0	267	(306)	(39)
Change in EAD	(1 246)	(171)	(81)	(1 498)
Assets derecognized except write off	(1 064)	(168)	(300)	(1 532)
31.12.2024	13 657	2 901	927	17 485

Expected credit loss of assets (ECL) – retail segment	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2024	(102)	(193)	(401)	(696)
Reclassifications				
from Stage 1 to Stage 2	1	(8)	0	(7)
from Stage 1 to Stage 3	2	0	(24)	(22)
from Stage 2 to Stage 1	(13)	75	0	62
from Stage 2 to Stage 3	0	4	(10)	(6)
from Stage 3 to Stage 1	(4)	0	76	72
from Stage 3 to Stage 2	0	(17)	69	52
Change in EAD	(865)	35	19	(811)
Assets derecognized except write off	8	6	67	81
31.12.2024	(973)	(98)	(204)	(1 275)

Net book value

01.01.2024	14 330	4 478	1 389	20 197
31.12.2024	12 684	2 803	723	16 210

In 2024, a business decision was made to modify a sub-portfolio within the Bank's retail portfolio, which resulted in a significant change in the ECL portfolio.

Gross book value – wholesale segment	Stage 1	Stage 2	Stage 3	Total
01.01.2024	0	375	0	375
Change in EAD	0	(85)	0	(85)
31.12.2024	0	290	0	290

Expected credit loss of assets (ECL) – wholesale segment	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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01.01.2024	0	(32)	0	(32)
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31.12.2024	0	(32)	0	(32)
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Net book value

01.01.2024	0	343	0	343
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31.12.2024	0	258	0	258
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Gross book value – retail segment	Stage 1	Stage 2	Stage 3	Total
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01.01.2023	10 137	13 223	2 437	25 797
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Reclassifications

from Stage 1 to Stage 2	(199)	158	0	(41)
from Stage 1 to Stage 3	(67)	0	58	(9)
from Stage 2 to Stage 1	6 926	(6 986)	0	(60)
from Stage 2 to Stage 3	0	(412)	390	(22)
from Stage 3 to Stage 1	178	0	(206)	(28)
from Stage 3 to Stage 2	0	155	(182)	(27)
Change in EAD	(1 517)	(196)	(90)	(1 803)
Assets derecognized except write off	(1 026)	(1 271)	(617)	(2 914)

31.12.2023	14 432	4 671	1 790	20 893
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Expected credit loss of assets (ECL) – retail segment	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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01.01.2023	(8)	(758)	(584)	(1 350)
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Reclassifications

from Stage 1 to Stage 2	0	(14)	0	(14)
from Stage 1 to Stage 3	0	0	(12)	(12)
from Stage 2 to Stage 1	(54)	688	0	634
from Stage 2 to Stage 3	0	8	(89)	(81)
from Stage 3 to Stage 1	(2)	0	29	27
from Stage 3 to Stage 2	0	(11)	26	15
Change in EAD	(38)	(134)	(4)	(176)
Assets derecognized except write off	0	28	233	261

31.12.2023	(102)	(193)	(401)	(696)
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Net book value

01.01.2023	10 129	12 465	1 853	24 447
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31.12.2023	14 330	4 478	1 389	20 197
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Gross book value – wholesale segment	Stage 1	Stage 2	Stage 3	Total
01.01.2023	1	1	483	485
Reclassifications				
from Stage 3 to Stage 1	0	0	(76)	(76)
from Stage 3 to Stage 2	0	375	(407)	(32)
Assets derecognized except write off	(1)	(1)	0	(2)
31.12.2023	0	375	0	375
Expected credit loss of assets (ECL) – wholesale segment	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2023	0	0	(202)	(202)
Reclassifications				
from Stage 3 to Stage 1	0	0	39	39
from Stage 3 to Stage 2	0	(32)	163	131
31.12.2023	0	(32)	0	(32)
<i>Net book value</i>				
01.01.2023	1	1	281	283
31.12.2023	0	343	0	343

4.13.3. Debt securities

	31.12.2024	31.12.2023
Government bonds	196 325	285 667
Corporate bonds	2 759	3 996
Credit institution bonds	19 687	29 619
Mortgage bonds	5 814	4 936
Expected credit loss	(167)	(243)
Total	224 418	323 975

The following tables show the composition of debt instruments measured at amortised cost by stage (all of the securities have low credit risk):

Securities measured at amortised cost by stage	Stage 1	Stage 2	Stage 3	Total
31.12.2024				
Government bonds	196 325	0	0	196 325
Corporate bonds	2 759	0	0	2 759
Credit institution bonds	19 687	0	0	19 687
Mortgage Bonds	5 814	0	0	5 814
Expected credit loss	(167)	0	0	(167)
Total	224 418	0	0	224 418

31.12.2023

Government bonds	285 667	0	0	285 667
Corporate bonds	3 996	0	0	3 996
Credit institution bonds	29 619	0	0	29 619
Mortgage Bonds	4 936	0	0	4 936
Expected credit loss	(243)	0	0	(243)
Total	323 975	0	0	323 975

Gross book value – debt securities	Stage 1	Stage 2	Stage 3	Total
01.01.2024	324 218	0	0	324 218
Change in EAD	(6 023)	0	0	(6 023)
Assets derecognized except write off	(191 328)	0	0	(191 328)
Financial assets originated or purchased	97 718	0	0	97 718
31.12.2024	224 585	0	0	224 585

Expected credit loss of assets (ECL) – debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2024	(243)	0	0	(243)
Change in EAD	4	0	0	4
Assets derecognized except write off	144	0	0	144
Financial assets originated or purchased	(72)	0	0	(72)
31.12.2024	(167)	0	0	(167)

Gross book value – debt securities	Stage 1	Stage 2	Stage 3	Total
01.01.2023	319 743	0	0	319 743
Change in EAD	5 466	0	0	5 466
Assets derecognized except write off	(25 670)	0	0	(25 670)
Financial assets originated or purchased	24 679	0	0	24 679
31.12.2023	324 218	0	0	324 218

Expected credit loss of assets (ECL) – debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2023	(17)	0	0	(17)
Change in EAD	(230)	0	0	(230)
Assets derecognized except write off	21	0	0	21
Financial assets originated or purchased	(17)	0	0	(17)
31.12.2023	(243)	0	0	(243)

4.13.4. Other financial assets

Other financial assets	31.12.2024	31.12.2023
Other receivables related to lending activities	235	60
Accounts relating to subsidised loans	35	123
Trade receivables (Customers)	8	5
Advance payments	1	1
Other	77	2
Expected credit loss	(3)	(3)
Total	353	188

Other financial assets at AC by stage	Stage 1	Stage 2	Stage 3	Total
31.12.2024				
Other financial assets	353	0	3	356
Expected credit loss	0	0	(3)	(3)
Total	353	0	0	353
31.12.2023				
Other financial assets	188	0	3	191
Expected credit loss	0	0	(3)	(3)
Total	188	0	0	188
Gross book value – Other financial assets	Stage 1	Stage 2	Stage 3	Total
01.01.2024	188	0	3	191
Change in EAD	165	0	0	165
31.12.2024	353	0	3	356
Expected credit loss of assets (ECL) – Other financial assets	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2024	0	0	(3)	(3)
31.12.2024	0	0	(3)	(3)
Gross book value – Other financial assets	Stage 1	Stage 2	Stage 3	Total
01.01.2023	266	0	4	270
Change in EAD	(78)	0	0	(78)
Assets derecognized except write off	0	0	(1)	(1)
31.12.2023	188	0	3	191
Expected credit loss of assets (ECL) – Other financial assets	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
01.01.2023	0	0	(4)	(4)
Change in EAD	0	0	1	1
31.12.2023	0	0	(3)	(3)

4.14. Property and equipment; and Intangible assets

Tangible assets and Intangible assets that have a finite useful life are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Bank applies the following linear depreciation rates for the depreciation cost calculation:

Property and equipment**Property**

Building, other facility	2%
Image items	14%
IT networks	12%
Reconstruction of property	6% - 14.7%
Office equipment	9% - 33%
IT devices	33% - 50%
Vehicles	10% - 33%
Other equipments	7% - 50%

Intangible assets

Softwares	5% - 50%
Rights	3.5% - 25%

Intangible assets that have a finite useful life are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their estimated useful life from the date when the asset is available for use, applying the straight-line method. The useful lives are reviewed annually.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. Depreciation of property, plant and equipment are included in the “Administrative and other operating expense” line in the consolidated statement of profit or loss and other comprehensive income.

Net gains and losses on disposal of property and equipment and intangible assets are recognised in “Other income” or “Other expense”, in the year of disposal.

Expenditure on internally developed intangible asset (software) is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life.

Tangible assets and intangible assets	Property rights	Intangible assets	Own properties	Equipment	Right-of use assets	Total
<i>Cost or deemed cost</i>						
Opening balance at 01.01.2024	1 261	30	36	76	153	1 556
Additions	39	40	0	1	3	83
Disposals	(229)	(70)	0	(4)	0	(303)
Other modifications	0	0	0	0	13	13
Closing balance at 31.12.2024	1 071	0	36	73	169	1 349
<i>Depreciation and impairment losses</i>						
Opening balance at 01.01.2024	(1 044)	0	(36)	(46)	(40)	(1 166)
Depreciation charged for the year	(54)	0	0	(2)	(53)	(109)
Impairment loss	(52)	0	0	0	0	(52)
Disposals	229	0	0	3	0	232
Closing balance at 31.12.2024	(921)	0	(36)	(45)	(93)	(1 095)
<i>Carrying amounts</i>						
01.01.2024	217	30	0	30	113	390
31.12.2024	150	0	0	28	76	254

Tangible assets and intangible assets	Property rights	Investment intangible assets	Own properties	Equipment	Right-of use assets	Total
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Cost or deemed cost

Opening balance at 01.01.2023	1 238	0	36	122	63	1 459
Additions	23	30	0	2	134	189
Disposals	0	0	0	(48)	0	(48)
Other modifications	0	0	0	0	(44)	(44)
Closing balance at 31.12.2023	1 261	30	36	76	153	1 556

Depreciation and impairment losses

Opening balance at 01.01.2023	(999)	0	(36)	(77)	(45)	(1 157)
Depreciation charged for the year	(45)	0	0	(2)	(41)	(88)
Disposals	0	0	0	33	0	33
Other modifications	0	0	0	0	46	46
Closing balance at 31.12.2023	(1 044)	0	(36)	(46)	(40)	(1 166)

Carrying amounts

01.01.2023	239	0	0	45	18	302
31.12.2023	217	30	0	30	113	390

The tables contains the tangible assets of the Bank expected the right-of-use assets.

The tangible assets line of the Separate Statement of Financial Position includes also the right-of-use assets under IFRS 16.

The right-of-use assets under IFRS 16 have been reported in Note 4.15.

The Bank has carried out an estimate of recoverable amount of the tangible assets. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the asset.

The Bank estimates the recoverable amount of the intangible asset. Based on this were not such an asset by the Bank, where the recoverable amount would have been lower than the the carrying amount of an asset, therefore impairment have not been recognised on intangible assets in 2023. In 2024, an impairment of 52 million HUF recognition was made for intangible assets.

4.15. Leases

In accordance with the requirements of IFRS 16, the Bank, as lessee, introduces a single model to recognise right-of-use asset and lease liability on balance sheet. In this case, the Bank presents separately the interest expense for the lease liability and the depreciation charge for the right-of-use asset. In some cases (e.g. when there is a change in the lease term or in future lease payments arising from a change in an index or rate) the Bank as lessee remeasures the lease liability.

At the commencement date, the Bank assesses whether the lessee is reasonably certain to exercise an option to extend or not to exercise an option to terminate the lease. The Bank considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option.

The Bank recognises the right-of-use asset and the lease liability as at the commencement date of the lease at the cost determined by IFRS 16.

On subsequent measurement, the Bank measures the right-of use assets at cost and recognises depreciation on it from the commencement date to the end of the useful life of the underlying asset.

After the commencement date of the lease term, the Bank depreciates the asset on a straight-line basis.

After the commencement date, the Bank measures the lease liability at amortised cost using the effective interest rate method.

The Bank as the lessor classifies its leasing contracts as finance or operating lease based on requirements of the standard.

Presentation in the financial statements

During the lease term, the Bank recognises lease payments for short-term leases and low value leases (HUF 1,5 million) as an expense in statement of profit or loss and other comprehensive income.

The right-of-use assets are included in "Property and equipment" and the lease liabilities in "Other financial liabilities" in the statement of financial position.

After the commencement date the Bank recognises the related costs in statement of profit or loss and other comprehensive income, if these are not recognised as part of the cost of the right-of-use asset. Interest on lease liabilities is included in line "Other expense similar to interest". The depreciation of a right-of-use asset is recognised as "Administrative and other operating expense".

The Bank classifies the right-of-use assets arising from operating leases that are leased or subleased in the Statement of Financial Position by reference to the nature of the underlying asset.

Right-of-use assets

Right-of-use assets	Properties	Vehicles	Total
<i>Cost or deemed cost</i>			
Opening balance at 01.01.2024	134	19	153
Additions	0	3	3
Other modifications	6	7	13
Closing balance at 31.12.2024	140	29	169
<i>Depreciation and impairment losses</i>			
Opening balance at 01.01.2024	(29)	(11)	(40)
Depreciation for the year	(45)	(8)	(53)
Closing balance at 31.12.2024	(74)	(19)	(93)
<i>Carrying amounts</i>			
01.01.2024	105	8	113
31.12.2024	66	10	76

Right-of-use assets	Properties	Vehicles	Total
<i>Cost or deemed cost</i>			
Opening balance at 01.01.2023	44	19	63
Additions	134	0	134
Other modifications	(44)	0	(44)
Closing balance at 31.12.2023	134	19	153
<i>Depreciation and impairment losses</i>			
Opening balance at 01.01.2023	(38)	(7)	(45)
Depreciation for the year	(37)	(4)	(41)
Other modifications	46	0	46
Closing balance at 31.12.2023	(29)	(11)	(40)
<i>Carrying amounts</i>			
01.01.2023	6	12	18
31.12.2023	105	8	113

Lease liabilities

Lease liabilities presented in the statement of financial position

Lease liabilities	31.12.2024	31.12.2023
Short-term	7	44
Long-term	76	73
Total	83	117

Maturity analysis - undiscounted contractual payments	31.12.2024	31.12.2023
Up to 1 year	61	54
1 year to 5 years	28	79
Total	89	133

Total cash outflows related to leases	2024	2023
Interest expense recognized on lease liabilities	(10)	(10)
Payments related to the capital component of a lease	(50)	(46)
Items presented in the cash-flow statement	(60)	(56)

The value of contracts for which the Bank does not expect to exercise the extension and / or exercise option is immaterial.

The Bank elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (e.g including printers, IT equipment). Expenses relating to leases of low-value assets and short-term leases for the reporting period are considered not material.

4.16. Deferred tax assets and liabilities

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Bank recognises deferred tax asset for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are offset when they arise in the same entity and relate to income taxes levied by the same taxation authority, and when a legal right to offset exists in the entity.

Deferred tax relating to fair value re-measurement of financial assets measured at fair value through other comprehensive income, which are charged or credited directly to other comprehensive income.

For further information about the deferred tax on tax loss carryforward, please refer to Note 4.7.

Deferred tax assets and liabilities arise under the following grounds:

Net deferred tax assets / (liabilities)	31.12.2023	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehen- sive income	31.12.2024
Intangibles, property and equipment	6	(1)	0	5
Securitites	10	0	(38)	(28)
Carry forward loss	321	65	0	386
Net tax assets / (liabilities)	337	64	(38)	363

Net deferred tax assets / (liabilities)	31.12.2022	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehen- sive income	31.12.2023
Intangibles, property and equipment	6	0	0	6
Securitites	0	0	10	10
Carry forward loss	462	(141)	0	321
Net tax assets / (liabilities)	468	(141)	10	337

4.17. Other assets

Other assets	31.12.2024	31.12.2023
Assets received in exchange of claims	2	2
Inventories	4	4
Prepaid cost and accrued income	171	39
Reclaimable taxes	2	2
Several other assets	77	19
Total	256	66

Special epidemic tax is presented among taxes, duties and other fiscal items, as the Government Decree No. 108/2020 (IV.14.) on the special tax on credit institutions related to the epidemiological situation the tax paid can be deducted from the special tax payment obligation of financial institutions in the next 5 years (2021-2025).

4.18. Financial liabilities measured at fair value through profit or loss

	31.12.2024	31.12.2023
Derivative financial liabilities	159	1 372
Total	159	1 372

4.19. Financial liabilities measured at amortised cost

4.19.1. Amounts due to banks and sale and repurchase liabilities

Amounts due to banks and repurchase liabilities	31.12.2024	31.12.2023
Deposits	373 392	443 516
Borrowings	1 603	1 800
Total	374 995	445 316

4.19.2. Issued debt securities

Debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except for the items which at initial recognition are designated by the Bank to fair value through profit or loss category.

The following table represents the amount of issued debt securities measured at amortised cost:

	31.12.2024		31.12.2023	
	Net book value	Face value	Net book value	Face value
Listed bonds				
Floating interest	70 348	70 000	0	0
Total	70 348	70 000	0	0
Listed mortgage bonds				
Fixed interest	304 136	311 459	321 438	332 442
Floating interest	53 115	53 468	53 209	54 776
Total	357 251	364 927	374 647	387 218
Total issued securities	427 599	434 927	374 647	387 218

Book value of securities issued by currency	31.12.2024		31.12.2023	
	Net book value	Face value	Net book value	Face value
Denominated in HUF	427 599	434 927	374 647	387 218
Total	427 599	434 927	374 647	387 218

Mortgage bonds

Mortgage bonds are strictly regulated transferable, registered securities and, pursuant to the Act XXX of 1997 on Mortgage Loan Companies and on Mortgage Bonds (Mortgage Act), can be issued only by mortgage banks.

Special status in case of liquidation and resolution

The obligations arising from the Mortgage Bonds are equal in rank to each other (pari passu) in the event of the liquidation or resolution of the Issuer. Unlike the Issuer's other unsecured, non-subordinated obligations, they enjoy a special status under the Section 20 Subsection (5) and Section 21 Subsection (2) of the Mortgage Act, given that these claims do not form part of the liquidation assets.

Security of Mortgage Bonds

According to the Section 14 Subsection (1) Mortgage Act Mortgage loan companies shall at all times have sufficient cover assets to ensure that all liabilities of the mortgage bonds are covered. The liabilities referred to in Subsection (1a) shall include:

- the obligations for the payment of the principal amount of outstanding mortgage bonds;
- the obligations for the payment of any interest on outstanding mortgage bonds;
- the obligations attached to derivative contracts held in accordance with the requirements set out in this Act; and

- d) the expected costs related to maintenance and administration for the winding-down of the mortgage bond program.

According to the Section 14 Subsection (1b) Mortgage Act the following cover assets shall be considered to contribute to the coverage requirement:

- a) *ordinary assets*; principal, interest, costs according to Section 14 subsection (3). The amount of ordinary collaterals must always reach 80% of outstanding mortgage bonds with a remaining maturity of longer than 180 days. In case of loans secured by a residential real estate the principal arising from a mortgage loan can be considered as ordinary collateral up to 70% of the mortgage lending value of the property. In case of loans secured by commercial real estate the limit is 60%.
- b) *complementary assets* serve to complement ordinary security and shall contain assets set out in Section 14 subsection (11)
- c) *liquid assets* held in accordance with Section 14/B, other than those mentioned in Section 14. Subsection (1b) sub-subsection b) hereof; and
- d) claims for payment attached to *derivative contracts* held in accordance with the requirements set out in the Mortgage Act (Section 14 subsection (6))

According to Section 14/B Subsections (1) and (2) in order to cover the net liquidity outflow, the mortgage bond program shall contain a cover pool liquidity buffer composed of liquid assets. The cover pool liquidity buffer shall cover the maximum cumulative net liquidity outflow over the next 180 days. The Subsection (3) regulates which types of segregated assets shall the cover pool liquidity buffer consist of.

According to Section 14 Subsection (4) collaterals of mortgage bonds have to be calculated and monitored based on both on nominal and present value calculation.

In accordance with Section 14 subsection (17) the overcollateralization of outstanding mortgage bonds have to be least 2 percent.

The independent property supervisor monitors and certifies the permanent availability of the collateral for the mortgage bonds, as well as the registration of the collateral providing the ordinary collateral of the mortgage bonds, of their real estate registration data and loan to value, as well as of the ordinary and additional collateral.

Based on its decision no., H-KE-III-533/2022 dated September 12, 2022. of the Hungarian National Bank, mortgage bonds issued by MBH Mortgage Bank Co. Plc. are entitled to use the "European (premium) covered bond" logo.

Claims based on the Mortgage Bond against the Issuer do not expire.

Bonds

In addition to issuing mortgage bonds, the Issuer can also appear on the securities market by issuing unsecured bonds. The Bank issued Senior Bonds again in 2024 for the first time since 2019, which provide the structural, long-term unsecured resource requirements for mortgage banking operations.

Bonds are registered, dematerialized, transferable debt securities issued on the basis of Act CXX of 2001 on Capital Markets as amended and of Government Decree No. 285 of 2001 (26 December).

The Issuer may issue (i) Senior Unsecured Bonds and (ii) Subordinated Contributory Capital Instrument Bonds.

The Senior Unsecured Bonds incorporate the Bank's direct, unconditional, non-subordinate unsecured liabilities, which are equal in rank (*pari passu*) to the Bank's other outstanding unsecured non-subordinate liabilities at any time in the hierarchy of repayment in the event of bankruptcy, voluntary liquidation or foreclosure except for liabilities, which have precedence on the basis of the governing laws on voluntary liquidation or other relevant statutory provisions.

Claims based on the Unsecured Bond against the Issuer do not expire.

The Subordinated Contributory Capital Instrument Bonds are classified as collateral capital instruments of the Issuer in accordance with the provisions of Article 63 of the CRR, and in the event of the liquidation of the Issuer, the debt arising from the Subordinated Contributory Capital Instrument Bonds can only be satisfied after the debt arising from the subordinated debt instruments that do not qualify as a solvency capital instrument has been satisfied, pursuant to Section 57, Paragraph (2) b.) of the Credit Institutions Act.

4.19.3. Reconciliation of liabilities arising from financing activities

The table below sets out movements in the Bank's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

	Amounts due to banks	Issued debt securities	Other financial liabilities	Total
31.12.2022	377 771	355 799	613	734 183
Cash flow from financing activities	192 625	15 411	(46)	207 990
New leasing	0	0	135	135
Cash flow from operating activities	(124 402)	0	0	(124 402)
Other changes	(678)	3 437	(65)	2 694
31.12.2023	445 316	374 647	637	820 600
Cash flow from financing activities	(70 000)	46 722	(50)	(23 328)
New leasing	0	0	9	9
Cash flow from operating activities	(321)	6 230	180	6 089
31.12.2024	374 995	427 599	776	803 370

4.19.4. Other financial liabilities

Other financial liabilities	31.12.2024	31.12.2023
IFRS 16 lease liability	83	117
Trade payables	26	37
Other liabilities related to lending activities	452	483
Accruals for other costs	215	0
Total	776	637

For further information about lease liability, see Note 4.15.

4.20. Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Risk reserves are made in particular for existing commitments and contractual obligations.

Loan commitments are firm commitments to provide credit under prespecified terms and conditions. Loan commitments are generally not recognised in the balance sheet before they are drawn. Loan commitments result in recognition of provisions based on the expected credit loss impairment model.

Provisions for litigation are made for those contingent liabilities of the Bank in relation to which the third parties involved may pursue claims against the Bank. The outcome and schedule of litigations is uncertain.

Following table shows the movement of provision by title:

	Opening at 01.01.2024	Provisions made du- ring the year	Use of pro- visions	Release of pro- visions	Closing 31.12.2024
Expected credit loss (IFRS9)	1	2	0	(1)	2
Provision allocated for unused vacation days	4	6	(5)	0	5
Provision for litigation	11	6	0	(17)	0
Total	16	14	(5)	(18)	7

	Opening at 01.01.2023	Provisions made du- ring the year	Use of pro- visions	Release of pro- visions	Closing 31.12.2023
Expected credit loss (IFRS9)	1	11	0	(11)	1
Provision allocated for unused vacation days	4	0	0	0	4
Provision for litigation	0	11	0	0	11
Other provision	12	0	(12)	0	0
Total	17	22	(12)	(11)	16

4.21. Contingent liabilities

Contingent liabilities defined by IAS 37 are not recognised in the financial statements but are disclosed in the additional notes.

Commitments related to loans include commitments to extend credit lines and guarantees, the purpose of which is to meet the demands of the clients of the Bank.

Commitments to extend loans refer to contractual commitments to provide credit line and revolving loans. Commitments typically have fixed expiry dates or have other provisions regarding its termination and typically generate an obligation for the client to pay a fee.

Since most commitments related to loans expire without being enforced or are terminated, the full contractual amount does not necessarily correspond to the future cash requirement. After initial recognition, an issuer of such a contract shall subsequently measure it in accordance with IFRS 9. There are no significant non-financial guarantee contracts that should be measured based on IFRS 17 standard.

Contingent liabilities	31.12.2024	31.12.2023
Loan commitments	30 711	28 539
Total	30 711	28 539

The Bank has only contingent liabilities with a Stage 1 and low credit risk rating regarding the available limit under the loan agreement.

4.22. Other liabilities

Other liabilities	31.12.2024	31.12.2023
Tax liabilities	53	49
Accrued expenses	401	865
Jubilee benefit obligation	2	2
Wage liabilities to employees	22	0
Total	478	916

4.23. Equity

Share capital

Shares are classified as share capital when there is no contractual obligation to deliver cash or other financial assets to the holders. Incremental costs directly attributable to the issue of equity instruments are presented in equity as a deduction from the proceeds, net of tax.

Treasury shares

The cost of the Bank's repurchased equity instruments ('treasury shares') is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired by any members of the Bank. Consideration paid or received is recognised directly in equity.

Treasury shares	31.12.2024	31.12.2023
Opening balance	207	207
Repurchase	0	0
Closing balance	207	207

During the reporting period there were no changes in the cumulative balance of Treasury share purchased.

Share premium

Share premium comprises of premiums on share capital issuances.

General reserve

According to the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Banking Act), banks shall set aside as general reserve 10% of Profit after taxation. Dividends can be paid only after the recognition of the general reserve. This reserve can be utilized only for losses derived from ordinary activity. A credit institution can reclassify part of the total of its retained earnings into general reserve. Supervisory authority can allow the entity not to set aside the amount calculated as above stated.

The Bank discloses the general reserve as a part of the retained earnings. In 2024, the Bank recognized a general reserve of HUF 2,946 million (2023: HUF 2,286 million).

General reserve	31.12.2024	31.12.2023
General reserve	2 946	2 286
Closing balance	2 946	2 286

Retained earnings

Retained earnings comprise the accumulated profit after taxes earned in the course of the operating life of an entity of the Bank less any dividend payment.

Revaluation reserves

Revaluation reserve of financial assets measured at FVTOCI includes the cumulative net change in the fair value until the derecognition. For financial instruments measured at fair value through other comprehensive income, the Bank has recognized an impairment loss in accordance with IFRS 9, which is shown in the Revaluation reserve.

The changes in equity of the Bank based on paragraph 114/B § of Act on Accounting as at 31 December 2024:

Staement of changes in equity based on Hungarian Account law	Share capital	Capital reserve	General reserve	Retained earnings and other reserve	Revaluation reserve	Tied-up reserve	Treasury shares	Profit for the year	Total equity
31.12.2024									
Total equity under IFRS as adopted by EU	10 849	27 926	0	39 363	0	0	(207)	6 597	84 528
Accumulated other comprehensive income	0	0	0	(288)	288	0	0	0	0
Repurchased treasury shares	0	0	0	(207)	0	207	0	0	0
General reserve	0	0	2 946	(2 946)	0	0	0	0	0
Total equity under Accounting Act 114/B §	10 849	27 926	2 946	35 922	288	207	(207)	6 597	84 528
31.12.2023									
Total equity under IFRS as adopted by EU	10 849	27 926	0	32 974	0	0	(207)	6 663	78 205
Accumulated other comprehensive income	0	0	0	(562)	562	0	0	0	0
Repurchased treasury shares	0	0	0	(207)	0	207	0	0	0
General reserve	0	0	2 286	(2 286)	0	0	0	0	0
Total equity under Accounting Act 114/B §	10 849	27 926	2 286	29 919	562	207	(207)	6 663	78 205

Reconciliation of the value of Share capital registered on the Registry Court and the value of Share capital in accordance with IFRS adopted by EU:

Reconciliation of share capital registered on the Registry Court and share capital under IFRS as adopted by the EU	31.12.2024	31.12.2023
Share capital in accordance with IFRS adopted by EU	10 849	10 849
Share capital registered on the Registry Court	10 849	10 849
Difference	0	0

Schedule of the profit reserves available for dividend	31.12.2024	31.12.2023
Retained earnings and other reserve	39 363	32 974
Accumulated other comprehensive income	(288)	(562)
Repurchased treasury shares	(207)	(207)
General reserve	(2 946)	(2 286)
Profit for the year	6 597	6 663
Total profit reserves available for dividend	42 519	36 582

4.24. Fair value of financial instruments

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the initial fair value will be based on other observable current market transactions in the same instrument, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield curves, option volatilities and currency rates.

When such evidence exists, the Bank recognises a trading gain or loss on inception of the financial instrument. When unavailable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value indicated by the valuation model from the transaction price is not recognised immediately in the consolidated statement of profit or loss and other comprehensive income but is recognised over the life of the transaction on an appropriate basis, or when the inputs become observable, or the transaction matures or is closed out, or when the Bank enters into an offsetting transaction.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued.

The estimated fair values disclosed below are designated to approximate values at which these instruments could be exchanged in an arm's length transaction. However, many of the financial instruments have no active market and therefore, fair values are based on estimates using net present value and other valuation techniques, which are significantly affected by the assumptions used on the amount and timing of the estimated future cash flows and discount rates. In many cases, it would not be possible to realise immediately the estimated fair values given the size of the portfolios measured.

In determining fair values, the Bank does not use averages of reasonably possible alternative inputs as averages may not represent a price at which a transaction would take place between market participants on the measurement date. When alternative assumptions are available within a wide range, judgements exercised in selecting the most appropriate point in the range include evaluation of the quality of the sources of inputs (for example: the experience and expertise of the brokers providing different quotes within a range, giving greater weight to a quote from the original broker of the instrument who has the most detailed

information about the instrument) and the availability of corroborating evidence in respect of some inputs within the range.

The following tables set out the carrying amounts and fair values of the Bank's financial assets and financial liabilities and the applied evaluation methods.

	31.12.2024		31.12.2023	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
Financial assets				
Cash and cash-equivalents	1 249	1 249	19 305	19 305
Financial assets measured at fair value through profit or loss	6 860	6 860	7 875	7 875
Loans and advances to customers mandatorily at FVTPL	5 481	5 481	6 310	6 310
Derivative financial assets	1 379	1 379	1 565	1 565
Hedging derivative assets	1 431	1 431	640	640
Financial assets measured at fair value through other comprehensive income	47 196	47 196	9 999	9 999
Debt and equity securities	47 196	47 196	9 999	9 999
Financial assets measured at amortised	834 702	828 921	867 975	844 903
Loans and advances to banks	593 463	593 463	523 272	523 272
Loans and advances to customers	16 468	14 408	20 540	15 797
Debt securities	224 418	220 067	323 975	305 646
Other financial assets	353	353	188	188
Total financial assets	891 438	885 027	905 794	882 722
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	159	159	1 372	1 372
Derivative financial liabilities	159	159	1 372	1 372
Financial liabilities measured at amortised cost	803 370	765 963	820 600	788 722
Amounts due to other banks	374 995	374 995	445 316	445 316
Issued debt securities	427 599	390 192	374 647	342 769
Other financial liabilities	776	776	637	637
Hedging derivative liabilities	3 569	3 569	5 214	5 214
Total financial liabilities	807 098	769 691	827 186	795 308

The Bank measures fair values using the following measurement hierarchy:

- Level 1 (quoted prices available on the active market): Fair values of financial instruments traded in active markets are based on quoted market prices or dealers' price quotations. This category includes treasury bills, government bonds, other bonds, investment units, capital instruments and currency derivatives and stock futures transactions listed on a stock exchange or having an active market.
- Level 2 (valuation techniques - with observable parameters): this category includes instruments measured with the application of the following: quoted market prices in an active market of similar instruments; quoted prices of similar instruments in a market considered inactive; or other valuation techniques where every significant input originates from directly or indirectly observable market data. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments with observable market prices, and other valuation models. Assumptions and inputs applied in the valuation techniques include risk-free rates and benchmark rates, credit risk premiums and other premiums used to estimate discount rates, bond and share prices, foreign exchange rates, share indices, and the projected price volatilities. The majority of derivative transactions belong to this category, for example currency forwards and swaps, currency and interest rate swaps, and bonds whose market is active with limitations.
- Level 3 (valuation techniques - with significant non-observable parameters): valuation techniques applying a significant amount of unobservable inputs. This category contains all the instruments in the case of which the valuation techniques apply inputs that are based on unobservable data and where

the unobservable inputs may have a significant impact on the valuation of the instrument. This category contains instruments which we value based on quoted prices of similar instruments, and in the case of which significant unobservable modifications or assumptions are necessary to reflect the differences between the instruments.

No reclassification was carried out between the levels of the fair value hierarchy in the fiscal year.

The methods and the assumptions applied in determining fair values of financial instruments when a valuation technique is used were as follows:

Cash and cash-equivalents

Due to the short-term nature, the carrying amount of Cash and cash-equivalents is a reasonable approximation of their fair value.

Derivative financial instruments

Fair values of derivative financial instruments are traded in active markets are based on quoted market prices or dealer price quotations.

As part of its trading activities the Bank enters into OTC structured derivatives, primarily options indexed to equity prices, foreign exchange rates and interest rates, with customers and other banks. Some of these instruments are valued using models with significant unobservable inputs, principally expected long-term volatilities and expected correlations between different asset prices or foreign currency exchange rates. These inputs are estimated based on extrapolation from observable shorter-term volatilities, recent transaction prices, quotes from other market participants and historical data.

Securities

The fair values of instruments grouped into securities are based on quoted market prices, when available. If quoted market prices are not available, fair value is estimated using quoted market prices of similar securities. For further information, please refer to Note 4.12.1, 4.13.3, 4.19.2.

The value of investment units held is determined based on the net asset value of the related investment funds.

The net asset value of the investment funds is established by the Fund Manager, the calculated net asset value is checked by the Depositary. The net asset value of the funds is determined at least on a quarterly basis. The determined net asset value of the funds is the value of the assets minus all the liabilities of the investment funds. Investments must be measured at fair value based on market prices. When calculating the net asset value of the first three quarters of each financial year, the Fund Manager continuously monitoring the management of the investments, the development of market prospects and having the information at its disposal - which includes the latest available quarterly reports on the investments, financial information - updates the valuation of investments based on the valuation model, which is taken into account during the calculation of the net asset value for the relevant quarter.

The Fund Manager uses fair value valuation when calculating the year-end net asset value of the funds. After the end of the year, the Fund Manager prepares a business evaluation of all investments in a given fund based on the latest financial data and information available at the time of the evaluation, in which the fair value of the investments is determined. The evaluation is reviewed by a requested independent expert and a report containing the findings of the evaluation is issued. The value of the investments in the consolidated financial statements is determined based on the mentioned business valuations.

There is no active quotation of discount government bonds when they reach within 3-month maturity. For discount government bonds within the maturity of 3 months, MBH Bank is using yield-curve valuation technique. The inputs of the yield-curve are the relevant active market prices, consequently it is considered as Level 2 valuation.

Loans to banks and customers

The fair value of loans and advances is based on observable market transactions, where available. In the absence of observable market transactions, fair value is estimated using discounted cash flow models. For the valuation of the loans to banks and customers, please refer to Note 4.14.

Amounts due to other banks

For the purposes of estimating fair value, Amounts due to other banks are grouped by residual maturity. Fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities plus Bank's own credit risk. For determining own credit risk (DVA – Debit Value Adjustment) the Bank uses the own PD and LGD used also for risk purposes which is also in line with the DVA calculation method for negative fair value derivatives. The fair value of a deposit repayable on demand is assumed to be the amount payable on demand at the end of the reporting period.

Issued debt securities and Subordinated debt

Fair values are determined using quoted market prices at the end of the reporting period where available, or by reference to quoted market prices for similar instruments plus own credit risk.

The following tables set out the valuation methods used to determine the fair value of the Bank's financial assets and financial liabilities:

31.12.2024	Quoted market prices in active markets	Valuation techniques – with observable inputs	Valuation techniques – with significant non observable inputs
Financial assets measured at fair value through profit or loss	0	1 379	5 481
Loans and advances to customers mandatorily at FVTPL	0	0	5 481
Derivative financial assets	0	1 379	0
Hedging derivative assets	0	1 431	0
Financial assets measured at fair value through other comprehensive income	44 009	3 187	0
Debt and equity securities	44 009	3 187	0
Total	44 009	5 997	5 481
Financial liabilities measured at fair value through profit or loss	0	159	0
Derivative financial liabilities	0	159	0
Total	0	159	0

31.12.2023	Quoted market prices in active markets	Valuation techniques – with observable inputs	Valuation techniques – with significant non observable inputs
Financial assets measured at fair value through profit or loss	0	1 565	6 310
Loans and advances to customers mandatorily at FVTPL	0	0	6 310
Derivative financial assets	0	1 565	0
Hedging derivative assets	0	640	0
Financial assets measured at fair value through other comprehensive income	9 999	0	0
Debt and equity securities	9 999	0	0
Total	9 999	2 205	6 310
Financial liabilities measured at fair value through profit or loss	0	1 372	0
Derivative financial liabilities	0	1 372	0
Total	0	1 372	0

4.25. Related party transactions

The Bank identifies the related parties using the definition of IAS 24 including all the enterprises that directly or indirectly through one or more intermediaries are controlled by the reporting enterprise (this includes parents and subsidiaries – **MBH Bank Ltd. reports from the point of view of a main parent company**) and key management personnel, including the member of the Board and Supervisory Board. For the purposes of this Report, related parties also include shareholders whose holding in the Bank exceeds 10%. Related parties have the power of control over or have a significant influence in, decisions relating to the finances and operation of another enterprise. The Group enters into transactions with related parties under market conditions.

The list of the related parties, - including the subsidiaries, associates and other shares of the MBH Mortgage Bank Plc. - as of 31 December 2024 is the following. The following table shows the Bank related companies from the point of view of MBH Bank Plc. as of 31 December 2024. The Bank has no subsidiaries or associates.

Company	Classification	Share%	Core business
MBH Bank Nyrt.	Ultimate Parent Company	0%	Other monetary intermediation
MBH Befektetési Bank Zrt.	Parent company	0%	Other monetary intermediation
MBH Blue Sky Kft.	Related company	0%	Asset management
MBH Duna Bank Zrt.	Related company	0%	Other monetary intermediation
Mitra Informatikai Zrt	Related company	0%	Data services, web hosting services
Euroleasing Ingatlan Zrt.	Related company	0%	Other lending
Takarék Ingatlan Zrt.	Related company	0%	Other lending
MBH Szolgáltatások Zrt.	Related company	0%	Estate agent service
MBH Domo Kft.	Related company	0%	Own renting and operating real estate
Takarék Faktorház Zrt.	Related company	0%	Own property real estate buying and selling
Takarékszövetkezeti Informatikai Kft.	Related company	0%	Other lending
Takarék Zártkörű Befektetési Alap	Related company	0%	IT service
Takarék Mezőgazdasági és Fejlesztési Magántőkealap	Related company	0%	Investment fund
Takarék Kockázati Tőkealap	Related company	0%	Investment fund
MBH High-Risk Származtatott Részvény Alap	Related company	0%	Investment fund
MBH Ingatlan Befektetési Alap	Related company	0%	Investment fund
MBH Magántőkealap	Related company	0%	Investment fund
OPUS TM1 Ingatlan Befektetési Alap	Related company	0%	Investment fund
MBH Vállalati Abszolút Hozamú Kötvény Befektetési Alap	Related company	0%	Investment fund
Magyar Strat-Alfa Zrt.	Related company	0%	Investment fund
MBH Ingatlanfejlesztő Kft.	Related company	0%	Own property real estate buying and selling
Euroleasing Zrt.	Related company	0%	Own renting and operating real estate
MBH Bank MRP Szervezet	Related company	0%	Financial leasing
HUN Bankbiztosítás Kft.	Related company	0%	Bancassurance
Budapest Eszközfinanszírozó Zrt.	Related company	0%	Other lending
Budapest Lízing Zrt.	Related company	0%	Other tangible assets leasing
MBH Befektetési Alapkezelő Zrt.	Related company	0%	Financial leasing
Fundamenta csoport	Related company	0%	Home savings fund

The Bank did not have any loans to members of the Bank's management bodies as at 31 December 2024 and 2023.

	31.12.2024		31.12.2023	
	Headcount	The amount of compensation	Headcount	The amount of compensation
Members of Board of Directors	6	78	7	101
Members of Supervisory Board	6	57	6	58
Total	12	135	13	159

Compensation for managers in a key position includes only short-term benefits without the social security contributions.

The details of transaction in 2024 and 2023 between the Bank and other related parties are disclosed in the next table.

31.12.2024	Parent	Subsidiaries and Related companies	Key management
Due from banks	33 045	0	0
Interbank loans granted	549 095	3 655	0
Other assets	2 167	136	0
Total assets	584 307	3 791	0
Due to banks	(140 000)	0	0
Other liabilities	(160 136)	(15 595)	0
Total liabilities	(300 136)	(15 595)	0
Interest income	44 020	157	0
Interest expense	(28 666)	(1 075)	0
Net interest income	15 354	(918)	0
Fee and commission income	126	1	0
Fee and commission expense	(162)	0	0
Net income from fees and commission	(36)	1	0
Net other operating income	4 621	0	0
Net other operating expense	(1 256)	(5)	0
Operating income	3 365	(5)	0
Operating expense	(183)	(347)	135
Profit/loss on transactions with related parties	18 500	(1 269)	135

Magyar Posta Ltd. has 39.71 % direct qualifying stake (voting rights) in MBH Mortgage Bank. There are no material transactions between the two Companies. The Bank discloses the Hungarian government bonds at 4.12.1, 4.13.3 and the related income statement impact at 4.3 notes table.

The Bank applies the exemption according to IAS 24 paragraph 25.

31.12.2023	Parent	Subsidiaries and Related companies	Key management
Due from banks	21 143	0	0
Loans	488 809	4 191	0
Other assets	11	0	0
Total assets	509 963	4 191	0
Due to banks	(210 185)	0	0
Other liabilities	(82 876)	(9 475)	0
Total liabilities	(293 061)	(9 475)	0
Interest income	39 867	4 647	0
Interest expense	(31 949)	(1 807)	0
Net interest income	7 918	2 840	0
Fee and commission income	90	41	0
Fee and commission expense	(213)	(141)	0
Net income from fees and commission	(123)	(100)	0
Net other operating income	4 844	618	0
Net other operating expense	(5 123)	(3)	0
Operating income	(279)	615	0
Operating expense	(103)	(477)	(159)
Profit/loss on transactions with related parties	7 413	2 878	(159)

4.26. Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There was no dilution factor in the periods presented.

For the normal earnings per share figure the profit attributable to shareholders means the result for the year decreased by the amount of the general reserves which is divided by the number of the shares excluding the number of the treasury shares by the Bank. The Bank has no dilutive potential ordinary shares. Earnings per share figure therefore equals to the diluted earnings per share figure.

Basic earnings per share of 31 December 2024 was calculated based on attributable profit available to ordinary shareholders of HUF 5,937 million (2023: HUF 5,997 million) and the weighted average number of ordinary shares outstanding of 108,237 thousand pieces (2023: 108,237 thousand pieces).

	31.12.2024	31.12.2023
Profit of shareholders of the Bank	6 597	6 663
Change of general reserve	(660)	(666)
Attributable profit	5 937	5 997
Weighted average number of shares	108 236 699	108 236 699

4.27. Events after the reporting period

Events after the balance sheet date are those events that occur between the balance sheet date and the date when the financial statements are authorised by management (Board of Directors, Supervisory Board) for issue.

The Bank identifies adjusting events after the balance sheet date and non-adjusting events after the balance sheet date. Adjusting events after the balance sheet date are incidences that provide evidence of conditions that existed at the balance sheet date, but information was received after the balance sheet date. The Bank shall adjust the amounts recognised in its financial statements to reflect adjusting events after the balance sheet date. Non-adjusting events after the balance sheet date are incidences that are indicative of conditions that arose after the balance sheet date. The Bank shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the balance sheet date, but its expected effects are disclosed in the Notes when material.

MBH Mortgage Bank Co. Plc issued a total of HUF 14.75bn mortgage bonds in nominal terms in the first two months of 2025. The series of MJ31NF01 was issued through public auction with the nominal amount of HUF 8.75bn (new, fixed coupon mortgage bond with a remaining maturity of 4.8 years) in January. The Bank offered the MJ28NF02 series (new, fixed coupon mortgage bond with a remaining maturity of 3.2 years) by a public subscription placing HUF 6.0 bn in February.

The Bank finished with the review of its Green Covered Bond Framework in Q1 2025, which was aimed at updating the eligibility criteria of classifying Eligible Green Mortgage Loans.

The National Bank of Hungary (NBH) approved the Base Prospectus of the HUF 150 billion 2025-2026 Issue Program of the Issuer with the resolution number of H-KE-III-122/2025 on February 26, 2025.



M B H M o r t g a g e B a n k P l c .

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Statistic code

***Standalone
Management
Report***

31 December 2024

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1 OVERVIEW OF MBH MORTGAGE BANK CO. PLC.

MBH Mortgage Bank Public Limited Company (formerly FHB Mortgage Bank Co. Plc., or later, as Takaréktör Mortgage Bank Co. Plc. hereafter referred to as “the Bank” or “the Company”) was established on October 21, 1997 as a limited liability company with a share capital of HUF 3 billion.

The Bank received its operating license as a specialized financial institution in accordance with the provision of Act CXII of 1996 on Credit Institutions and Financial Enterprises (previous Hpt.) and Act XXX of 1997 on Mortgage Loan Companies and Mortgage Bonds (Jht.) on March 6, 1998. The Bank started its operation as of March 16, 1998.

The Bank grants refinancing mortgage loans provided by commercial banks to their customers and issues mortgage bonds to raise funds for its refinancing activity.

On October 31, 2003 the Hungarian Financial Supervision Authority (HFSA) granted permission for the Bank to publish an issuance prospectus and introduce its shares to the Budapest Stock Exchange (BSE). The ordinary shares were listed on the BSE on November 24, 2003.

The ownership structure of MBH Mortgage Bank Co. Plc. at the end of 2024 and 2023

Shareholder	December 31, 2024		December 31, 2023	
	Ownership ratio %	Nr of shares	Ownership ratio %	Nr of shares
Ordinary shares listed on BSE (Series “A”)				
Domestic institutional investors	52.1	56 520 385	52.1	56 527 499
Foreign institutional investors	0.01	7 278	0.01	6 705
Domestic private investors	2.82	3 056 794	2.83	3 052 987
Foreign private investors	0.03	33 618	0.01	21 489
Treasury shares	0.23	253 601	0.23	253 601
Government held owner	44.79	48 597 602	44.8	48 597 602
Other investors	0.02	21 022	0.03	30 417
Subtotal (Series “A”)	100	108 490 300	100	108 490 300

In September 2015 the Bank and former FHB Commercial Bank (hereinafter referred as ‘Commercial Bank’) under the Bank’s majority ownership that time became a member of the Integration Organisation of Cooperative Credit Institutions (SZHISZ), the latter created by Act CXXXV of 2013 on the integration of cooperative credit institutions and the amendment of selected economic legislation. In parallel, it also became the member of the Guarantee Community of Cooperative Credit Institutions.

At the end of December 2015, the Bank increased its share capital by HUF 4,249 million face value, which equalled HUF 30.5 billion issue value. The capital increase took place through private issuance of dematerialized dividend preference shares (Series “B”) and registered, dematerialized ordinary shares (Series “C”). The new shares (Series “B” and Series “C”) were not listed on the Budapest Stock Exchange, they were purchased by the members of the former Takaréktör Group.

The integration process of the Bank and the Commercial Bank into the Integration of Cooperative Credit Institutions (today known as the Central Organization of Integrated Credit Institutions, i.e. COICI) that started in the autumn of 2015 finished in 2017.

As a first step, the Bank simplified its business profile retaining only mortgage bond issuance and refinancing functions, while all other human resources and capacities were transferred to the MTB (since 1 May 2023 MBH Investment Bank Ltd.) and the former Commercial Bank.

From April 2018, the Bank discontinued new own originated loan disbursement. Own originated loans disbursed before 2018 are kept in the Bank's portfolio until their expiry, while the active functions of the Bank remained solely those that relate to classic mortgage bank functions based on mortgage refinancing.

The General Assembly of the Company drew decision on changing the name of the Bank on April 27, 2018. From June 25, 2018 the official Company's name was changed to Takaréktörvény Bank Plc.

In the second half of 2019 the shares of Takaréktörvény Commercial Bank operating as Commercial Bank Ltd. since April 2018 – upon approval of General Assembly held on August 27 2019 – were sold to MTB Bank of Hungarian Savings Cooperatives Ltd. by Takaréktörvény Mortgage Bank, therefore consolidated financial statements were not prepared by the Bank since 2020. The parent company of the Bank (ultimate parent) has been preparing the Bank's consolidated financial statement for companies included in the scope of consolidation.

On December 30, 2020, MTB Bank of Hungarian Savings Cooperatives Ltd. published through official publication platforms its mandatory public purchasing bid for all shares issued by the Bank and submitted its application for a permit to the National Bank of Hungary (hereinafter referred as 'NBH'). Based on the NBH's permit the period for the purchase offer started on January 19, 2021, while the deadline for the acceptance of the bid was February 17, 2021. MTB accepted all the shares that were offered and declared the mandatory public purchasing bid process successful. With all the preconditions set in the bidding process being met, following the transfer of the shares the ownership ratio of MTB in the Bank increased from 86.20% to 88.14%, whereas the combined share of MTB and other owners acting in accordance increased from 94.82% to 96.76%.

The bid was made after the majority owners of Budapest Bank, MKB Bank (since 1 May 2023 MBH Bank) and MTB transferred their shares to the Magyar Bankholding on December 15, 2020.

On December 15, 2021, the main bodies of MKB, Budapest Bank and MTBH Ltd. (which was the owner of Takaréktörvény Group) approved the first step of the fusion process of MKB, Budapest Bank and Takaréktörvény Group. According to this, two member banks of MBH, namely MKB and Budapest Bank as well as MTBH Ltd. merged on March 31, 2022. During this process Budapest Bank merged into MKB, while MTB (Takaréktörvény Group) became a subsidiary of the merged bank. Takaréktörvénybank joined the merged bank in the second quarter of 2023.

Upon request of Hungarian Bankholding the National Bank of Hungary with its decision nr. H-EN-I-119/2022. dated on 8 March 2022, revoked the licence issued to Hungarian Bankholding by decision nr. H-EN-I-358/2020. dated 12 June 2020 for operating as a financial holding company with effect from 29 April 2022, and MKB Bank took over the group management function over the banking group after 29 April 2022, based on a new group resolution issued by the National Bank.

In accordance with the authorisation by the National Bank of Hungary, Budapest Bank and Hungarian Takaréktörvény Bankholding (MTBH) merged into MKB Bank on 1 April 2022. At that time, MTB Bank of Hungarian Savings Cooperatives had a direct ownership stake of 88.13% in Takaréktörvény Mortgage Bank Co. Plc. and directly owned 88.33% of the voting rights. Given that MTBH had 88.13% ownership stake and 88.33% of the voting rights in Takaréktörvény Mortgage Bank Co. Plc. through MTB Bank of Hungarian Savings Cooperatives, as a result of the merger MKB Bank as the legal successor of MTBH became the indirect owner of Takaréktörvény Mortgage Bank Co. Plc. with a stake of 88.13%, and indirectly acquired 88.33% of the voting rights that may be exercised in the company.

The extraordinary general meeting of Takaréktörvény Mortgage Bank held on 12 July 2022 converted the 14,163,430 series "B" preference shares (dividend preference shares) with a nominal value of HUF 100 each, with a total nominal value of HUF 1,416,343,000 into 14,163,430 series "A" ordinary shares with a nominal value of HUF 100 each and a total nominal value of HUF 1,416,343,000, and converted its 2,832,686 series "C" ordinary shares with a nominal value of HUF 1,000 each and a total nominal value of HUF 2,832,686,000 into 28,326,860 series "A" ordinary shares with a nominal value of HUF 100 each and a total nominal value of

HUF 2,832,686,000. The converted shares were registered on the Budapest Stock Exchange (BÉT) on 7 October 2022.

On 18 October 2022, as a result of the sale and purchase of shares, MKB Bank Plc. acquired 43,076,417 series "A" dematerialised ordinary shares with a nominal value of HUF 100 each owned by MTB Ltd. in Mortgage Bank. With this transaction, MKB Bank acquired a 39.8 % direct qualifying holding (voting rights) in Takarékszövetkezet Bank. The ownership stake of MTB Ltd. decreased to 48.42%. On 2 December 2022, Magyar Posta Ltd. acquired from MKB Bank Plc. its full stake in Takarékszövetkezet Bank by the exchange of shares; with this transaction, Magyar Posta Ltd. acquired a 39.71 % direct qualifying holding (voting rights) in Takarékszövetkezet Bank.

MBH Group was established on 1 May 2023. As a member of the Group, the new name of the Bank was changed to MBH Mortgage Bank.

2 THE MACROECONOMIC ENVIRONMENT IN 2024

2.1 THE HUNGARIAN ECONOMY IN 2024

In the developed economies, inflation rates have been further reduced in 2024, but inflation has not yet stably reached the desired targets. The growth figures for 2024 were positive, with the US economy expanding at a steady pace above 2.5%, while growth in the euro area was rather lagging behind last year. Central Banks in the developed countries started their rate cutting cycles in 2024, but with different dynamics. The European Central Bank started its rate-cutting cycle in June and, after a pause in July, maintained it until the end of 2024, bringing the deposit rate down to 3.00% by the end of the year. The Fed cut rates later but by a larger 50 basis points, first in September 2024 and then in the last quarter of 2024, with two 25 basis point rate cuts, to 4.25-4.50% by the end of 2024 overseas.

Although the euro area economy avoided a technical recession in 2024, the weak growth dynamics (and the weakness of our main trading partner, Germany) were also a significant drag on the Hungarian economy. In both the second and third quarters of 2024, domestic GDP declined on a quarterly basis, pushing the Hungarian economy back into a technical recession. Subsequently, however, the Hungarian economy emerged from the technical recession in the fourth quarter of 2024, with economic output expanding by 0.5% in the fourth quarter of 2024 compared to the previous quarter. The growth rate was thus slightly better than expected.

In 2024, prices rose by 3.7% on average compared with the previous year, in line with expectations. The inflation indicator moved out of the central bank's tolerance band in May and July. The moderation in inflation has been supported by a fall in fuel prices, while price increases for services have remained high for a long time. Inflation reached its lowest level in September 2024, when the annual average price increase fell to the 3% target for the first time since January 2021. Inflation in December was 4.6%, higher than the annual average. The main reason for the year-end increase was the base effect. In addition, by the end of 2024, the weakening of the forint was also visible in the rise in the price of consumer durables. Core inflation was 4.7% in December 2024. The price index for services remained high at well above 5% throughout the year, while the price of household energy fell year-on-year and, with the exception of December, the price of consumer durables also fell in 2024.

The MNB continued its cycle of interest rate cuts in 2024, with the base rate falling to 6.50% in September from 10.75% at the beginning of 2024. In the fourth quarter, the MNB paused the rate cuts, leaving the policy rate at 6.50% until the end of 2024. The MNB's room for manoeuvre was also narrowed by the expected upward revision of the Fed's interest rate path and the sharply weakening forint. In addition, inflationary pressures have also increased, which also prevented a rate cut.

According to the Ministry of National Economy's January release, the central sub-system of the general government finances closed with a deficit of HUF 4,095.8 billion in 2024, below the increased deficit target of HUF 4,790 billion. According to the NGM, the accrual-based deficit as a share of GDP could be 4.8% of GDP (final data will be released on 1 April 2025). Expenditure on pensions and pension-like benefits, baby

grants and preventive medical care exceeded the amounts spent a year earlier. Tax and contribution revenues of the central subsystem were 8.7% higher than in the previous year. 2024 saw no reduction in the ratio of public debt to the size of the economy. The debt-to-GDP ratio rose from 73.4% at the end of 2023 to 73.6% at the end of last year.

The external financing capacity for 2024 (only preliminary data is available for the fourth quarter) was €6.8 billion (equivalent to 3.3% of GDP), consisting of a surplus of €6.1 billion on the current account and €730 million on the capital account. The trade in goods balance improved by €2.6 billion last year compared to a year earlier, with a surplus of €11.6 billion.

After 2023, the credit institutions sector also had an outstanding year in 2024 in terms of profit after tax: based on unaudited data, domestic banks achieved a profit of HUF 1,632 billion in 2024, which is HUF 153 billion higher than in 2023, and a return on equity of at least 20%. In numerical terms, the improvement over 2023 was driven by an increase in dividend income of nearly HUF 140 billion and an improvement in non-interest income from financial and investment services of more than HUF 90 billion. However, these are not sustainable trends in the long term in terms of volume. Interest income was around HUF 100 billion lower than in 2023, which is better than expected, given that the sector realised significantly lower interest income on its deposit assets held with the MNB due to the decline in central bank interest rates, and in addition, the interest rate limits previously introduced on specific mortgage loans remained largely effective during 2024. This deterioration in interest income was offset by a roughly HUF 55 billion improvement in fee and commission income, although transaction fees increased by more than HUF 100 billion in expenses, and the sector was unable to pass on part of this increase to its clients. Operating costs increased by HUF 150 billion from 2023 to 2024, well above the rate of inflation and slightly above the rate of revenue growth, so the cost-to-revenue ratio increased marginally from its 2023 level but remained below 40%. After a near-neutral impact on profit in 2023, risk costs in 2024 amounted to HUF 108 billion, mainly due to accelerating net impairment charges in the second half of the year. At the same time, the sector's tax payments decreased by around HUF 50 billion (HUF 70 billion taking into account the evolution of the contribution to resolution and deposit insurance funds) compared to 2023, mostly due to the possibility of a reduction in the extra profit tax. Overall, therefore, the banking sector continued to show an outstanding performance in 2024. However, the resulting trends are partly unsustainable in the longer term and, coupled with a moderately continued decline in yields, a meaningful correction in the equity ratio is therefore expected.

2.1.1 New mortgage loan contracts

Due to the improving economic outlook, rapid household income growth (fuelled by high returns on savings in addition to wage growth) and falling interest rates (accelerated by banks' voluntary mortgage APR limits), the volume of new residential mortgage contracts shot up at rocket speed from the beginning of 2024 and this momentum continued throughout the year. Finally, customers signed new contracts with credit institutions worth HUF 1,443 billion, which is more than 110% higher than the HUF 686 billion in 2023. Only for housing loans, the growth rate was even higher (close to 130%), as the volume of mortgages for unlimited use was essentially the same as last year, i.e. no growth. The outstanding growth rate cannot be repeated, as the base in 2023 was abysmally low, but the momentum achieved in 2024 could be maintained in the retail mortgage market, as, in addition to a number of economic policy measures, strong income growth will continue to support families' homeownership intentions in 2025, further strengthening the demand side of mortgage lending.

2.1.2 Mortgage loan portfolio developments

The portfolio of retail mortgage loans amounted to HUF 6356 billion on 31 December 2024, according to data published by the National Bank of Hungary. The annual stock growth exceeded HUF 615 billion (an increase of about 11%) compared to the 2023 year-end stock of HUF 5,739 billion. This growth was driven by the very significant increase in the average transaction size of new housing loans (by nearly 62%) due to the new CSOK Plus scheme, while the number of transactions increased by over 41% compared to 2023. In addition, the amortisation ratio remained low, as prepayments did not return to the levels in the years prior to 2023.

2.1.3 Mortgage bond market

The nominal value of mortgage bonds issued by the five Hungarian mortgage banks increased by less than 1% by the end of 2024 compared to the end of the previous year, with a total nominal value of HUF 2,107 billion outstanding as of 31 December 2024. The nominal value of MBH Mortgage Bank's outstanding mortgage bonds was HUF 365 billion at the end of 2024, showing a decrease of about 6%, which means that the Bank lost more than 1 percentage points of its market share. The Bank remains the second largest player in this market segment with a market share of 17.3%.

3 REPORT ON THE BANK'S BUSINESS AND FINANCIAL RESULTS

3.1 MAJOR FINANCIAL INDICATORS (STANDALONE STATEMENT FIGURES)

The total assets of the Bank based on standalone statement figures decreased by 1.6% (i.e. by HUF 14.3 billion) in 2024, and its volume reached HUF 892.3 billion by the end of the year. Pre-tax profit amounted to HUF 7.2 billion, while profit for the year reached HUF 6.6 billion. The total comprehensive income for 2024 was HUF 6.3 million (2023: HUF 7.2 billion).

Major indicators (HUF million; %)	31.12.2024.	31.12.2023.	Change (%)	Change
Total assets	892 311	906 587	-1.6%	-14 276
Financial assets measured at amortised cost from this,	834 702	867 975	-3.8%	-33 273
Loans and advances to banks	593 463	523 272	13.4%	70 191
Loans and advances to customers	16 468	20 540	-19.8%	-4 072
Debt securities	224 418	323 975	-30.7%	-99 557
Financial liabilities measured at amortised cost from this,	803 370	820 600	-2.1%	-17 230
Amounts due to other banks	374 995	445 316	-15.8%	-70 321
Issued debt securities	427 599	374 647	14.1%	52 952
Equity	84 528	78 205	8.1%	6 323
Profit before taxation	7 177	7 385	-2.8%	-208
Profit for the year	6 597	6 663	-1.0%	-66
Total comprehensive income for the year	6 323	7 168	-11.8%	-845
ROAA (average return on assets), %	0.7%	0.8%	-	-0.04%-pt
ROAE (average return on equity), %	8.1%	8.9%	-	-0.8%-pt

A change of more than +/- 300% compared to the previous year cannot be interpreted, marked with "-".

3.2 REFINANCING

From 2018 the Bank performs solely classic mortgage bank functions, i.e. it issues mortgage bonds for raising funds to refinance its partnerbanks'—both within the MBH Group and also for external partners mortgage loan portfolios. Within the Group, the Bank acts as a special entity: it is eligible to raise funds in the form of mortgage covered bond or uncovered bond issuances either at domestic or international financial markets. Mortgage bonds issued by the Mortgage Bank and the refinancing provided by the Mortgage Bank are a key elements of ensuring MFAR compliance for the partner banks.

MBH Mortgage Bank currently has 8 refinancing partners as of the reporting date, of which MBH Bank has the largest refinancing loan portfolio. In its strategy the Bank puts special emphasis on co-operating with

external partners. It strives to become an attractive alternative for banking groups that are involved in mortgage lending but do not have their own mortgage bank license and thus need mortgage refinancing.

The stock of refinancing loans granted by the Bank increased by 3.6% (or HUF 13.7 billion) in 2024 and their volume at the end of the year came at HUF 395.0 billion.

3.3 LENDING TO CLIENTS

The Bank discontinued originating new loans from the second quarter of 2018, lending activity is provided by MBH Bank. The existing old own originated loan portfolio remains in the Bank's books until full expiry. From the second quarter of 2018 the Bank is active only in the refinancing segment, and thus the portfolio of the still existing client loans is gradually shrinking due to natural amortization.

Among financial assets measured at amortised cost, gross amounts due from customers (retail and corporate), in line with the above, continued to decrease sinking to HUF 17.8 billion at the end of 2024 down by 16.4% from end-2023's HUF 21.3 billion. 98.4% of this gross portfolio are household loans, the volume of which decreased by HUF 3.4 billion compared to the previous year. The gross stock of corporate loans amounted to HUF 0.3 billion at the end of 2024.

3.4 PORTFOLIO QUALITY, IMPAIRMENT

The Bank's gross loan volume amounted to HUF 578.8 billion at the end of the year. The value of contingent liabilities was HUF 30.7 billion on December 31, 2024. Hence the full exposure of gross loans and contingent liabilities (excluding securities) was HUF 609.5 billion.

Claims on clients amounted to HUF 17.8 billion, moreover, based on already signed contracts there was a commitment for disbursing loans of HUF 0.03 billion at the end of 2024. Out of these volume 892 loan contracts were classified as Stage 3 category with an underlying volume of HUF 0.9 billion in claims with HUF 0.2 billion in impairments. HUF 16.9 billion in claims and HUF 0.03 billion in commitments were classified as Stage 1 and Stage 2 categories, with HUF 1.1 billion in impairments and provisions.

The total stock of refinancing loans was HUF 396 billion with a minimal HUF 0.3 billion in impairments.

The Bank has ownership interest in two entities: the MBH Investment Bank Ltd. and the Takarékné Egyesületek (TESZ). The nominal value of these investments is HUF 0.02 billion at the end of 2024.

In the interbank market the Bank had placements of HUF 33 billion in the form of sight deposits, for which an impairment loss of HUF 0.04 billion was booked.

The share of problem free (Stage 1 and Stage 2) loans was 94.79% as of December 31, 2024, consequently the share of Stage 3 loans was 5.21%.

Average impairment levels for both the total portfolio (excluding swaps) and the loan portfolio have increased since the previous measurement date.

3.5 ISSUED SECURITIES

In 2024, MBH Mortgage Bank raised a total of HUF 129.6 billion of funds from the domestic capital market, of which HUF 75 billion was issued in the form of unsecured floating rate bonds and HUF 59.6 billion in the form of mortgage bonds. Among the mortgage bonds issued in 2024, the share of green mortgage bonds was 24.3% (HUF 14.5 billion). During the year under review, nearly HUF 22 billion (36.6%) of mortgage bonds issued were variable rate and HUF 37.7 billion (63.4%) were fixed rate. Mortgage bonds were all placed through public auctions (8 auctions) with the participation of the Mortgage Bank's four-member dealer consortium, while the unsecured bonds were issued through subscriptions (2 subscriptions).

Despite the uncertain market environment and the decreasing domestic demand, MBH Mortgage Bank retained its general issuance strategy and regularly organised auctions 1-3 times per quarter: it offered mortgage bonds

maturing in 2029 and 2032 to investors. Typically, volumes of HUF 6 billion were offered at auctions. Issue spreads compared to benchmark government bond yields declined after the second quarter of 2024 from levels above 120 basis points at the beginning of the year. However, issue spread tightening stopped in the last quarter. MBH Mortgage Bank obtained a new favourable Moody's mortgage rating (A1) in the summer that offset the upward trend in issue spreads, so ultimately neither spreads over government bond nor to interest rate swaps returned to levels above 100 basispoint witnessed in the first half of the year.

In terms of the total mortgage bond market issuance, compared to a total of HUF 117.3 billion issued in the first half of the year, further HUF 260.3 billion of mortgage bonds were issued by five domestic mortgage banks in the second half of the year, of which the third quarter proved to be the most active (HUF 233.2 billion). Green mortgage bond issuance remained subdued with a total of HUF 34.4 billion issued over the year, of which MBH Mortgage Bank's green issuance amounted to HUF 14.5 billion.

In terms of mortgage bonds, mortgage bonds with a nominal value of HUF 5.9 billion, HUF 27 billion, HUF 25 billion and HUF 7.2 billion were issued by MBH Mortgage Bank in each quarter. In total three variable rate and five fixed rate mortgage bonds were marketed at the 8 mortgage bond auctions.

In August, 2024 the Bank decided to issue new unsecured bonds for the first time since March 2018. 3-year maturity (MK27NV01) and 6-year maturity (MK30NV01) floating rate bonds were placed on the market through subscriptions. The total nominal value of the bonds was HUF 35-35 billion. The purpose of the issue was to fulfill MBH Mortgage Bank's unsecured funding needs. On the one hand, the mortgage bank's operations have a certain volume of unsecured funding needs on an ongoing basis-the part of mortgage loans not eligible for cover pool inclusion and the maintained over collateral portfolio cannot be financed from mortgage bonds-while the long-term funding elements in the form of the issued 3 and 5-year bonds is more in line with the asset-liability structure of the mortgage bank from a maturity perspective compared to short-term interbank funding, which is also supportive from rating prospective.

Three series of mortgage bonds with a total nominal value of HUF 56.5 billion matured during the year, and the Bank also organised two repurchases in 2024: in February it repurchased HUF 20 billion of TJ24NF01 series, and in June it repurchased nearly HUF 5.4 billion of TJ24NV01 floating rate series in a mortgage bond switch auction, which was an innovation in the Hungarian capital market for covered bonds. Investors did not pay the purchase price of the MJ32NV01 floating rate mortgage bond offered for issue in HUF, but the purchase price of the other floating rate mortgage bond (TJ24NV01), also due in October 2024, was offset against the predetermined price of the other floating rate mortgage bond (TJ24NV01) announced for repurchase. The pioneering transaction was successful, with HUF 5.6 billion of the MJ32NV01 series being put into circulation, resulting in the repurchase of HUF 5.6 billion of the switch paper. The introduction of the switch auction for covered bonds could contribute to an even higher level of investor demand and thus market development in the mortgage bond market.

As a result of the above transactions, the total nominal value of outstanding mortgage bonds issued by the Issuer at the end of December 2024 amounted to HUF 364.927 billion, compared to the HUF 387.218 billion a year earlier (quarter IV, 2023).

The Bank continuously monitored required level of collaterals and the fulfilment of the proportionality requirements in accordance with the requirements of the Act on Mortgage Banks and Mortgage Bonds and the Bank's collateral registration regulations. Also, the Bank verified the eligibility criteria for the normal collateralisation after the disbursement of the loans in order to ensure that the mortgage bonds were covered.

The net value of ordinary collaterals for mortgage bonds issued by MBH Mortgage Bank Co. Plc. was HUF 603.2 billion as of 31 December 2024, showing an increase of 3.5% compared to 31 December 2023 (HUF 582.8 billion) as a result of the increase in the refinancing loan portfolio.

Value of mortgage bonds and collaterals

HUF million	December 31, 2024	December 31, 2023	Change
Outstanding mortgage bonds in circulation			
Face value	364 927	387 218	-5.8%
Interest	81 457	70 012	16.3%
Total	446 384	457 230	-2.4%
Value of ordinary collateral			
Principal	403 892	396 276	1.9%
Interest	199 353	186 554	6.9%
Total	603 245	582 830	3.5%
The value of the liquid assets involved (principal and interest amount)	28 284	65 220	-57.7%
Value of assets involved as supplementary collateral	-	-	-
Value of mortgage bonds and assets involved as collateral	-	-	-
Total	28 284	65 220	-57.7%

As of December 31, 2024, the present value of the cover assets was HUF 410.1 billion and the present value of the items to be covered was HUF 344.5 billion, so that the present value of the assets represented 119.07% of the present value of the outstanding mortgage bonds. The ratio of the net value of collateral assets' principal to the nominal amount of outstanding mortgage bonds was 115.67%, while the ratio of the interest amount of collateral assets and the unpaid interest amount of outstanding mortgage bonds was 256.56% at 31 December 2024.

3.6 BALANCE SHEET DEVELOPMENTS (STANDALONE STATEMENT FIGURES)

As of 31 December 2024, the Bank's total assets amounted to HUF 892.3 billion, 1.6% below the end-2023 figure of HUF 906.6 billion.

Balance sheet items (HUF million; %)	31 December, 2024	31 December, 2023	Change (%)	Change
Assets				
Cash and cash equivalents	1 249	19 305	(93.5%)	(18 056)
Financial assets measured at fair value through profit or loss	6 860	7 875	(12.9%)	(1 015)
<i>Loans and advances to customers mandatorily at fair value through profit or loss</i>	<i>5 481</i>	<i>6 310</i>	<i>(13.1%)</i>	<i>(829)</i>
<i>Derivative financial assets</i>	<i>1 379</i>	<i>1 565</i>	<i>(11.9%)</i>	<i>(186)</i>
Hedging derivative assets	1 431	640	123.6%	791
Financial assets measured at fair value through other comprehensive income	47 196	9 999	-	37 197
Debt and equity securities	47 196	9 999	-	37 197
Financial assets measured at amortised cost	834 702	867 975	(3.8%)	(33 273)
<i>Loans and advances to banks</i>	<i>593 463</i>	<i>523 272</i>	<i>13.4%</i>	<i>70 191</i>
<i>Loans and advances to customers</i>	<i>16 468</i>	<i>20 540</i>	<i>(19.8%)</i>	<i>(4 072)</i>
Debt securities	224 418	323 975	(30.7%)	(99 557)
<i>Other financial assets</i>	<i>353</i>	<i>188</i>	<i>87.8%</i>	<i>165</i>
Property, plant and equipment	104	143	(27.3%)	(39)
Intangible assets	150	247	(39.3%)	(97)
Income tax assets	363	337	7.7%	26
<i>Deferred income tax assets</i>	<i>363</i>	<i>337</i>	<i>7.7%</i>	<i>26</i>
Other assets	256	66	287.9%	190
	892 311	906 587	(1.6%)	(14 276)
Liabilities				
Financial liabilities measured at fair value through profit or loss	159	1 372	(88.4%)	(1 213)
<i>Derivative financial liabilities</i>	<i>159</i>	<i>1 372</i>	<i>(88.4%)</i>	<i>(1 213)</i>
Financial liabilities measured at amortised cost	803 370	820 600	(2.1%)	(17 230)
<i>Amounts due to other banks</i>	<i>374 995</i>	<i>445 316</i>	<i>(15.8%)</i>	<i>(70 321)</i>
<i>Issued debt securities</i>	<i>427 599</i>	<i>374 647</i>	<i>14.1%</i>	<i>52 952</i>
<i>Other financial liabilities</i>	<i>776</i>	<i>637</i>	<i>21.8%</i>	<i>139</i>
Hedging derivative liabilities	3 569	5 214	(31.5%)	(1 645)
Provisions for liabilities and charges	7	16	(56.3%)	(9)
Income tax liabilities	200	264	(24.2%)	(64)
<i>Current income tax liabilities</i>	<i>200</i>	<i>264</i>	<i>(24.2%)</i>	<i>(64)</i>
Other liabilities	478	916	(47.8%)	(438)
Total liabilities	807 783	828 382	(2.5%)	(20 599)
Equity				
Share capital	10 849	10 849	-	-
Treasury shares	(207)	(207)	-	-
Share premium	27 926	27 926	-	-
Retained earnings	36 129	30 126	19.9%	6 003
Other reserves	2 946	2 286	28.9%	660
Profit for the year	6 597	6 663	(1.0%)	(66)
Accumulated other comprehensive income	288	562	(48.8%)	(274)
Total equity	84 528	78 205	8.1%	6 323
Total liabilities and equity	892 311	906 587	(1.6%)	(14 276)

A change of more than +/- 300% compared to the previous year cannot be interpreted, marked with "-".

3.6.1 Financial assets measured at fair value through other comprehensive income

The value of financial assets measured at fair value through other comprehensive income was HUF 47.2 billion at the end of 2024, significantly higher than a year earlier. The share of debt-type securities in the portfolio increased to 100% by the end of 2024, while the share of ownership-type instruments decreased to 0%.

Government bonds account for 93.2% of the portfolio of debt securities within financial assets measured at fair value through other comprehensive income. The stock of government bonds increased by HUF 41.0 billion to HUF 44.0 billion at the end of 2024. The stock of credit institution bonds, which accounted for 6.8% of the total, fell by 54.4% compared to the previous year (from HUF 7.0 billion to HUF 3.2 billion).

3.6.2 Financial assets measured at amortised cost

The volume of financial assets measured at amortized costs decreased by 3.8% in 2024, thus the volume amounted to HUF 834.7 billion by the end of the period. The gross stock of debt-type securities within this decreased by 30.7% and stood at HUF 224.4 billion at the end of the year. 87.4% of the total securities portfolio is made up of government bonds, the stock of which was HUF 196.3 billion at the end of 2024.

Within this asset class the other major component is the stock of gross loans. This increased by 13.4% in the course of 2024, rising to HUF 593.5 billion by the end of the year.

The gross stock of interbank deposits and claims on central bank increased from HUF 21.0 to HUF 33.0 billion, which represents a significantly higher level (+57.1%).

3.6.3 Financial liabilities measured at amortized costs

Financial liabilities measured at amortized costs take up 90.0% of the Bank's total liabilities. Their volume at the end of 2024 was 2.1% lower than a year before, thus reaching HUF 803.4 billion. Within these liabilities it is debt-type securities, i.e. the mortgage bonds issued by the Bank to provide funding for the long-term refinancing of the mortgage debt portfolio, represent the highest share (53.2%). The value of mortgage bonds issued at the end of 2024 reached HUF 357.3 billion, which represents a 4.6% decrease compared to 2023. During 2024, however, the stock of loans received decreased by 15.8%, reached HUF 375.0 billion.

3.6.4 Equity, capital adequacy

Shareholders' equity amounted to HUF 84.5 billion at the end of 2024, up HUF 6.3 billion (or 8.1%) from the end of 2023.

The Bank is member of Central Body of Integrated Credit Institutions (CBIC). The members of CBIC should examine the prudential requirements on consolidation bases. The exemption of individual compliance is ensured by the relevant statutory and resolution of the National Bank of Hungary.

On the capital adequacy of the members of the integration the MBH Bank Plc. publishes the audited financial statements in the disclosure document of the business year.

3.6.5 Off balance sheet items

The value of off balance sheet items amounted HUF 30.7 billion at the end of 2024, 7.6% higher than a year before. It entirely consisted of the volume of unused (or not yet drawn upon) credit lines by clients and refinancing partners.

3.7 PROFIT & LOSS DEVELOPMENTS (STANDALONE STATEMENT FIGURES)

<i>P&L items (HUF million; %)</i>	2024.	2023.	Change (%)	Change
Interest and similar to interest income	61 507	61 348	0.3%	159
Interest income using effective interest rate method	53 422	51 645	3.4%	1 777
Other income similar to interest	8 085	9 703	(16.7%)	(1 618)
Interest expense	(48 672)	(52 825)	(7.9%)	4 153
Interest expense using effective interest rate method	(40 665)	(43 369)	(6.2%)	2 704
Other interest expenses	(8 007)	(9 456)	(15.3%)	1 449
Net interest income	12 835	8 523	50.6%	4 312
Income from commission and fees	186	219	(15.1%)	(33)
Expense from commission and fees	(288)	(366)	(21.3%)	78
Net income from commissions and fees	(102)	(147)	(30.6%)	45
Results from financial instruments, net	(2 206)	966	-	(3 172)
Result from remeasurement and derecognition of financial instruments measured at fair value through profit or loss	884	2 193	(59.7%)	(1 309)
Result from derecognition of debt and equity securities measured at fair value through other comprehensive income	147	399	(63.2%)	(252)
Results from derecognition of loans and debt securities measured at amortised cost	(3 874)	(162)	-	(3 712)
Results from hedge accounting, net	380	(1 254)	(130.3%)	1 634
Foreign exchange gains less losses	257	(210)	(222.4%)	467
Allowances for expected credit losses, provisions for liabilities and charges and impairment of non-financial assets	(535)	877	(161.0%)	(1 412)
Expected credit loss on financial assets, financial guarantees and loan commitments	(137)	1 345	(110.2%)	(1 482)
Provisions for litigation, restructuring and similar charges	10	1	-	9
(Loss) / gain on modification of financial instruments that did not lead to derecognition	-	-	-	-
(Impairment) / reversal of impairment on other financial and non-financial assets	(51)	-	-	(51)
Administrative and other operating expense	(2 641)	(2 734)	(3.4%)	93
Other income	9	36	(75.0%)	(27)
Other expense	(183)	(136)	34.6%	(47)
Profit before taxation	7 177	7 385	(2.8%)	(208)
Income tax income / (expense)	(580)	(722)	(19.7%)	142
Profit for the year	6 597	6 663	(1.0%)	(66)
Other Comprehensive Income				
Items that may be reclassified to profit or loss	(274)	505	(154.3%)	(779)
Debt instruments at fair value through other comprehensive income	(235)	495	(147.5%)	(730)
Fair value changes	(118)	877	(113.5%)	(995)
Reclassification of accumulated remeasurements to profit or loss upon derecognition	(117)	(382)	(69.4%)	265
Income tax relating to items that may be reclassified subsequently	(39)	10	-	(49)
Items that may not be reclassified to profit or loss	0	0	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	0	0	-	-
Other comprehensive income for the year net of tax	(274)	505	(154.3%)	(779)
Total comprehensive income for the year	6 323	7 168	(11.8%)	(845)

A change of more than +/- 300% compared to the previous year cannot be interpreted, marked with "-".

The Bank's pre-tax profit was HUF 7.2 billion in 2024, which represents by HUF 0.2 billion lower level compared to the profit of the previous year (2023: HUF 7.4 billion). Full-year profit reached HUF 6.6 billion in 2023 (HUF 6.7 billion in 2023). The total comprehensive income was also below the performance of the previous year, reaching HUF 6.3 billion in 2024 (HUF 7.2 billion in 2023).

3.7.1 Net interest income

Net interest income reached HUF 12.8 billion in 2024 (HUF 8.5 billion in 2023) as a result of HUF 61.5 billion in interest income (up 0.3% from 2023) and HUF 48.7 billion in interest expenses (down 7.95% from 2023). In sum, net interest income was HUF 4.3 billion (50.6%) higher in 2024 than in the previous year.

In terms of interest income, the interest income from financial assets measured at amortized cost in 2024 was decisive. Its value was HUF 51.5 billion in 2024 (HUF 50.3 billion in 2023).

Interest expenses were HUF 4.2 billion lower than the previous year, totalling HUF 48.7 billion (2023: HUF 52.8 billion). Among the interest expenses, the interest expenses of financial liabilities measured at amortized cost represent the most significant item; this amounted to HUF 40.7 billion in 2024 which was HUF 2.7 billion lower than the previous year (HUF 43.4 billion in 2023).

3.7.2 Net fees and commissions

The net fees and commissions result was HUF 102 million in loss in 2024 (HUF 147 million loss in 2023).

Income from fees and commissions reached HUF 186 million (down 15.1% from 2023). The lower revenues were caused by the decrease in other fee and commission revenues related to own-originated mortgages and the real estate appraisal fee.

The amount of fee and commission expenses in 2024 was HUF 288 million (HUF 366 million in 2023). The lower level of fees and commission expenses is mainly explained by lower agency fee.

3.7.3 Results from financial instruments

The result related to financial assets amounted to HUF 2,2 billion loss compared to last year's HUF 966 million profit 2023. The loss is mainly due to gains on financial instruments at fair value through profit or loss.

3.7.4 General and administrative expenses

The general and administrative expenses of the Bank decreased by 3.4% (i.e. by HUF 93 million) in 2024, reaching a level of HUF 2.6 billion overall compared to HUF 2.7 billion in 2023. The decrease in operating costs was driven by lower IT costs and lower extra profit tax paid. The extra profit tax amounted to HUF 194 million in 2024 (HUF 576 million in 2022).

However, in 2024, legal and advisory services and expert fees increased by HUF 263 million, while the amounts paid into the solvency fund, which is included in membership fees, increased by HUF 211 million.

Salaries and wage-related costs increased by HUF 51 million to a total of HUF 501 million in 2024.

3.7.5 Impairment / (Reversal) on financial instruments held for credit risk management and provision (loss) / gain

The net balance of impairment and provisioning was HUF 137 million in 2024.

3.7.6 Modification (loss) / gain on financial instruments

The cost of the repayment moratorium that came into effect on March 18, 2020 is derived from the loss impact on the net present value of not served and thus accrued credit cash-flows. The total impact for the Bank was HUF 357 million loss in 2024 (HUF 469 million in 2023).

3.7.7 Pre-tax profit

The Bank's pre-tax profit amounted to HUF 7.2 billion in 2024 (HUF 7.4 billion in 2023).

4 LIQUIDITY MANAGEMENT

Due to its special legal mortgage bank status the MBH Mortgage Bank is not allowed to collect client deposits, hence among its liabilities the components with the highest weight are mortgage bonds and interbank liabilities.

The structure of the Bank's liabilities - following the adoption of the purely mortgage bank strategy in 2018 - are primarily influenced by developments in the stock of refinanced loans, and the level of activity in primary mortgage bond issuances with a view to secure the MFAR compliance of MBH Group.

In line with the above, the stock of mortgage bonds decreased by 5.8% (- HUF 22.3 billion) year-on-year from HUF 387.2 billion to HUF 364.9 billion in 2024. Based on the decision of the NBH No. H-KE-III-533/2022 dated 12 September 2022, all mortgage bonds of MBH Mortgage Bank Co. Plc. are considered as "European (premium) covered bonds".

In the course of 2024 the weight of long-term (3- and 5-year) central bank refinancing originating from the NBH's long-term covered refinancing operations was also decisive (at the end of July 2021 the central bank finished these operations, new deals are not available, but the outstanding stock remains intact).

Based on the amendment to the Act, entered into force on 8 July 2022, the cover pool assets (regular and assets involved as supplementary collateral) have been extended to liquid assets, and detailed rules on the liquidity buffer have been developed. In accordance with the above the Bank has been applying a liquidity buffer consisting of liquid assets with the aim of covering the net liquidity outflow in relation to its covered bond issue programme from July 8, 2022. Also, based on the amended Jht. the Bank maintains a minimum overcollateralization level of 2%.

Liquidity buffer at 31 December 2024:

Maximum daily net liquidity outflow within 180 days (HUF million)	-12 895
Liquidity buffer (market) value of the cover pull set (HUF million)	18 832

The Bank has terminated its contract with S&P Global Rating in 2019 for the purpose of rating its mortgage loans during 2024, and the BBB rating at the time of termination has been withdrawn by MBH Mortgage Bank's own decision.

MBH Mortgage Bank's mortgage covered bonds are currently rated by Moody's Investor Service, which announced on 22 July 2024 that it has assigned a long-term A1 rating to the mortgage-covered bonds issued by MBH Mortgage Bank (the Partner Risk (CR) Rating is Baa3(cr). At the same time, Moody's also announced that MBH Mortgage Bank's long- and short-term issuer ratings were Ba3/NP, its long- and short-term Counterparty Risk Ratings (CRRs) were Baa3/P-3, and its long- and short-term Counterparty Risk (CR) Assessment was Baa3(cr)/P-3(cr). The outlook on the ratings was assessed by Moody's as stable.

5 Risk management principles

The Bank's risk management is governed by the Hungarian and EU legislation in force, as well as by additional supervisory regulations. MBH Bank performs the governance functions of the MBH banking group and defines for its members the mandatory internal rules and guidelines related to prudent risk taking and risk management.

Bank considers prudent risk-taking to be a core value, and its risk management and risk control activities are performed in accordance with the principles laid down in the Risk Strategy. The Bank's risk management is subject to several levels of control, the most important of which are ultimate control at the level of the Board of Directors (some specific and identified risk decisions require the approval of the Supervisory Board), independent control separate from the risk-taking areas, and appropriate measurement, diversification, monitoring and reporting of risks. The Bank continued to comply with the regulatory requirements throughout 2024.

5.1 RISK STRATEGY

MBH's Group level Risk Strategy defines the scope of risks that can take and the risk management and measurement tools to be applied, as well as the general risk-taking principles and rules to be followed by the Bank.

In its operations, Bank strives to maintain a risk culture that ensures the identification, measurement and management of emerging risks in accordance with the risk appetite. Internal policies, strategies, regulations and guidelines, communication and employee training are the primary means of ensuring a corresponding risk culture.

The primary objectives of Bank's risk management activities are to protect the Bank's and Banking Group's financial strength and reputation and to contribute to the use of capital for competitive business activities that enhance shareholder value.

The Bank's risk appetite should be consistent with the financial resources available to cover potential losses. In order to ensure this, the Bank calculates on standalone and group level the current and future economic capital requirements for the quantifiable types of risk, as well as the capital requirements under Pillar 1.

Bank is primarily exposed to credit, liquidity, market and operational risks.

5.2 CREDIT RISK

In 2024, the main drivers of credit risk changes remained the Russian-Ukrainian war, the geopolitical and economic situation, increased risk in the construction sector, and the end of the payment moratorium, as well as changes in the methodologies applied to both the corporate and retail portfolios.

The impact of moratoria and interest cap on credit risk management:

In line with the NBH's expectations, the staging logic for customers participating in the general credit moratorium and the agricultural moratorium has been standardised at MBH Group level by adding the following to the normal processes.

- Transactions that have been included in the general moratorium and have been classified as restructured are subject to the default recovery rules based on the default status in force, and to a 6-month probationary period for retail clients and 24 months for corporate clients. During the probationary period, restructured transactions shall not be assigned a rating higher than Stage 2.
- As a general rule, customers entering an agricultural moratorium are classified as Stage 2 or above, but if the client has previously been in moratorium for at least 9 months and had a stage 2 classification before entering the agricultural moratorium, they are classified as Stage 3. They can only be placed in Stage 1 on the basis of individual monitoring after a declaration has been made and taken into account.

Transactions classified as restructured due to participation in the agricultural moratorium are subject to the terms of the general 24-month probation period. Individual derogations from the application of Stage 3 and Stage 2 classification are possible and must in all cases be supported by detailed objective evidence.

For customers with a retail interest rate cap, the Group examined the monthly repayment increases without the cap and applied a minimum Stage 2 rating for changes deemed to be significant.

The Group has updated the macro parameters for the entire portfolio, the updated risk parameters have also been implemented in the lifetime ECL calculation.

As at the reporting date, environmental, social and governance (ESG) aspects have not been taken into account in the Bank's risk management models. The methodology for collecting and storing the relevant ESG information has been developed and will be available for future analysis and use. An ESG data taxonomy has also been established. By analysing the composition of the ESG index, in accordance with National Bank of Hungary Recommendation 9/2024 (IX.24.), information to be available through ESG data collection to be phased in from 1 July 2025, will be incorporated in the longer term in the stress tests to be carried out and in the estimation of lifetime PD and LGD parameters.

In exceptional economic situations, the Bank has the possibility to adjust the models on an expert basis. The portfolio-level management adjustment calculated in this context is one-off expected loss value that the Bank's models are not able to capture or not fully capture, but the level of risk is assumed to be significant (e.g. increases in credit loss due to default events after the end of the moratorium).

The Bank regularly reviews and maintains accountability for the management overlay values determined on the basis of the assessment criteria. The components of the management overlay are subject to change at the discretion of the Methodology Committee, ensuring compliance with the requirements of the relevant NBH Management Circular

In summary, the Group's current modelling and impairment methodology, using the credit risk management methods and process additions detailed above, provides the opportunity to develop risk profiles that are well-defined from a customer management perspective and to establish adequate risk provisions to cover expected future credit losses.

5.3 MARKET RISK

Market risks include interest rate risk, share price risk and foreign exchange risk arising from all banking activities. Bank keeps its market risks low by means of an appropriate limit system and in-process controls.

Interest rate risk:

Interest rate risk arises from the fact that changes in interest rates affect the value of a financial instrument. A credit institution is also exposed to interest rate risk if the amounts of its maturing or repricing assets, liabilities and off-balance sheet instruments are not consistent with each other in a given period. Bank measures interest rate risk by performing sensitivity tests on an ongoing basis. In addition, the impact of adverse interest rate scenarios is continuously measured and limited through the application of stress tests. Interest rate risks are managed through an appropriate composition of the securities and derivatives portfolio and through the consistency of other assets and liabilities in the bank's books.

Share price risk:

Share price risk means the risk of having the profit or the capital of the Group decreasing or being totally lost due to changes in the levels and proportions of the stock prices in the market.

Management of currency risk

Bank aims to keep its exposure to foreign exchange risk low by maintaining open foreign exchange positions up to the limit set in the banking book.

Foreign exchange risk arising in the course of core banking activities is managed by the Bank in the course of its operations, depending on market conditions. The Bank also performs VAR calculations and stress tests to measure foreign exchange risk.

5.4 LIQUIDITY AND SOLVENCY RISKS

Bank analyses liquidity risks with a number of indicators and mitigates them with limits, the most important of which are based on regulatory indicators (LCR, NSFR, required reserve ratio) and stress tests relevant to liquidity. In addition, Bank operates an early warning system for the timely detection of liquidity disturbances, which is presented to the Asset and Liability Committee and to management without delay in the case of an alert and on a regular basis during normal operations.

5.5 OPERATIONAL RISK

Bank continues to manage operational risk primarily through internal policies, rules of procedure and the operation of built-in control mechanisms in line with defined supervisory requirements. MBH's Group Level Operational Risk Management Policy and Operational Risk Management Rules set out the methodology for the operational risk management framework tools used by the Bank.

The operational risk loss data collection is based on uniform definitions and limits. The Bank promotes the recognition and identification of operational risks with internal training.

The adequacy of key risk indicators (KRIs) is reviewed by the Bank every year, several KRIs were modified in 2024 and new group level KRIs defined by MBH were introduced.

Bank conducts operational risk self-assessments for its key activities and uses scenario analysis to assess the impact of events that occur infrequently but could result in severe losses if they were to occur.

Bank's operational risk events and the results of operational risk monitoring are reported on a quarterly basis.

Regarding operational risk, the Bank's management attaches great importance to feedback. An essential aspect is the implementation and monitoring of the effectiveness of the measures taken to eliminate operational risks.

6 HUMAN RESOURCES POLICY

The full-time equivalent employment of MBH Mortgage Bank at the end of 2024 was 16.

Talent management at MBH Group:

The MBH Group places great emphasis on training employees and nurturing talent, supporting the development of professional knowledge and skills through a wide range of educational programmes. The following programmes were launched for colleagues:

Digitised and gamified pre-boarding programme

The programme focuses on colleagues who are in the pre-entry period after accepting offer of the Bank. The solution, available online, supports new talent engagement in the pre-joining period; we not only accompany prospective employees on their journey until their onboarding day, but also maintain a positive experience while providing them with ongoing engagement.

Start program:

The first element of the Generation Diversity programme, the award-winning Start programme, was a milestone in the MBH Group's talent retention activities. Start is one of the largest internship programmes in the country, with more than 400 talented students aged 19-25 from across the country currently working for MBH Group. For the trainees, the Group represents the first milestone in the start of their careers in the labour market. During the programme, they gain relevant work experience, which provides a solid supply base for the Bank. The internship programme is designed to give the MBH Group more than just professional experience: through its own onboarding processes, dedicated HR colleagues accompany the students' professional work and development. In 2024, 100 Start colleagues have been recruited to full-time positions in the MBH Group.

Start+ program:

The next element of the Generational Diversity programme, the MBH Group's programme for young people, was the awards received Start+ programme.

In 2024, the Bank launched the second phase of the Start+ programme, within the framework 12 talented young people start their careers in the banking sector. During the year-long programme, they rotate through a specific field, learning about the beauty of banking and practicing their profession. One of the key elements of the programme is a presentation to the bank's senior management in the final quarter, when they solve a critical strategic problem for the bank. Of the first class of 2023, 92% remain with the bank after one year.

Baby+ programme:

The Generational Diversity programme's focus on colleagues about to start a family: Baby+ programme. Through this programme, the bank offers financial, professional and personal support to help prospective parents in their changing life situation. An important factor is that the Bank thinks not only about mothers but also about fathers-to-be, and offers them individual solutions. The programme is very popular, with 340 cases paid and over 500 colleagues answered questions.

MMM+ program:

The latest element of the Generational Diversity programme is the MBH Group's programme for people with disabilities. In 2024, the Bank identified 62 people and helped them with their living situation: they are eligible for tax relief and the programme's elements also provide them with a range of support.

Ambassador Academy:

The MBH Group's Ambassador Academy is an innovative tool to introduce new values and associated behaviours and leadership tools, a new culture roadmap and an innovative tool to retain talent and sustain engagement, with around 100 participants. It is a change management initiative, with members working together to ensure engagement across talent, teams and the delivery of information to all colleagues. With high-profile online and offline sessions focusing on different change-related topics, the initiative has been very enthusiastically received. They work together on some elements of the culture programme in joint workshops, for example they created the questions for the organisation-wide heart rate measurement, which was relevant and customised so it was really about colleagues.

Leadership Academy:

Leadership Academy is an integral part of preparing managers for the transition to the new way of banking. The leadership training programme is modular and supports the continuous development of talented leaders through a variety of solutions and topics (inspiring leadership, heterogeneous cross-generational teams,

transparent leadership, motivating leadership, etc.). A specific programme supports the training of newly appointed managers.

Extensive fringe benefits:

MBH Group, as one of the largest banks in Hungary, has the ambition to become a market leader in the sector. All our employees have a key role to play in achieving this goal. As an employer, our main objective is to maintain a performance-based culture, but we also strengthen the commitment of our employees through our outstanding benefits system.

In addition to the Cafeteria, our fringe benefits include school and camping allowances and social assistance.

Our generational diversity programme provides support for the specific life situations of our employees. Within the framework of this programme, we offer colourful programmes and varied benefits for people starting out in their careers (Start+), parents with young children (Baby+), employees with reduced working capacity (MMM+) and colleagues preparing for retirement (Active+).

MBH Group and health:

Health promotion and health maintenance is an important area for MBH **Group**, which is emphasised in various sports and health campaigns. Providing sporting opportunities for employees in a variety of ways and promoting healthy lifestyles is being implemented on multiple fronts.

Employees have access to extended occupational health services within the Bank, seven days a week.

MBH **Group** also offers hobby and recreation rooms in its buildings. Fitness menus and other special dietary meals are available in the canteens at the workplace.

MBH Group and sports:

MBH provides significant support to its sports association where effective professional and recreational sports work is carried out. In 2024, the association has a membership of between 600 and 650 people, including 900-950 members in the various sports sections, a significant increase of more than 40% compared to the previous year.

Our sports sections are: squash, volleyball, fishing, go-kart, dragon boat, cycling, running, table tennis, men's and women's football, hiking, bowling, boxing, basketball, throwing sports, swimming, wall climbing, spartan/crossfit, kayak-canoe and SUP, target shooting, triathlon, thai boxing. In 2024, we organised several sports club in-house championships in 20 sports. 300 certificates were awarded.

The Sports Association prepares our competitors in 11 sports for the annual Hungarian Banks Sports Tournament, where the MBH Group team achieved third place in Győr in 2024. /13 banks competed/

The runners regularly take part in large numbers in races such as the Wizzair Half Marathon and the SPAR Marathon. In team sports, the men's football, basketball and bowling teams are top finishers in the Business Leagues. Dragon boaters have won medals in several national competitions, anglers also regularly place well, the table tennis team is supported by the training methods of two excellent NB/1 colleagues, and go-kart teams always have successful monthly meets.

SA members in rural areas receive a recreational sports grant, which they could spend on sports facilities near their workplace or home. In 2024, 250 colleagues in 40 cities received a sports grant.

The SA considers it important that SA members can exercise regularly near all work bases, which is why we have a gym near our priority sites. (Kassák Lajos u. Headquarters, Tüskecsarnok/ At the Kassák gym, our members could participate in several group classes led by 13 trainers. / zumba, yoga, TRX, spinning, crossfit, pilates, body shaping)

The SA has also improved in communication. In 2024, it ran a months-long campaign to raise awareness among colleagues about the importance of recreational sports and the priority of a preventive, physically active lifestyle (posters, lockscreen page, Horizon, MBH SE faces videos, sports news, dedicated sub-page on the main Horizon website) FaceBook group (MBHSE) now has 677 members.

Safe working environment:

MBH Bank complies with its legal obligations by carrying out a workplace risk assessment of its headquarters and premises, including all bank branches. As the Bank is an office working environment, the risk of accidents is fortunately low. The incidence of accidents at work is therefore low and on a downward trend.

Every year, employees are required to attend mandatory training on health and safety and fire prevention. Special training material has been prepared for bank branch staff on what to do in the event of an attack on the branch. The personnel, material and organisational conditions for safe work are laid down in the Bank's Health and Safety at Work Manual in accordance with the legal requirements.

The Bank also employs a safety and health representative on behalf of the Works Council, who is entitled to check that the requirements for safe and healthy working conditions are met. Elections for the Works Council and the Labour Representative are currently underway.

7 SUSTAINABILITY

MBH Banking Group is committed to sustainability, therefore, it has integrated all three – environmental, social and corporate governance – pillars of ESG into its operations and strives for continuous improvement. Details are available in the Sustainability Report of the Banking Group. Details are provided in the Group's Consolidated Sustainability Report, prepared in accordance with Article 29a of Directive 2013/34/EU of the European Parliament and of the Council.

ESG strategy and reporting

The Bank pays particular attention to the risks posed to its own operations and society by climate change. In line with the above MBH Mortgage Bank identified the specialities of its business and profile (mortgage-based refinancing and mortgage bond issuance functions) by which the Bank influence its environment through reducing climate risk and improving social well-being in the medium and long term. In 2022, the Bank published its ESG strategy, which includes its identified values, mission and vision, as well as sustainability objectives by topic.

MBH Mortgage Bank, as a listed company, published an annual Sustainability Report in line with the Budapest Stock Exchange's Sustainability Recommendation, first in 2022 and then in 2023 and in 2024. The published standalone sustainability reports are prepared in accordance with the international (Global Reporting Initiative-GRI) standard, covering the Bank's specific environmental, social and corporate governance achievements.

According to the EU Corporate Sustainability Reporting Directive (CSRD), MBH Mortgage Bank - due to its stock exchange status will have to prepare its first sustainability report for the financial year 2025, in 2026, in accordance with the European Sustainability Reporting Standards (ESRS). The CSRD integrates sustainability reporting into its financial reporting, providing a single view of the bank's operations and thus ensuring increased transparency and credibility of sustainability reporting for both the domestic and EU markets.

In 2022, MBH Mortgage Bank joined the Energy Efficient Mortgage Label (EEML), under which it publishes a quarterly public transparency report on the composition, energy profile and environmental impact of green mortgages and green property securities backing green mortgage bonds published on EEML and on its website.

Green Mortgage Bond Keretrendszer

MBH Mortgage Bank considers green mortgage refinancing and the issuance of green mortgage bonds as key pillars of its sustainability activities. For that purpose, it established a Green Mortgage Bond Framework based on the Green Bond Principles 2021 (GBP), international standards in 2021, then and reviewed in December 2023, and published its updated Green Mortgage Certificate Framework in February 2024, together with a rating opinion. The 2024 Framework has not changed in terms of the principles applied, but it has been complemented by improvements in corporate governance and transparency to enhance sustainable operations, and by green acceptability criteria that take into account changes in the regulatory regime for the energy performance of buildings. MBH Mortgage Bank Plc. provides a quarterly green mortgage bond allocation

report based on the transparency requirements related to the framework, and annually publishes a review report on the consistency of its green mortgage bond issuance activity with the Framework and an impact assessment report. The external certification of the Green Mortgage Bond Framework (valid on December 31, 2024) was issued by Sustainalytics.

Corporate governance

Green Mortgage Bond Committee

The Bank established the Green Mortgage Bond Committee (hereinafter according to the Hungarian abbreviation: ZJB or GMBC) to strengthen the role of sustainability factors in the Bank's corporate governance, particularly in the areas of business and risk management. The Committee is composed of the CEO, Deputy CEO, Head of Capital Markets, Head of Refinancing, Head of ALM, Head of Collateral Register, Head of Collateral Management and reports directly to the Board of Directors on its work. According to the internal regulations the ZJB decides on the green quality of new collateral and existing collateral and regularly reviews the availability of green collateral behind the issued green mortgage bonds.

Sustainability and organisation

The Bank's Rules of Organisation and Operation (ROO) assign ESG responsibilities to each job, and management reports quarterly to the Board of Directors and the Supervisory Board on MBH Mortgage Bank's green mortgage bond issuance and other sustainability activities, as well as on the commitments and performance indicators defined in the Sustainability Reports and the ESG Strategy. The Bank focuses on improving the ESG knowledge and awareness of its employees and top management and has organised targeted training to help them implement the ESG strategy in a more informed way.

8 PARTICIPATION IN PROFESSIONAL ASSOCIATIONS

The Bank actively participates in the work of the statistical, legal and capital market groups of the Hungarian Banking Association and the European Mortgage Federation/European Mortgage Bond Council (EMF - ECBC).

9 INFORMATION PURSUANT TO SECTIONS 95/A AND 95/B OF THE ACCOUNTING ACT

INFORMATION RELATED TO SHARES AND OWNERS

The shareholder structure of MBH Mortgage Bank Plc. is the following as of 31 December 2024:

Shareholder	2024		2023	
	Holding (%)	Number of shares (piece)	Holding (%)	Number of shares (piece)
Ordinary shares listed on BSE (Series "A")				
Domestic institutional investors	52.1	56 520 385	52.1	56 527 499
Foreign institutional investors	0.01	7 278	0.01	6 705
Domestic private investors	2.82	3 056 794	2.83	3 052 987
Foreign private investors	0.03	33 618	0.01	21 489
Treasury shares	0.23	253 601	0.23	253 601
Part of public finance	44.79	48 597 602	44.8	48 597 602
Other	0.02	21 022	0.03	30 417
Subtotal (Series "A")	100	108 490 300	100	108 490 300

MBH Bank's controlling stake in MBH Mortgage Bank is 52,0801%. The MBH Bank has no ultimate controlling party.

Direct owners with more than 5% ownership relating to listed series

Ownership structure	Custodian Bank (yes/no)	2024 Number of shares (piece)	Stake (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Ownership structure	Custodian Bank (yes/no)	2023 Number of shares (piece)	Részesedés (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Direct owners with more than 5% ownership relating to total equity

Ownership structure	Custodian Bank (yes/no)	2024 Number of shares (piece)	Stake (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Ownership structure	Custodian Bank (yes/no)	2023 Number of shares (piece)	Részesedés (%)
MBH Investment Bank Ltd.	no	52 531 760	48.42
Magyar Posta Ltd.	no	43 076 417	39.71
Total		95 608 177	88.13

Rules on the Exercise of Shareholders' Rights

A shareholder shall be entitled to exercise their shareholders' rights in possession of the share(s), or the ownership certificate(s) specified in the statutory regulations pertaining to securities. There shall be no need for an ownership certificate for the exercise of shareholders' rights if the entitlement is established by way of shareholder identification (as specified in the Capital Markets Act, "Tpt.") pursuant to the Articles of Association. In addition to the above, being listed in the share register shall also be necessary for the shareholder's exercise of their rights relating to the general meeting.

A shareholder may exercise their shareholders' rights in person, through a person authorised to do so (their representative) or the shareholder's proxy specified in the Tpt. Senior officers of the Company may also be authorised by shareholders to participate in the General Meeting as their proxy. The proxy authorisation of the authorised representative shall be valid for one General Meeting or for the period of time defined therein, but in any case not more than 12 months. The proxy authorisation shall also be valid for the continuation of the suspended General Meeting and for the repeated General Meeting convoked due to the lack of quorum. The authorisation shall be drawn up in the form of a notarial deed or a private document with full probative force and shall be lodged with the Company at the place and time indicated in the notice of the General Meeting.. The authorisation submitted by the shareholder's proxy shall state the fact that the representative acts as shareholder proxy.

A shareholder shall be entitled to a dividend of the distributable profit of the Company, ordered for distribution by the General Meeting, in proportion to the nominal value of their shares.

Upon Company's termination without a legal successor its shareholders shall be entitled to parts of the asset that can be distributed as a result of winding up, in proportion to their shares.

Shareholders shall have the right to attend the Company's General Meetings. Shareholders shall have the right to receive information concerning matters on the General Meeting's agenda. Accordingly, upon the shareholder's written request submitted at least eight days before the date of the General Meeting, the Board of Directors shall provide the information necessary for discussing the given item on the agenda of the General Meeting three days in advance. The Board of Directors may make the exercise of the right to information as

described above conditional on the submission of a written confidentiality statement by the shareholder requesting the information. The Board of Directors may refuse to disclose information and access to documents if it violated the Company's business, banking, securities or other similar secrets, if the person requesting the information abuses their right or fails to make a confidentiality statement even if requested. If the party requesting information considers the refusal of information unjustified, they may request the Court of Registration to order the Company to provide the information. The Company shall allow all shareholders attending the General Meeting to exercise the right to receive information, making comments commenting and to submitting motions, provided that exercise of such rights does not obstruct the the General Meeting's regular and proper operation. To ensure the exercise of shareholder' rights defined hereunder, the Chair of the General Meeting shall give the floor to shareholders at the General Meeting, providing that the Chair may limit speaking time, interrupt the speaker, in particular, upon deviation from the topic, and – when multiple persons are speaking simultaneously – determine the order of contributions to ensure the regular and proper operation of the General Meeting. The Company shall have 3 (three) business days following the day of the General Meeting to answer question arisen at the General Meeting and not answered to the satisfaction of the shareholder within its framework.

A shareholder shall have all minority rights ensured by the Civil Code.

A Summary of the Rules Governing the Conduct of a General Meeting

The General Meeting is the Company's supreme body. The General Meeting shall be convened by the Board of Directors at least 30 days before the day on which the General Meeting is opened, by publishing an announcement at the places of publication specified in the Articles of Association. Shareholders who send such request in writing to the Company shall be notified of the convening of the General Meeting by electronic means as well, besides the publication in the places of publication.

The business integration management organisation and the Integration Organisation shall be notified of the General Meeting simultaneously with the publication of the invitation.

The key data of the annual report of the Company – prepared in accordance with the Accounting Act – and of the reports of the Board of Directors and the Supervisory Board, as well as a summary of the proposals regarding the items on the agenda and the proposed resolutions shall be disclosed at the places of publication of the Company at least twenty-one days before the date of the General Meeting.

If a General Meeting has not properly been convened, it may adopt resolutions only in the presence of all shareholders with voting rights, if the shareholders have not objected to the holding of the General Meeting.

A General Meeting has a quorum if shareholders representing more than half of the votes embodied by the voting shares are present. If a General Meeting does not have a quorum, the repeated general meeting shall have a quorum regardless of the number of attendees present.

A General Meeting may be suspended not more than once by the Chair. In this case the General Meeting shall be continued within thirty days, In which case the rules applicable to convening the General Meeting and the election of the officers of the General Meeting need not be applied.

Every ordinary share of series “A”, of a nominal value of HUF 100, that is, one hundred forints, carries one voting right at a General Meeting. In relation to its General Meeting the Company carries out the shareholder identification procedure, as prescribed in the Tpt., the rules of the BSE and the regulations of KELER Zrt. The date of the shareholder identification (reference date) may be during the period between the 7th (seventh) and the 5th (fifth) stock exchange trading days (these days also included) before the General Meeting. The shareholder's rights may be exercised at a General Meeting by the person who is the owner of the share concerned on the day of shareholder identification and whose name is listed in the share register at 18:00 on the second working day preceding the day on which the General Meeting is started (the day of the closure of the share register).

The closure of the share register entails no restriction on the right of any person entered in the share register to transfer their shares following the closure of the share register. Any transfer of shares on the day preceding the General Meeting's starting day does not rule out the right of the person listed in the share register to participate and exercise their rights in the General Meeting as a shareholder.

The General Meeting makes its decisions with a simple majority, except for matters for which the applicable legal regulations stipulate different voting majority. If legal regulations stipulate unanimous decision-making regarding a certain matter, the General Meeting makes a decision on that issue with a unanimous decision. The detailed rules on the conduct of a General Meeting are laid down in subsections 3.1-3.1.23 of the Articles of Association.

SUPREME, EXECUTIVE AND MANAGEMENT BODIES, SUPERVISORY BODY, COMPOSITION AND OPERATION OF COMMITTEES OF THE COMPANY

Description of the Operation of the Board of Directors and the Sharing of Responsibility and Tasks between the Board of Directors and the Management Team

The Board of Directors is the Company's legal representative and executive body, representing the Company towards third persons and before courts and other authorities, managing and directing the Company's business activities and financial management, making sure that the requisites for successful operation are available.

The organisation and operation of the Board of Directors is regulated by its Articles of Association and the Rules of Procedure of the Board of Directors. The Rules of Procedure of the Board of Directors are established by the Board of Directors. The Articles of Association is accessible on the Company's official website at (www.mbhjelzalogbank.hu).

The Board of Directors consists of at least three and not more than nine Members. The Members of the Board of Directors are elected by the General Meeting for a definite term of maximum five years. Of the Members of the Board of Directors the Company's Chief Executive Officer and his deputy/deputies were, Pursuant to Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) and the Articles of Association, were continuously employed by the Company (internal Members of the Board of Directors) in 2024.

The Members of the Board of Directors are – in accordance with the rules of the civil law – liable towards the Company for any damage or loss caused to the Company by breaching any applicable legal regulation, the Articles of Association, any resolution adopted by the General Meeting or their respective obligations. The board bears joint and several liability for any damage or loss caused as described above. If the damage or loss was caused by a resolution adopted by the Board of Directors, any Member of the Board of Directors who did not participate in the adoption of the decision or voted against the resolution concerned – and notifies this fact in writing to the Supervisory Board within fifteen days of the adoption of the resolution – is exempt from the liability.

The Board of Directors makes its decisions objectively, in view of the interests of all of the shareholders, seeking independence from the influence of management and/or any specific shareholder. Members of the Board of Directors may not, in their capacity as such, be bound by any mandatory instructions from any of the Company's shareholders or from their employer.

In 2024 the Board of Directors conducted its activities on the basis of an annual work plan. The Board of Directors meets as often as necessary but at least once every three months. It discusses the matters referred to it on the basis of written proposals. The Board of Directors makes its decisions in writing – in view of the proposed resolution submitted by its proponent – in the form of resolutions. The proposals and the related proposed resolutions are prepared by the management team for the Board of Directors. Responsibility for the soundness of the content of a proposal lies with the head of the organisational unit which drafted the proposal, together with the Deputy Chief Executive Officer exercising the power of professional supervision or, in the absence of such, the Chief Executive Officer exercising the power of professional supervision. The Members

of the Board of Directors receive written invitations to the meetings of Board – specifying the date and time, and the agenda, of the meeting – together with the written proposed resolutions.

A meeting of the Board of Directors has a quorum if it is attended by at least half of the BoD Members. The Board of Directors adopts its resolutions – with the exception of cases specified in its Rules of Procedure – by simple majority of votes, cast by open ballot. A Board Member who is personally involved in any way in the matter being discussed may not take part in the adoption of a resolution on the matter. The Chair of the Board of Directors orders a secret ballot at the request of any Board Member.

In urgent cases the Board of Directors may adopt valid resolutions by telephone, electronic communication and other similar ways if the Company – at least electronically – delivers to the Members of the Board of Directors the written proposal concerning the matter on which a decision is to be made and more than half of the members send their votes to the Company in writing, within the time limit set for this purpose.

The Chair of the Supervisory Board – or the Supervisory Board Member designated by him or her – participates in the meeting of the Board of Directors as a permanent invitee. The Chair of the Board of Directors may invite the Company's auditor, asset controller and any other person to take part in a Board meeting, in an advisory capacity. The supervisor, in charge of the supervision of the Company, of the Magyar Nemzeti Bank acting in his scope of duties relating to the supervision of the financial intermediary system (when referred to as a supervisory body, hereinafter: "Supervision") and the representatives of MBH Befektetési Bank Zrt. and the Central Organisation of Integrated Credit Institutions, were invited to every meeting of the Board of Directors.

The Chair of the Board of Directors is elected by the General Meeting. The work of the Board of Directors is managed by its Chair. The tasks of the Chair are carried out by the Member of the Board of Directors appointed by the Chair when he is prevented for carrying out his or her tasks.

The scope of duties and powers of the Board of Directors are specified in detail in the Articles of Association and the Board of Directors' Rules of Procedure. Included among the powers of the Board of Directors are those relating to the Company's strategy, business and financial activities, scope of duties and powers relating to the Company's operation and organisation, powers relating to capital increases and Treasury shares, rights relating to the representation of the Company and powers linked to the Board of Directors' own operation.

The Company's management team – the Company's top management – performed its activity in 2024 in the following composition: Chief Executive Officer, Deputy Chief Executive Officer. The rights of the employer are exercised in relation to the management team members by the Board of Directors, through the Chair of the Board of Directors.

The Chief Executive Officer is an employee of the Company, its employee in the highest senior management position. The Chief Executive Officer manages and controls the Company's daily operational activities under an employment relationship, and performs his tasks relating to his mandate as a Member of the Board of Directors under a corporate legal relationship. Accordingly, his employment relationship is governed by the provisions of the Labour Code, while his election Member of the Board of Directors, and his membership of the same, are regulated by the provisions of the Hpt. and the Civil Code.

The tasks are shared between the Board of Directors and the Chief Executive Officer in such a way that the Company's daily work is managed by the Chief Executive Officer within the limits of the applicable statutory regulations and the Articles of Association and in accordance with the resolutions adopted by the General Meeting and the Board of Directors. The Chief Executive Officer has the power to make decisions on all matters that are not assigned to the General Meeting's or the Board of Directors' exclusive scope of power. The Chief Executive Officer regularly informs the Board of Directors, and between meetings the Chair of the Board of Directors, about matters relating to the Company's operation. This division of tasks does not affect the statutory responsibilities of the Board of Directors or the Members of the Board of Directors.

The Chief Executive Officer exercises the rights of the employer over the Company's employees, with the exception of Chief Executive Officer. The division of tasks between, and the powers of, the Chief Executive Officer and the Deputy Chief Executive Officer are laid down in the Company's Organisational and Operational Rules, whose modifications resulting in major organisational changes are part of the Board of Directors' powers.

The members of the Board of Directors, the Supervisory Board and the Management Team

Board of Directors

In 2024 the Company's Board of Directors was made up of the following persons:

External, independent Members without any legal relationship with the Company other than their membership relationships:

József Vida – Member of the Board of Directors since 30 November 2016, its Chair of the Board of Directors since 5 December 2016.

Ildikó Ginzer – Member of the Board of Directors since 3 December 2021

Dr. Ilona Török – Member of the Board of Directors since 14 November 2022

Szabolcs Károly Brezina – Member of the Board of Directors since 9 December 2022

Internal Members of the Board of Directors – employed by the Company:

Dr. Gyula László Nagy, Chief Executive Officer - Member of the Board of Directors since 26 April 2017

Illés Tóth Deputy Chief Executive Officer – Member of the Board of Directors since 1 December 2022

No change occurred in the membership of the Board of Directors in 2024.

Supervisory Board

In 2024 the Company's Supervisory Board was made up of the following persons:

Dr. Géza Károly Láng – Chairman of the Supervisory Board since 5 August 2022

Dr. Éva Szilvia Gödör – Member of the Supervisory Board of the since 1 August 2018

Dr. Tibor Lélfa Koppány - Member of the Supervisory Board since 3 January 2022

Dr. Ákos Ferenc Tisza-Papp – Member of the Supervisory Board since 29 November 2022

Péter Krizsanovich – Member of Supervisory Board since 29 June 2023

András Bakonyi – a member of the Supervisory Board since 29 April 2024.

Each of the above Members of the Supervisory Board is an independent Member without any legal relationship with the Company other than his or her membership relationships.

Changes in the membership of the Supervisory Board in 2024:

The Company's Management Team

In 2024 the Company's management team was made up of the following persons:

András Bakonyi was elected to the Supervisory Board in 2024 (member of the Supervisory Board from 24 April 2024).

Chief Executive Officer:

Dr. Gyula László Nagy – since 26 April 2017

Internal Member of the Board of Directors.

Deputy Chief Executive Officer:

Illés Tóth Deputy Chief Executive Officer – since 1 December 2022

Internal Member of the Board of Directors.

The Board of Directors' Cooperation with Other Organisations

The Board of Directors continued to maintain cooperative and correct relationships with both the Supervisory Board and the management team. Every meeting of the Board of Directors was attended by the Company's Chief Executive Officer, who reported in depth on topical issues of relevance to the Company's operation and answered questions as they arose during the discussions of agenda items. The Chairman of the Supervisory Board was invited to every meeting of the Board of Directors where always had an opportunity to present his opinions and recommendations, thereby ensuring the owner's representation during the processes of corporate governance. Moreover, consultations and exchanges of opinions took place between the Chairmen of the two boards, Chief Executive Officer and his Deputy on a regular basis between the meetings as well.

The Operation of the Supervisory Board

Reports and proposals were, for the most part, put on the meetings' agendas in a written form. No formal division of work existed among the Board Members. In line with their specific individual technical/professional competences and experience the Members applied different perspectives in the evaluation of the results of each audit.

The Supervisory Board's Cooperation with Other Organisations

The SB had a continuous, objective and effective working relationship with with the Board of Directors, the management team and the Company's Auditor in 2024 as well. The Chairman of the SB attended the meetings of the Board of Directors as a permanent invitee where he could explain his position in representation of the SB.

The Chief Executive Officer took part in every meeting and provided the Members of the Board with adequate information and gave satisfactory answers to questions.

Consultations and exchanges of opinions between the Chairman of the Board of Directors, that of the SB, and Chief Executive Officer, took place on a regular basis even between meetings.

The auditor was a permanent invitee to each SB meeting in order to help the Board carry out its tasks by providing technical/professional input, as necessary.

The Audit Committee

The members – as at 31 December 2024:

Péter Krizsanovich
Dr. Géza Károly Láng
dr. Éva Szilvia Gödör

The operation of the Audit Committee

The Audit Committee adopts its own rules of procedure. The Audit Committee convenes as often as required for the effective performance of its duties and its meetings are held on the basis of the work plan it has adopted for itself. The by-laws of the Audit Committee contains the structure of the Committee, the rules for obligations and responsibilities of committee members, the rights and authorisation of the committee, the rules for preparing, calling and holding the meeting, and furthermore it contains the rules for making resolutions within the frames of the meeting and aside of it in writing, and the rules on minutes of making resolutions, and its documentation.

The Committee Operating with the Participation of Supervisory Board Members as Specified in the Hpt.*Nomination Committee*

The Nomination Committee is responsible for nominating and recommending nominees to the Supervisory Board and the Board of Directors defining the skills and responsibilities required for membership of the governing body, and evaluating the composition and performance of the governing body and its members. Decision on the target for the representation of genders in the executive board and elaboration of a strategy required to meet that target, He is also responsible for the regular review of the Company's policy on the selection and appointment of the Managing Director.

Before the regular annual General Meeting in 2024 the Nomination Committee assessed and evaluated the 2023 activities of MBH Jelzálogbank's managing bodies and found that their members had adequate knowledge, skills and experience and that the respective numbers of their members, their composition and performance, had also been adequate.

The Members of the Nomination Committee as at 31 December 2024:

Dr. Géza Károly Láng
Péter Krizsanovich
Dr. Koppány Tibor Lélfai

Standing Committees as defined in the Company's Rules of Procedure and Standing Committees' Rules of Procedure*Asset and Liability Committee (J-EFB)*

The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation.

The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters.

It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations.

It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits.

Methodology Committee (JMB)

The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation.

It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group.

Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits.

Taking decisions on operational risk management measures.

As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility.

Refinancing Credit Committee (RHB)

The purpose of the Refinancing Loan Committee is to take decisions on the refinancing exposures necessary for the establishment of certain framework conditions for the cooperation agreement (framework agreement) to be concluded with a given counterparty bank in connection with JZB's refinancing business.

Green Mortgage Bond Committee (ZJB)

The Committee is responsible for setting up and maintaining the Green Mortgage Bond Framework, deciding on the eligibility of Green Mortgage Loans, monitoring the use of funds from the issuance of Green Mortgage Loans. It determines the maximum number of green mortgage bonds that can be placed and informs the EFB. The Committee is responsible for establishing and maintaining the Green Mortgage Bond Framework, decides on the eligibility of Green Mortgage Loans and monitors the use of funds from the issuance of Green Mortgage Bonds. Approves the environmental impact and allocation reports defined in the Green Mortgage Bond Framework. Supports the creation and implementation of the MBH Group's green strategy.

MAIN FEATURES OF THE INTERNAL CONTROL SYSTEM OF THE COMPANY

The system of internal control mechanisms was implemented and operated in 2024 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsde Zrt. and MNB Recommendation 12/2022 (11 August) establishment and operation of internal lines of defence, the management and control functions of financial institutions. The system of internal controls contains the elements of responsible internal management, risk management, the compliance assurance function, control mechanisms integrated in work processes as an element of the internal control system, management control and the independent internal audit function.

In the context of responsible corporate governance the Company's management team coordinates the activities of the organisational units constituting elements of the control functions, gathers information on the observance of, and compliance with, the basic principles and causes the various control functions to report on their activities and integrates their findings and experience in its decisions.

The Group Leader MBH Bank Compliance and Anti-Money Laundering is specialised in the following areas:

- Capital market, DDC and sanctions compliance

- General compliance

- Money laundering prevention monitoring

- Money laundering prevention assessment and evaluation

BRIEF DESCRIPTION OF THE COMPANY'S RISK MANAGEMENT SYSTEM AND PRINCIPLES APPLIED IN RISK MANAGEMENT

MBH Jelzálogbank Nyrt. is a member of an Integration Organisation as specified in Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions (hereinafter: Szhitv.). The rules of risk management under Integration apply to the Bank, as a member of the integrated organisation. The operation of the Bank's risk management function is governed by the relevant Hungarian and EU legislation in force, as well as by additional supervisory regulations and requirements. Being a member of the MBH Group, the Bank must also comply with MBH Bank's group-wide internal regulations and requirements.

According to Section 5/A (1) of the Szhitv. the Integration Organisation and its members bear joint and several liability for each other's liabilities, in accordance with the rules set forth in the Civil Code. The joint and several liability covers all claims and receivables from the Integration Organisation and its members, regardless on when they arose or arise.

Pursuant to Section 1 (5) of the Szhitv. the Integration Organisation and its members operate under consolidated supervision as specified in the Htp. The Bank is a member of the MBH Integration Group which is managed by MBH Befektetési Bank and is part of the MBH Group which in turn is managed by MBH Bank.

Section 1 (5) of the Szhitv. stipulates that if the conditions set forth in Article 10 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) are met, the integration of cooperative credit institutions is exempted from the individual application of the requirements set out in Parts Two to Eight of the CRR. Magyar Nemzeti Bank granted the individual waiver specified in Article 10 of the CRR in to the members of the Integration in its resolution No. H-JÉ-I-209/2014. dated 03.03.2014.

In its group-wide risk strategy MBH Bank specifies the list of risks that may be taken by the Bank and the applicable risk management and risk measurement tools, and prescribes the general risk taking principles and rules to be followed. During its operation the Bank seeks to maintain a risk culture that ensures the identification, measurement and management of emerging risks in line with its risk appetite. The most important tools of such a culture include internal policies, strategies, regulations and guidelines, communication and staff training.

The Integration and its member institutions are developing an integrated risk culture covering the Integration as a whole that will provide for the identification, measurement and management of risks as they arise, in line with their respective risk appetites and risk tolerance.

The Bank's risk appetite must be in line with the financial resources available to cover potential losses. To this end, it calculates the current and future economic capital requirements for each quantifiable type of risk and the Pillar 1 capital requirement.

Prudent risk-taking is considered by the Bank as a core value. To this end, the risk management organisation measures and analyses risk exposures, processes the information so gathered, establishes risk taking rules and operates risk management systems.

The group-wide Risk Strategy relies on the following main pillars:

- applying best market practice approaches and methods in risk management
- identifying and continuously monitoring the risk and return profiles of business lines, products and risk positions
- taking risks into account in business decisions
- separating the risk management organisation from the business area
- recognising the importance of all stages of the risk management process
- the risk management process is part of the overall management system and its aspects are integrated into strategic and annual planning.

The boards and committees of Jelzálogbank discuss the proposals regarding revisions and recommended modifications of the risk measurement and management methods and procedures, and reports on changes and trends in risks, at regular intervals.

Risk Management Organisation

Jelzálogbank's risk management organisation is separated from the organisational units engaged in business management.

The risk management function of Jelzálogbank is operating under a multi-level control system whose most important elements include ultimate control exercised at the level of the Board of Directors, along with independent control separated from the risk taking units, as well as appropriate measurement, diversification, monitoring and reporting of risks.

Control, Feedback

To minimise risks the Company is operating the elements of the internal line of defence, in observance of the relevant statutory regulations and supervisory recommendations, Within this framework, in addition to the operation of the risk management organisation, MBH Bank Nyrt's Compliance and Prevention of Money Laundering (hereinafter "Compliance and Prevention of Money Laundering") ensures compliance with the principles and regulations laid down in legislation, other professional conventions and practices not constituting legislation, recommendations, directives and decisions of public authorities, internal regulations (hereinafter "Compliance Rules"), the prevention, prevention, control of violations and breaches thereof, and operates the internal control system whose elements (in-process management control, management information system and the independent internal audit organisation) extend to all organisations and activities of the Company, are integrated in its daily activity and are traceable, providing regular feedback to the relevant management and governance levels.

The compliance function is performed by MBH Bank Compliance and Prevention of Money Laundering instead of MBH Befektetési Bank as of 01 March 2024, based on a service level agreement (SLA). This division coordinates and ensures conformity to the compliance rules.

The Compliance and Prevention of Money Laundering conducts its work on the basis of an annual work plan approved by the Management Board. The purpose of its activity is to promote the organisation's prudent, reliable, effective and efficient operation, in compliance with the applicable statutory regulations across the bank group and thereby to facilitate the organisation's undisturbed and successful operation, the maintenance of confidence in the institution, and help the Company avoid legal sanctions (that could be imposed by the Supervision, or that might be imposed under the competition law or in relation to payment of indemnity), major financial losses or reputation damage.

General compliance

The purpose of the General Compliance operation is to contribute to the smooth and prudent operation of MBH Jelzálogbank by identifying, assessing and managing compliance risks.

In accordance with the provisions of the Hpt. and the Group Conflict of Interest Policy, employees are, during their employment, not permitted to engage in any conduct that would jeopardise MBH Jelzálogbank's legitimate economic interests. During the process aimed at establishing legal relationships aimed at work the division also conducts investigations to identify possible conflicts of interests, during the procedure preceding the conclusion of the contract, in regard to candidates selected from applicants for contracting, as well as to employees already having contractual legal relationships and senior officers alike.

In addition to identifying and managing cases involving conflicts of interest involving employees, in order to avoid and prevent any potential conflicts of interest, this function conducts documented investigations during the sale of receivables or assets to determine, among others, whether the buyer has any interest in the debtor of the receivable to be sold; this function is also responsible for conducting conflict of interest investigations

of intermediaries and of service providers to which activities are to be outsourced (before the conclusion of the relevant contracts).

General Compliance participates in the development of the terms and conditions of new and changing products and services, reviews the compliance of new and changing products and services with the requirements of legislation and supervisory regulatory instruments, provides its views on the development of a monitoring system for complaint handling practices and monitors the adequacy of complaint handling activities, except for complaints concerning investment services activities.

Capital market, DDC and sanctions compliance

In the framework of the Capital Markets, DDC and Sanctions Compliance activities within the Compliance and Prevention of Money Laundering, MBH Jelzálogbank maintains a list of insiders and informs persons with access to inside information about their inclusion in the insider list. Money and Capital Market Compliance also maintains a list for MBH Jelzálogbank of all persons discharging managerial responsibilities and persons closely associated with them.

Preventing and Combating Money Laundering and Terrorist Financing

The Money Laundering Prevention Investigation and Review and the Money Laundering Prevention Monitoring units within Compliance and Prevention of Money Laundering conduct screening and analysis activities using customer record systems and external software to support the operation of a modern and effective anti-money laundering system by screening and reviewing clients and transactions on a risk basis. Through their analytical and evaluation activities, these divisions identify and mitigate existing and future customer, transactional and geographical risks, thereby supporting risk management and business processes as well.

Reporting

The Compliance and Prevention of Money Laundering has fulfilled its obligation under the SLA contract to inform the Board of Directors and the Supervisory Board of the Company's compliance activities through its quarterly reports.

Elements of control integrated into work processes and management control were included in job descriptions and current procedures, the application principles were included in internal orders, organisational and operational regulations about control systems. The principles of application were established in order to support the Company's efficient operation, the accomplishment of the Company's objectives, its operation in compliance with legal regulations and the identification of possible risks along with providing appropriate responses to them.

Fraud Prevention

The Banking Security Directorate's Fraud Prevention Department is responsible for conducting investigations into internal and external abuses and crimes, and for operating preventive monitoring systems. The division carries out human security activities for employees, and participates, *inter alia*, in the performance of activities related to classified requests from authorities in accordance with applicable laws.

No fraud incident or suspected fraud occurred in relation to MBH Jelzálogbank in 2024 according to the division's records.

Data Protection and Secrecy

The Data and Confidentiality Unit within the Law and Governance Division is responsible for the protection of personal data and confidentiality, in accordance with the regulations issued by the Central Organisation of Integrated Credit Institutions at the integration level. For the year 2024, the department required regular annual training in HR Master for the employees concerned and did not provide any other specific training.

In 2024, the provision of data protection support for possible new data management notices, by providing data protection opinions on mortgage bank regulations and data protection opinions on documents related to certain mortgage bank products and services.

An integral part of the internal monitoring system is the Internal Audit organisation, which is independent of the internal control system (first and second lines of defence).

The independence of the Bank's Internal Audit organisation is guaranteed by the fact that Internal Audit and Internal Auditors may not be tasked with any function other than auditing and it/they do not operationally participate in the bank's processes and decisions according to the relevant regulations. The annual work plan of Internal Audit is approved by the SB and any additional auditing task may only be prescribed by the SB and the head of Internal Audit, or the Company's Chief Executive Officer with the SB's agreement. The Internal Audit organisation is managed by the Supervisory Board. The Company's Head of Internal Audit reports directly to the SB.

In 2024, Internal Audit reported to the Supervisory Board and the Company's management on its activities in accordance with the requirements of the Hpt. in a regular and comprehensive manner, and its report included a presentation of the results of the investigations conducted, which were discussed in detail by the Supervisory Board, an overview of the performance of the tasks required in the course of the investigations, the current status of the external investigations and the performance of the tasks required at the conclusion of the investigations, and a summary of the fines imposed.

The planning and implementation of the activities of Internal Audit is based on risk analysis. The scope of the audits covers all organisational units of the Company, including those areas with internal control functions and those with special control functions and tasks, all business areas and activities, processes, products and services of the Company - including outsourced activities and the activities of dependent intermediaries it has appointed - and all Company records, documents and IT systems and databases supporting business or back office processes, i.e. Internal Audit has unrestricted access to all information and documents necessary to conduct investigations. In 2024, Internal Audit continued to have at its disposal all the planning documents (Audit Universe, Long-Term Audit Plan, Annual Work Plan, Capacity Plan) prepared in accordance with the methodology required by the Group Controller's Internal Audit, which were previously reviewed by the IHKSZ, approved by the Group Controller's Internal Audit of MBH Bank and subsequently approved by the Supervisory Board of the Company. The Group Internal Audit Policy and the Internal Audit Rules, which also apply to the Company's Internal Audit, have been discussed by the Supervisory Board and recommended to the Board of Directors for approval. In 2024, Internal Audit also had a manual to facilitate the conduct of internal audit activities, including the rules for conducting investigations, the procedures for preparing reports and statements, and reporting lines.

The core mission of Internal Audit in 2024 was to assess and improve the effectiveness of risk management, control and governance processes through systematic and controlled procedures, thereby helping to achieve organisational objectives.

10 POST BALANCE SHEET DATE EVENTS

MBH Mortgage Bank Co. Plc issued a total of HUF 14.75bn mortgage bond in nominal terms in the first two months of 2025. The series of MJ31NF01 was issued through public auction with the nominal amount of HUF 8.75bn (new, fixed coupon mortgage bond with a remaining maturity of 4.8 years) in January. The Bank offered the MJ28NF02 series (new, fixed coupon mortgage bond with a remaining maturity of 3.2 years) by a public subscription placing HUF 6.0 bn in February.

The Bank finished with the review of its Green Covered Bond Framework in Q1 2025, which aimed at updating the eligibility criteria of classifying Eligible Green Mortgage Loans.

The National Bank of Hungary (NBH) approved the Base Prospectus of the HUF 150 billion 2025-2026 Issue Program of the Issuer with the resolution number of H-KE-III-122/2025 on February 26, 2025.

Budapest, 28 March 2025

Dr. Gyula László Nagy

CEO

Illés Tóth

Deputy CEO

Issuer Declaration for Standalone Financial Statements

MBH Jelzálogbank Nyrt. (MBH Mortgage Bank Co. Plc.) as the Issuer (represented by: dr.Gyula László Nagy CEO, and Illés Tóth Deputy CEO), hereby declares that the **2024 Annual report** of MBH Mortgage Bank Co. Plc. has been prepared in accordance with the applicable accounting standards, its best knowledge and accordance with the International Financial Reporting Standards adopted by the European Union. The included **Standalone Financial Statements** give a true and fair view of assets, liabilities, financial position and profit of MBH Mortgage Bank Co. Plc., furthermore the **Standalone Management report** gives a fair view of the position, development and performance of MBH Mortgage Bank Co. Plc., disclosing the risks and the factors of uncertainty.

Budapest, 28 March 2025.

MBH Mortgage Bank Co. Plc.

Dr. Gyula László Nagy
CEO

Illés Tóth
Deputy CEO

MBH JELZÁLOGBANK NYRT.



PROPOSAL
FOR AGENDA ITEM 1.2.

REPORT OF THE SUPERVISORY BOARD ON THE INDIVIDUAL FINANCIAL
STATEMENTS OF THE COMPANY FOR THE YEAR 2024 PREPARED IN
ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
AND ON ITS INDIVIDUAL MANAGEMENT REPORT

Report of the Supervisory Board

The Supervisory Board examined the Individual Management Report of MBH Jelzálogbank Nyrt. for the financial year 2024, and the 2024 Individual Financial Statements prepared in accordance with International Financial Reporting Standards, parts of which are the Individual Statement of Financial Position, the Individual Statement of Profit and Comprehensive Income, the Individual Statement of Changes in Equity, the Individual Cash Flow Statement and the Notes to the Individual Financial Statements.

MBH Jelzálogbank Nyrt. prepared its Individual Financial Statements and Individual Management Report for the year 2024 in accordance with the Accounting Act and the General Accounting Principles.

Based on the report of the Company's auditor, the Supervisory Board concludes that the Company has kept its books and records and prepared its individual and consolidated financial statements and management reports in accordance with the requirements of the law.

The financial statements were reviewed and certified by **PricewaterhouseCoopers Könyvvizsgáló Kft.**, the auditor elected at the Annual General Meeting of MBH Jelzálogbank Nyrt. in 2024, and concluded that the Individual Management Report of MBH Jelzálogbank Nyrt. for 2024 is consistent with the information in the Individual Financial Statements for 2024. The Supervisory Board read the auditor's report, which concluded that the **Individual Financial Statements for 2024** comply with the law and that they **give a true and fair view of the financial position of MBH Jelzálogbank Nyrt. as at 31 December 2024 and of the results of its operations.**

Based on the information contained in the Individual Financial Statements, in the financial year of 2024 MBH Jelzálogbank Nyrt.'s **profit (after tax) for the current year amounted to HUF 6,597 million and its 2024 balance sheet total amounted to HUF 892,311 million.**

The Supervisory Board **agrees** with the **profit distribution for 2024** proposed by the Board of Directors of MBH Jelzálogbank Nyrt as follows:

Megnevezés	millió Ft.
1. Adózás előtti eredmény	7 177
2. Adófizetési kötelezettség	580
3. Tárgyévi eredmény (1.-2.)	6 597
Eredménytartalék növekedése tárgyévi eredmény miatt	6 597

Megnevezés	millió Ft.
1. Általános tartalék képzés	660
Eredménytartalék csökkenése/Egyéb tartalék növekedése általános tartalék képzés miatt	660

The proposed dividend to be paid from the disposable profit reserve increased by the profit for the current year of 2024 is HUF zero, i.e. no dividend will be paid.

The Supervisory Board studied and examined the proposal to be submitted to the General Meeting, i.e. **the report of the Board of Directors on the management of MBH Jelzálogbank Nyrt. on the assets and liabilities and business policy of MBH Jelzálogbank Nyrt. in 2024, have discussed them and proposes them to the General Meeting for approval.**

The Supervisory Board adopted the following resolutions in connection with the above:

[SZB1] megjegyzést írt: U.a.

I.

The Supervisory Board proposes to the General Meeting approving the Company's Individual Financial Statements for the year 2024 prepared in accordance with International Financial Reporting Standards with the following figures

Balance sheet total:	892,311	million HUF
Profit in the current year:	6,597	million HUF
Total comprehensive income:	6,323	million HUF.

The Supervisory Board also proposes approving the Individual Management Report for the year 2024.

II.

The Supervisory Board proposes to the General Meeting that the Company should transfer the **HUF 6,597** million profit (after tax) for the current year of 2024 to the profit reserve and set aside a statutory general reserve of **HUF 660** million at the time of the annual profit distribution.



PROPOSAL
FOR AGENDA ITEM 1.3

REPORT OF THE AUDIT COMMITTEE ON THE INDIVIDUAL FINANCIAL
STATEMENTS OF THE COMPANY FOR THE YEAR 2024 PREPARED IN
ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
AND ON ITS INDIVIDUAL MANAGEMENT REPORT;

The Audit Committee examined the Individual Management Report of MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság („Company”) for the financial year 2024, and the 2024 Individual Financial Statements prepared in accordance with International Financial Reporting Standards, parts of which are the Individual Statement of Financial Position, the Individual Statement of Profit and Comprehensive Income, the Individual Statement of Changes in Equity, the Individual Cash Flow Statement and the Notes to the Individual Financial Statements.

Based on the report of the Company's auditor, the Audit Committee concludes that the Company has kept its books and records and prepared its individual and consolidated financial statements and management reports in accordance with the requirements of the law.

Presentation of the contribution of statutory audit activities to the integrity of financial reporting and the role of the Audit Committee in the reporting process

The Audit Committee is responsible for assisting the Supervisory Board in selecting the auditor and cooperating with the auditor. In this context, the Audit Committee made a proposal to the Supervisory Board regarding the permanent auditor and their remuneration in order to prepare the decision of the general meeting, and formulated its preliminary opinion regarding the terms of the contract to be concluded with the permanent auditor.

The Audit Committee monitored the enforcement of professional requirements, conflict of interest and independence regulations for the permanent auditor and carried out tasks related to cooperation with the auditor.

The Audit Committee approved the quarterly disclosures on the engagement contracts concluded for the provision of other services to the Company by the permanent auditor or by another company with the same ownership background as the permanent auditor, in whole or in part.

The Audit Committee monitored the current status of the audit throughout the year and accepted the auditor's report on the status of the audit on a quarterly basis.

The Audit Committee supports the following proposals of the Supervisory Board:

I.

The Supervisory Board proposes to the General Meeting approving the Company's Individual Financial Statements for 31 December 2024 prepared in accordance with International Financial Reporting Standards with the following figures:

Balance sheet total:	892,311	million HUF
Profit in the current year	6,597	million HUF
Total comprehensive income:	6,323	million HUF.

The Supervisory Board proposes to the General Meeting that the Company should transfer the HUF 6,597 million profit for the current year of 2024 to the profit reserve and set aside a statutory general reserve of HUF 660 million at the time of the annual profit distribution.

The Supervisory Board also proposes approving the Individual Management Report for the year 2024.

The Audit Committee proposes that the report of the Supervisory Board, as detailed above, be submitted to the General Meeting.



PROPOSAL
FOR AGENDA ITEM 1.4.

ADOPTION OF DECISIONS CONCERNING PERFORMANCE-BASED
REMUNERATION IN 2024

PROPOSAL

EAVLUATION OF THE CORPORATE ASSESSMENT INDEX

The **Corporate Assessment Index** is an economic indicator used to measure the economic performance or risk management of MBH Bank Nyrt. based on a scoring system. The performance-related performance assessment is based on the target value (expressed in points) of the Corporate Assessment Index for the Current Year. Performance Remuneration is not payable if the index does not reach the target level.

MBH Jelzálogbank is a member of the MBH Bank Group, and from 29 April 2022 the group governance function has been performed by MBH Bank Nyrt. Within the MBH Group the target value of the Corporate Assessment Index for the Current Year is based on the current annual Business Plan approved by MBH Bank's Board of Directors. The target value of the Corporate Assessment Index for the Current Year is decided by the Chairman-CEO of MBH Bank Nyrt. in line with the Group Remuneration Policy, which was also implemented by MBH Jelzálogbank.

The Chairman - CEO of MBH Bank Nyrt. decides on the realization of the target of the Corporate Assessment Index for the Current Year. The decision is confirmed by the Board of Directors of the Bank at a meeting prior to the Annual General Meeting of the following year and by the Annual General Meeting of the following year.

The Corporate Assessment Index, which also serves as the basis for the payment of performance remuneration for 2024 at MBH Jelzálogbank Nyrt, will be approved by the General Meeting of MBH Bank Nyrt, as it was achieved on the basis of the preliminary assessment. The awarding and payment of Performance Remuneration will be subject to confirmation by the General Meeting.

DECISIONS CONCERNING THE CHIEF EXECUTIVE

MBH Jelzálogbank Nyrt. goals and their fulfilment 2024			
Definition	Budget	Actual	Remark
Return on equity improvement	1,50%	8,10%	The return on equity was much higher than projected.
Cost control	0,23%	0,28%	The balance sheet total decreased compared to the plan, which is why there was a smaller increase in the indicator compared to the plan (the denominator decreased)
Keeping the capital adequacy ratio above the regulatory requirement	n/a	Capital adequacy ratio 54.46 % CET1 ratio 51.61 %	The capital adequacy ratio was significantly above the regulatory and prudential limit
NPL ratio	n/a	5.21% for own loan portfolio 0.075% for refinanced portfolio	The NPL ratio for the own portfolio improved compared to the preceding year
Helping the Group liquidity position with JZB LCR control	n/a	Integration LCR: 270.22% JZB Individual LCR: 411.54%	The JZB individual LCR indicator was well above the expected limit
Mortgage bond issuing activity and MFAR compliance for the group	Planning and managing issue auctions Funding for ideal planning of issues (refinancing)	The MFAR was safely met by JZB at all measurement times. The indicator was above the limit at all measurement times.	In 2024 HUF 59.6 billion worth mortgage bonds were issued
Further development of the JZB ESG programme	increasing the green mortgage bond ratio	achieved	JZB launched a successful green mortgage bond programme in 2022. It increased the ratio of green mortgage bonds in the total portfolio (13.3% in December 2024)
In addition to long term funding, JZB also supported MBH Bank's mortgage lending activities with various programmes	Access to AVM service in branches (from pilot to full implementation)	MBH Index project (property market research), AVM service	Number of available homes in AVM 1.3 million 326 authorised users in 195 branches
keeping key colleagues, new competences	keeping key colleagues, introducing new competences	achieved	All key colleagues were retained also in the reporting year
Improving the mortgage bond rating	Obtaining Moody's rating in 2024	Successfully achieved	Moody's A1 rating was successfully obtained in 2024. It is currently the best mortgage bond rating available in Hungary and is 4 notches higher than Hungary's sovereign rating

In the performance evaluation process, the objectives are formed like a 'water cascade'. The group-level targets are broken down into each area's own targets, and then the employees' targets are determined based on them. Each set target must contribute to the achievement of the given higher-level target in order for the group-level targets to be met.

The individual performance remuneration amount of the chief executive is established on the basis of the joint assessment of the business objectives of the Group and MBH Jelzálogbank, also taking into account the financial and non-financial criteria. The non-business criteria are assessed along the competences that correspond to the company's values.

The business targets of MBH Jelzálogbank Nyrt. for the financial year of 2024 were achieved.

The actual amount to be paid will be established and the payment will be made within the framework of the group performance evaluation process.

PROPOSED RESOLUTION FOR THE GENERAL MEETING:

The General Meeting of MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság (hereinafter Company) accepts that the Corporate Assessment Index, which also serves as the basis for the payment of performance remuneration for 2024 at MBH Jelzálogbank Nyrt, will be approved by the General Meeting of MBH Bank Nyrt. The awarding and payment of Performance Remuneration will be subject to confirmation by the General Meeting.

The General Meeting of the Company approves that the individual performance remuneration amount of the chief executive shall be established on the basis of the joint assessment of the business objectives of the Group and the Company, also taking into account the financial and non-financial criteria. The non-business criteria are assessed along the competences that correspond to the company's values. The General Meeting of the Company concludes that the business targets of MBH Jelzálogbank Nyrt. for the financial year of 2024 were achieved and approves that the actual amount to be paid will be established and the payment will be made within the framework of the group performance evaluation process.



PROPOSAL
FOR AGENDA ITEM 7



OPINION VOTING STIPULATED BY ACT LXVII OF 2019 (HRSZTV.) ON THE
REMUNERATION POLICY PREPARED UNDER THE SAME ACT

PROPOSAL

The purpose of the Remuneration Policy for Directors is to comply with Act LXVII of 2019 on the encouragement of long-term shareholder involvement and the amendment of certain laws for the purpose of legal harmonization (Hrsztv.) and enable MBH Jelzálogbank Nyrt. to establish a remuneration policy for all 'directors' falling within the scope of Hrsztv.

Pursuant to the HRSZtv. the Remuneration Policy for Directors must be put on the agenda of the General Meeting for an opinion vote when it changes significantly, but at least every four years. Several changes have occurred recently which called for the amendment of the Remuneration Policy for Directors and its submission to the General Meeting for an opinion vote.

Pursuant to Section 2 (2) of the Hrsztv, the following positions held in MBH Jelzálogbank Nyrt. fall within the scope of the Remuneration Policy for Directors: Chairman, Chief Executive Officer, Deputy CEOs, members and chairman of the Board of Directors and members and chairman of the Supervisory Board (together: "Directors").

The Remuneration Policy for Directors has been prepared in accordance with the Hrsztv. and the sectoral remuneration legislation governing MBH Jelzálogbank Nyrt.

Pursuant to Section 16 (5), directors may only be remunerated on the basis of the Remuneration Policy for Directors submitted to the General Meeting for an opinion expressing vote.

The Remuneration Policy for Directors has been amended as follows:

- (i) the amendments made to ensure consistency with the statements on remuneration set out in the Group Regulations issued by MBH Bank Nyrt. and referred to in this Policy;
- (ii) deletion of references and tasks relating to the Remuneration Committee of MBH Jelzálogbank Nyrt.

If the General Meeting rejects the proposed Remuneration Policy for Directors in its opinion vote, the Company shall submit the revised Remuneration Policy for Directors to the next General Meeting for a repeated opinion vote.

PROPOSED RESOLUTION FOR THE GENERAL MEETING:

The General Meeting of MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság has approved the Remuneration Policy under Act LXVII of 2019 (Hrsztv.) in an opinion vote.

Policy

MBH Jelzálogbank Nyrt. Remuneration Policy according to the Hrsztv.

Number of the regulation	POL-0001/2024/V1.
Date of entry into force	dd.mm.2025
Effective date of the last amendment	11.03.2024
Validity	Indefinite period – until revoked
Group-level	No
Affected by MNB data supply?	Yes
Public Access (Access to the Regulation and its annexes) (mark with an x)	<input checked="" type="checkbox"/> Normal (For internal use) <input type="checkbox"/> Restricted
In the case of a restricted access regulation, list the organisational units(s) authorised to access the regulation	
Other provisions	The HRSZtv. Remuneration Policy must be put on the agenda of the General Meeting for an opinion vote when it changes significantly, but at least every four years. Number of the last General Meeting resolution: <u>resolution 3/2024 (24 April)</u>
Regulation owner area	Human Resources (Compensation and HR services)
Issuer	Supervisory Board
Last amended by	Noémi Laczkó

Summary of annexes		
Number of annex	Title of annex	Entitled to approve amendments
1. annex - in the policy	Data relating to the work concluded with Directors or the performance of duties, or remuneration related thereto	Issuer

Revoked regulations
<ul style="list-style-type: none"> 01/2024 Policy - MBH Jelzálogbank Nyrt. Remuneration Policy according to the Hrsztv., version V0

The General Meeting of MBH Jelzálogbank Nyrt. adopted this version V1 and the related annex by its resolution xx/2025 (mm.dd.) on dd.mm.2025.

The Supervisory Board of MBH Jelzálogbank Nyrt. adopted this V1version and the related annex by Supervisory Board resolution no. .../2025 (.....), on 2025.

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**MBH Jelzálogbank Nyrt. Remuneration Policy according to the Hrsztv.
("Remuneration Policy according to the Hrsztv." / "Remuneration Policy for Directors")**

1. Summary of changes

The present Remuneration Policy according to Hrsztv. is a consolidated version of the Remuneration Policy according to Hrsztv No. POL-0001/2024/V0 as amended.

This Policy contains the following main changes:

- the amendments made to ensure consistency with the statements on remuneration set out in the Group Regulations issued by MBH Bank Nyrt. and referred to in this Policy;
- deletion of references and tasks relating to the Remuneration Committee of MBH Jelzálogbank Nyrt.

The shareholders' opinions and votes on the remuneration policy and reports will be taken into account as set out in section 5 ("*Validity and amendment of the Remuneration Policy according to Hrsztv*").

2. Purpose of the Remuneration Policy according to the Hrsztv.

The purpose of the Remuneration Policy for Directors is for the MBH Jelzálogbank Nyrt. to establish a remuneration policy for the person employed in Director positions by MBH Jelzálogbank Nyrt. - as specified in Section **Hiba! A hivatkozási forrás nem található.** of the Remuneration Policy for Directors - which is in line with the provisions of Act LXVII of 2019 on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonisation purposes (hereinafter referred to by the Hungarian abbreviation: 'Hrsztv.') and to acknowledge their performance in a manner corresponding to

- a) The Remuneration policy (hereinafter: 'Hpt. Remuneration Policy'; Hpt., JP) **issued by the Supervisory Board of MBH Bank Nyrt.** according to the "[Remuneration Policy](#)" under Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter referred to by the Hungarian abbreviation: 'Hpt.'),
- b) the effective and efficient risk management, without encouraging the assumption of risks beyond the risk assumption limits of MBH Jelzálogbank Nyrt., and
- c) the business strategy, objectives, sustainability, values and long-term interests of MBH Jelzálogbank Nyrt., promoting the achievement thereof.

This Remuneration Policy for Directors encourages high performance, appropriate risk-taking in line with MBH Jelzálogbank Nyrt's strategy and responsible conduct in the long-term interests of MBH Jelzálogbank Nyrt. It aims to create incentives that align the individual interests of managers with the long-term interests of MBH Jelzálogbank Nyrt. The remuneration of managers is based on value creation, ensuring sustainability and ethical behaviour.

3. Relationship between the Remuneration Policy according to the Hrsztv. and the Hpt. Performance Remuneration Policy

- 3.1 This Remuneration Policy for Directors is an independent remuneration policy determined pursuant to the Hrsztv. tv. in line with the regulations of the Hpt. Performance Remuneration Policy, which is subject to the provisions set out in the Hpt. Performance Remuneration Policy, with the exception of the provisions that are, by their nature/purpose, not applicable or of no relevance to this Remuneration Policy for Directors.
- 3.2 Pursuant to the specification set out in Section 3.1, the capitalised term used in this Remuneration Policy for Directors are defined in the Hpt. Performance Remuneration Policy.
- 3.3 This Remuneration Policy for Directors regularly references specific sections of the Hpt. Performance Remuneration Policy to avoid unnecessary repetition. If the terms, processes or their numbering used in the Hpt. Performance Remuneration Policy change, then this Remuneration Policy for Directors shall refer, mutatis mutandis, to the changed terms and processes and their numerical designation.
- 3.4 It is the task of MBH Jelzálogbank Nyrt. to ensure the consistency between the Hpt. Performance Remuneration Policy and this Remuneration Policy for Directors.

4. Scope of the Remuneration Policy according to the Hrsztv. - MBH Jelzálogbank Nyrt. Directors

- 4.1 The institutional scope of this Remuneration Policy for Directors extends to MBH Jelzálogbank Nyrt.
- 4.2 In line with the provisions of the legislation, the personal scope of the Remuneration Policy according to the Hrsztv. applies to
- the Chairman and members of the Board of Directors of MBH Jelzálogbank Nyrt.,
 - the Chairman and members of the Supervisory Board, and
 - the chief executive officer (CEO) and deputy CEOs of MBH Jelzálogbank Nyrt.,

(hereinafter jointly: "Directors").

If based on an authorisation in MBH Jelzálogbank Nyrt.'s Articles of Association, the Board of Directors decided that the positions of Chairman of the Board of Directors and CEO of MBH Jelzálogbank Nyrt should be held by separate persons, the provisions of this Remuneration Policy for Directors shall also apply to the CEO.

For the purposes of the application of the remuneration rules applicable to Directors, the following categories of personnel should be separated:

- **Directors who are members of an executive body:** the Chairman and members of the Board of Directors (hereinafter collectively: "**Board Members**") and the Chairman and members of the Supervisory Board (hereinafter collectively: "**Supervisory Board Members**").
- **Directors employed by MBH Jelzálogbank Nyrt:** the Chief Executive Officer (CEO), the Deputy CEOs (including the members of the Internal Board members) and the members of the Supervisory Board who are employee delegates.
- **Directors who are not employed by MBH Jelzálogbank Nyrt:** the external members of the Board of Directors and the independent members of the Supervisory Board.

If a particular Director is part of more than one group of persons at the same time, the remuneration rules of this Remuneration Policy for Directors applicable to the groups of persons relevant to that Director shall apply to that Director jointly.

5. Validity and amendment of the Remuneration Policy according to the Hrsztv.

- 5.1 Payments to the Directors may only be made on the basis of the Remuneration Policy for Directors approved by the General Meeting (hereinafter: 'General Meeting') of MBH Jelzálogbank Nyrt., with the proviso that the Remuneration Policy according to the Hrsztv. is to be submitted to the General Meeting for an opinion vote in the event of a significant change, but at least every four years. [Section 3:268 of the Civil Code; Section 16 (5) of the Hrsztv.]
- 5.2 If the General Meeting rejects the Remuneration Policy for Directors submitted - pursuant to Section 5.1 of this Remuneration Policy for Directors -, then the revised Remuneration Policy for Directors shall be submitted for a vote at the subsequent General Meeting.
- 5.3 The amended or revised Remuneration Policy for Directors submitted to the General Meeting contains all the descriptions and explanations of the substantial amendments implemented since the last General Meeting vote, as well as the way in which it takes into account shareholders' views and votes on the Remuneration Policy according to the Hrsztv.
- 5.4 If there is no approved Remuneration Policy for Directors and the General Meeting does not approved the proposed remuneration policy, MBH Jelzálogbank Nyrt. will continue to pay remuneration to the Directors in line with its current practice, with the proviso that the revised Remuneration Policy for Directors. shall be submitted to the subsequent General Meeting for a vote. [Article 9a (2) of Directive 2007/36/EC]
- 5.5 If there is an approved Remuneration Policy for Directors and the General Meeting does not approved the proposed remuneration policy for Directors, MBH Jelzálogbank Nyrt. may continue to pay remuneration to the Directors in line with the existing Remuneration Policy, with the proviso that the revised Remuneration Policy for Directors shall be submitted to the subsequent General Meeting for a vote. [Article 9a (2) of Directive 2007/36/EC]

6. Possible deviation from the Remuneration Policy according to the Hrsztv.

- 6.1 Deviation from this Remuneration Policy for Directors is possible only in exceptional cases (for the purpose of ensuring the long-term interests and sustainable operation of MBH Jelzálogbank Nyrt. or to ensure its viability) and temporarily, in accordance with the provision of Section I.1.2. of the Hpt. Performance Remuneration Policy.

7. Rules to be applied

- Act V of 2013 on the Civil Code (Civil Code)
- Act LXVII of 2019 on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonisation purposes (Hrsztv.)
- Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (Directive 2007/36/EC)
- the regulatory background and principles listed in Section I.3. of the Hpt. Performance Remuneration Policy.

8. Disclosure

- 8.1 The provisions of this Remuneration Policy for Directors must be made available for all parties concerned.
- 8.2 Following the General Meeting vote on the Remuneration Policy according to the Hrsztv. - in the case of its rejection the repeated vote -, MBH Jelzálogbank Nyrt. shall - during its validity - make available the Remuneration Policy according to the Hrsztv. on its website, free of charge, together with the date and result of the vote.

9. Components of Director remuneration

- 9.1 The remuneration for Directors - in line with Paragraph (55) of the Hpt. Performance Remuneration Policy - can only be Basic Remuneration or Performance Remuneration, there is no third remuneration category, i.e. each component of remuneration can be classified either as Basic Remuneration or Performance Remuneration.
- 9.2 Directors who are members of the Executive Board are entitled to a fixed amount of remuneration. For both the members of the Board of Directors and the members of the Supervisory Board, the remuneration shall consist exclusively of financial remuneration.
- 9.3 In the case of Directors who are not employed by MBH Jelzálogbank Nyrt, the remuneration is fixed Basic Remuneration in 100%, Performance Remuneration may not be established or paid.
- 9.4 The components of the Basic and Performance Remuneration of Directors employed by MBH Jelzálogbank Nyrt, as well as their ratios are presented in the table below:

Position	Basic remuneration	Performance remuneration	Maximum performance remuneration
Chief Executive Officer, Deputy Chief Executive Officer	basic salary, benefits as detailed in the internal rules of MBH Jelzálogbank Nyrt (cafeteria, insurance, other fringe benefits), mobile phone and Vehicle use	annual Bonus	12-month base wage
Member of the Board of Directors	basic salary, benefits as detailed in the internal rules of MBH	performance remuneration as detailed in the internal	12-month base wage

MBH Jelzálogbank Nyrt. Remuneration Policy according to the Hrsztv.

(internal members of the Board of Directors)	Jelzálogbank Nyrt (cafeteria, insurance, other fringe benefits), mobile phone and Vehicle use	rules of MBH Jelzálogbank Nyrt, the Hpt, JP and other internal regulations (annual bonus, reward, specific area incentive, target bonus, project bonus, retention bonus)	
Supervisory Board member (Supervisory Board members who are employee delegates)	basic salary, benefits as detailed in the internal rules of MBH Jelzálogbank Nyrt (cafeteria, insurance, other fringe benefits), mobile phone and vehicle use	performance remuneration as detailed in the internal rules of MBH Jelzálogbank Nyrt, the Hpt, JP and other internal regulations (annual bonus, reward, specific area incentive, target bonus, project bonus, retention bonus)	12-month base wage

9.5 The Basic Remuneration amount must be sufficiently high to allow for the reduction to zero of Performance Remuneration. Directors should not be dependent on the award of Performance Remuneration as this may otherwise encourage excessive short-term risk assumption. [Sections 16 (2) and 17 (1) of the Hrsztv.:]

9.6 Performance Remuneration is defined in order to encourage the Directors to contribute to the long-term effective operation of MBH Jelzálogbank Nyrt. and the Bank Prudential (hereinafter: Bank Group) and to allow for Ex Ante and Ex Post Risk Assessment based on risks as well as the clawback of any accounted/paid Performance Remuneration. Reduction and clawback rules shall be applied to 100% of the Performance Remuneration in accordance with the provisions of this Remuneration Policy for Directors and the Hpt. Performance Remuneration Policy.

9.7 When deciding on the remuneration of persons covered by the scope of the Remuneration Policy pursuant to the Hrsztv.:

- the qualifications, required experience defined for the particular position and the related restrictive factors;
- wage market information; and
- tasks, responsibilities and competence; and
- the importance of the position in the organisation and the service period may be taken into account.

10. Basic principle and method of Performance Remuneration

10.1 The most important principle of the Remuneration Policy according to the Hrsztv. is that, in line with the provisions of the Performance Assessment Policy and the Policy on Incentives, and in addition to the ex ante and ex post risk assessment, the Performance Remuneration amount is tied to the degree of achievement of

- the Bank Group; and

- the individual objectives of the Directors.

10.2 The Performance Remuneration amount is established on the basis of the joint assessment of the objectives, also taking into account the financial and non-financial criteria specified in Section 11.3.

10.3 Performance Remuneration is paid in compliance with the provisions of the Hpt. Remuneration Policy, on the due dates of each Payment Cycle.

11. General principles and framework of Performance Measurement [Section 17 (3) a) of the Hrsztv.]

11.1 It is a fundamental pre-requisite of the Performance Assessment that MBH Jelzálogbank Nyrt. should set objectives for Directors for each Reference Year. These objectives must be derived from the business activities and strategy, corporate values, risk appetite and long-term interests of MBH Jelzálogbank Nyrt., by also taking into account the cost of MBH Jelzálogbank Nyrt.'s – Bank Group-level – capital and liquidity.

11.2 The objectives must be set by taking into account all present and future risks, and all on- and off-balance sheet risks, making a distinction between the risks relevant to Directors.

11.3 In order to define objectives, quantitative and qualitative performance criteria must be established for Directors, which are in line with the strategic goals of MBH Jelzálogbank Nyrt for the given year. The objectives include both all-bank and specific area financial targets and non-financial performance criteria, which will ensure the Group's sound, sustainable and profitable operation in the long term.

At individual level, these criteria are included in the Target Agreements concluded with Directors.

11.4 The quantitative criteria must cover a period which is long enough to sufficiently capture the risks assumed by MBH Jelzálogbank Nyrt. and the Directors and to include risk adjustments and economic efficiency indicators.

12. Performance Measurement component at the level of the Bank Group – Corporate Assessment Index

12.1 At the level of the Bank Group, Performance Remuneration-related performance measurement is based on the target value specified in the Corporate Assessment Index (as a score) for the Reference Year - defined based on the current Business Plan approved by the Board of Directors of MBH Bank Nyrt. -, pursuant to the provisions of the Hpt. Performance Remuneration Policy.

12.2 The Chairman - CEO of MBH Bank Nyrt. decides on the realization of the target of the Corporate Assessment Index for the Current Year in the subsequent year. The decision is confirmed by the Board of Directors of MBH Bank at a meeting prior to the Annual General Meeting of the following year and by the Annual General Meeting of the following year.

13. Performance Measurement component at Director level

13.1 At the individual level, performance measurement related to Performance Remuneration is measured by evaluating performance indicators and targets based on quantitative and qualitative criteria set in the Target Agreements.

14. Ex Ante Risk Assessment

14.1 At Bank Group level, the Chairman - Chief Executive of MBH Bank may decide on the (reasonable) amendment of the Corporate Assessment Index or, if it is deemed necessary, on the application of a proportionate Performance Remuneration pursuant to the provision of the Hpt. Performance Remuneration Policy.

14.2 At individual level, the Ex Ante Risk Assessment is performed according to the criteria system established in the Target Agreements concluded pursuant to the Performance Assessment Policy, on a quarterly basis during the Reference Year, the result of which is taken into account during the Performance Assessment.

14.3 The Ex Ante Risk Assessment period starts, at Bank Group level, from the setting of the Corporate Assessment Index by the Chairman – Chief Executive, at individual level, from the conclusion of the Target Agreements, and lasts until the Performance Assessment. [Paragraphs (129) - (131) of the Hpt. JP.]

15. Performance Remuneration tools

15.1 The Performance Remuneration of Directors consists of 50% Cash Benefit and 50% Instrument-Based Benefit in compliance with Section 118 (11) of the Hpt., unless the legislation provides otherwise, taking into account the divergent provisions of the Hpt. Performance Remuneration Policy. [Paragraph (135) of the Hpt. JP.]

16. Payment of Performance Remuneration to Directors

16.1 The Cash Benefit part of the Performance Remuneration of Directors is payable in cash, –while the Instrument-Based Benefit part may be paid out in the form of an instrument or cash, depending on the decision of the Board of Directors of MBH Bank Nyrt. – with regard thereto, pursuant to the provisions of the Hpt. Performance Remuneration Policy. [Paragraph (148) of the Hpt. JP.]

16.2 In the case of Directors the payment of 60% of the Awarded Performance Remuneration shall be deferred.

16.3 In the case of Directors where the Maximum Performance Remuneration available for the Reference Year is not higher than the € 250,000 threshold value, the payment of 40% of the Awarded Performance Remuneration shall be deferred. [Paragraph (155) of the Hpt. JP.]

16.4 For the Directors, with regard to the deferred portion of the Awarded Performance Remuneration, the period of deferral according to the Payment Cycle shall be 5 years, during which the deferred payment

- a) shall be defined in equal proportions each year (12%; 12%, 12%; 12%), when it is due according to the Payment Cycle in the case of 60% deferral referred to in Section 16.2 of this Remuneration Policy,
- b) shall be defined in equal proportions each year (8%; 8%, 8%; 8%), when it is due according to the Payment Cycle in the case of 40% deferral referred to in Section 16.3 of this Remuneration Policy,

and 50-50% of the non-deferred (short-term) and deferred payment shall be Cash Benefits and Instrument-Based Benefits.

16.5 In the case of Instrument-Based Benefits, 50% of the first (non-deferred) part shall be retained for one year.

16.6 From the conclusion of the Performance Assessment, during the entire period of deferral, the interim effects relating to the activities of the Directors in the Reference Year shall be taken into account and, depending on the outcome, the total of the Awarded Performance Remuneration paid with non-deferred and deferred payments shall be reduced within the framework of Ex Post Risk Assessment as and when necessary.

16.7 The deferred instalments may be made paid out in each due year of the payment cycle, following a subsequent risk assessment.

16.8 The Annual General Meeting of the given year of due payment within the Payment Cycle shall have the right to decide on the reduction of the deferred portion of the Performance Remuneration awarded to the Directors and due according to the Payment Cycle within the framework of an Ex Post Risk Assessment.

The settlement of time proportionate Performance Remuneration shall be performed according to the general rules on the condition that, if the employment relationship in the Reference Year is shorter than 6 months, in an active staff status, the Eligible Person shall not be eligible to Performance Remuneration, unless otherwise provided for by MBH Jelzálogbank Nyrt.

17. Clawback rules [Section 17 (3) b) of the Hrsztv.]

17.1 If the Director

- a) committed a criminal act related to the Bank Group or its operation,
- b) with regard to the tasks performed by them and their responsibilities, committed misconduct, gross negligence, abuse, or there was a deficiency therein – not constituting a crime – (especially if the act of the Director significantly deteriorated the trustworthiness and/or profitability of MBH Jelzálogbank Nyrt. or its Subsidiary),
- c) was a partner in or responsible for a practice causing Major Financial Loss, or
- d) does not meet the expectations of suitability and competence,
- e) Commits an offence defined in the Compliance Policy of the MBH Integration Group,

their eligibility to the not yet performed portion of their Awarded Performance Remuneration ceases and, pursuant to the procedure specified in Paragraph (173) of the Hpt. Performance Remuneration Policy, the President - Chief Executive of MBH Bank Nyrt. shall be entitled to decide on the clawback of the Performance Remuneration settled/paid to the concerned Director with respect to the period concerned with the circumstance substantiating the clawback.

17.2 The General Meeting of MBH Jelzálogbank Nyrt. may decide on the clawback of the CEO of MBH Jelzálogbank Nyrt.

18. Conflict of interest [Section 17 (1) d) of the Hrsztv.]

18.1 Conflicts of interests with the Remuneration Policy according to the Hrsztv. and with the remuneration specified by the Remuneration Policy according to the Hrsztv. shall be identified and appropriately mitigated.

18.2 The Hpt. Performance Remuneration Policy ensures that no significant conflict of interest should arise with regard to the Directors and the persons performing the control functions.

19. Review of the Remuneration Policy according to the Hrsztv. [Section 17 (1) d) of the Hrsztv.]

19.1 The Remuneration Policy according to the Hrsztv. will be reviewed in the context of the Regular Annual Review (annual central review of the implementation of the Hpt. Performance Remuneration Policy and the Remuneration Policy according to the Hrsztv., on the basis of which the Supervisory Board of MBH Jelzálogbank Nyrt. may amend them), to which the rules set forth in Section IV.2. of the Hpt. Performance Remuneration Policy shall apply.

Remuneration policy for Directors

Annex 1 :

Data relating to the work concluded with Directors or the performance of duties, or remuneration related thereto [Section 17 (1) c) of the Hrsztv.]

Rules applicable to Directors employed by MBH Jelzálogbank Nyrt.

Definition	CEO	Deputy Chief Executive Officer	Member of the Board of Directors	Members of the Supervisory Board
Term of the contract relating to the title, or the related remuneration	Fixed term based on a General Meeting resolution and statement of approval, with the proviso that the Board membership of the internal Board member or the employee delegate Supervisory Board member shall cease, by law, upon the termination of their employment relationship. The membership may also cease before the expiry of the fixed term in the cases specified in the Civil Code.			
In the case of a legal relationship for work				
Term of the contract relating to work or the related remuneration	Indefinite			
Applicable notice period	In accordance with the provisions of the Labour Code	In accordance with the provisions of the Labour Code, but minimum 60 days.	In accordance with the provisions of the Labour Code and in the case of an employee holding a managerial position pursuant to Section 208 (1) of the Labour Code, a minimum of 60 days.	
Main characteristics of supplementary pension or early retirement schemes	MBH Jelzálogbank Nyrt. does not provide supplementary pension or early retirement.			
Conditions for contract termination	The employment of Directors employed by MBH Jelzálogbank Nyrt may be terminated in accordance with the provisions of the Labour Code.			
Payments due in the case of termination	In accordance with the provisions of the Labour Code	absence fee for 12 months	In line with the provisions of the Labour Code, and for deputy CEOs absence fee for 12 months	

Rules applicable uniformly to Directors not employed by MBH Jelzálogbank Nyrt

Directors who are not employed by MBH Jelzálogbank Nyrt may be recalled or resign at any time without giving reasons in accordance with the provisions of company law. Directors who are not employed by MBH Jelzálogbank Nyrt are not entitled to a period of notice of termination. Directors who are not employed by MBH Jelzálogbank Nyrt are entitled to the benefits set out in Sections 9.2 and 9.3 of this Remuneration Policy for Directors. Directors who are not employed by MBH Jelzálogbank Nyrt shall not receive any special remuneration in the event of termination of employment. Directors who are not employed by MBH Jelzálogbank Nyrt. are not entitled to participate in a supplementary pension or early retirement scheme.



PROPOSAL
FOR AGENDA ITEM 3



APPROVAL OF THE CORPORATE
GOVERNANCE REPORT

Proposal:

Based on the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE), listed issuers are required to prepare an annual Corporate Governance Report, which must be approved by the General Meeting pursuant to the provisions of Section 3:289 of Act V of 2013 on the Civil Code (Civil Code).

According to the information provided by the BSE, the recommendation is intended to supplement Hungarian legislation (basically the Civil Code), primarily for publicly traded companies listed on the BSE and incorporated in Hungary. The recommendations suggest recommended practices to be followed. It is recommended, but not mandatory, for listed companies to comply with its provisions.

Listed companies are required to declare their responsible corporate governance practices in two ways. In the first part of the report, they should report in an accurate, comprehensive and easily understandable manner on their responsible corporate governance practices during the financial year, including the corporate governance policy and any special circumstances. In the second part of the report, they should report on their compliance with each of the specific points of the recommendation and on whether they are applying each of the recommendations in accordance with the "*comply or explain*" principle.

Listed issuers must declare their corporate governance practices within 120 days of the end of the financial year (by 29 April for companies operating in the same financial year as the calendar year) and publish their report.

This proposal is to adopt the Responsible Corporate Governance Report of MBH Jelzálogbank Nyilvánítvánosan Működő Részvénytársaság (Company) for the year 2024 with the attached contents.

The Supervisory Board agrees with the proposal of the Board of Directors.

Proposed resolution:

The General Meeting adopts the Corporate Governance Report of the Company for the financial year 2024 as set out in the written proposal attached to the agenda item.



MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság

Corporate Governance Report

for 2024

22 April 2025

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3.5.1. Asset and Liability Committee (ALCO or J-EFB)	14
The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation.	
The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters.	
It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations.	
It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits.	
3.5.2. Methodology Committee (MC)	14
The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation.	
It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group.	
Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits.	
Taking decisions on operational risk management measures.	
As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility.	
3.5.3. Refinancing Credit Committee (RHB)	14
The purpose of the Refinancing Loan Committee is to take decisions on the refinancing exposures necessary for the establishment of certain framework conditions for the cooperation agreement (framework agreement) to be concluded with a given counterparty bank in connection with JZB's refinancing business.	
3.5.4. Green Mortgage Bond Committee (ZJB)	14

The Committee is responsible for setting up and maintaining the Green Mortgage Bond Framework, deciding on the eligibility of Green Mortgage Loans, monitoring the use of funds from the issuance of Green Mortgage Loans. It determines the maximum number of green mortgage bonds that can be placed and informs the EFB. The Committee is responsible for establishing and maintaining the Green Mortgage Bond Framework, decides on the eligibility of Green Mortgage Loans and monitors the use of funds from the issuance of Green Mortgage Bonds. Approves the environmental impact and allocation reports defined in the Green Mortgage Bond Framework. Supports the creation and implementation of the MBH Group's green strategy. 14

4. Description of the System of Internal Control Mechanisms and their Operation in 2024 14

The system of internal control mechanisms was implemented and operated in 2024 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsde Zrt. and MNB Recommendation 12/2022 (11 August) establishment and operation of internal lines of defence, the management and control functions of financial institutions. The system of internal controls contains the elements of responsible internal management, risk management, the compliance assurance function, control mechanisms integrated in work processes as an element of the internal control system, management control and the independent internal audit function. 14

In the context of responsible corporate governance the Company's management team coordinates the activities of the organisational units constituting elements of the control functions, gathers information on the observance of, and compliance with, the basic principles and causes the various control functions to report on their activities and integrates their findings and experience in its decisions. 15

The Group Leader MBH Bank Compliance and Anti-Money Laundering is specialised in the following areas: 15

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Declaration on Responsible Corporate Governance Practices

1. Description of the Operation of the Board of Directors and the Sharing of Responsibility and Tasks Between the Board of Directors and the Management Team

The Board of Directors is the Company's legal representative and executive body, representing the Company towards third persons and before courts and other authorities, managing and directing the Company's business activities and financial management, making sure that the requisites for successful operation are available.

The organisation and operation of the Board of Directors is regulated by its Articles of Association and the Rules of Procedure of the Board of Directors. The Rules of Procedure of the Board of Directors are established by the Board of Directors. The Articles of Association is accessible on the Company's official website at (www.mbhjelzalogbank.hu).

The Board of Directors consists of at least three and not more than nine Members. The Members of the Board of Directors are elected by the General Meeting for a definite term of maximum five years. Of the Members of the Board of Directors the Company's Chief Executive Officer and his deputy/deputies were, Pursuant to Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) and the Articles of Association, were continuously employed by the Company (internal Members of the Board of Directors) in 2024.

The Members of the Board of Directors are – in accordance with the rules of the civil law – liable towards the Company for any damage or loss caused to the Company by breaching any applicable legal regulation, the Articles of Association, any resolution adopted by the General Meeting or their respective obligations. The board bears joint and several liability for any damage or loss caused as described above. If the damage or loss was caused by a resolution adopted by the Board of Directors, any Member of the Board of Directors who did not participate in the adoption of the decision or voted against the resolution concerned – and notifies this fact in writing to the Supervisory Board within fifteen days of the adoption of the resolution – is exempt from the liability.

The Board of Directors makes its decisions objectively, in view of the interests of all of the shareholders, seeking independence from the influence of management and/or any specific shareholder. Members of the Board of Directors may not, in their capacity as such, be bound by any mandatory instructions from any of the Company's shareholders or from their employer.

In 2024 the Board of Directors conducted its activities on the basis of an annual work plan. The Board of Directors meets as often as necessary but at least once every three months. It discusses the matters referred to it on the basis of written proposals. The Board of Directors makes its decisions in writing – in view of the proposed resolution submitted by its proponent – in the form of resolutions. The proposals and the related proposed resolutions are prepared by the management team for the Board of Directors. Responsibility for the soundness of the content of a proposal lies with the head of the organisational unit which drafted the proposal, together with the Deputy Chief Executive Officer exercising the power of professional supervision or, in the absence of such, the Chief Executive Officer exercising the power of professional supervision. The Members of the Board of Directors receive written invitations to the meetings of Board – specifying the date and time, and the agenda, of the meeting – together with the written proposed resolutions.

A meeting of the Board of Directors has a quorum if it is attended by at least half of the BoD Members. The Board of Directors adopts its resolutions – with the exception of cases specified in its Rules of Procedure – by simple majority of votes, cast by open ballot. A Board Member who is personally involved in any way in the matter being discussed may not take part in the adoption of a resolution on the matter. The Chair of the Board of Directors orders a secret ballot at the request of any Board Member.

In urgent cases the Board of Directors may adopt valid resolutions by telephone, electronic communication and other similar ways if the Company – at least electronically – delivers to the Members of the Board of Directors the

written proposal concerning the matter on which a decision is to be made and more than half of the members send their votes to the Company in writing, within the time limit set for this purpose.

The Chair of the Supervisory Board – or the Supervisory Board Member designated by him or her – participates in the meeting of the Board of Directors as a permanent invitee. The Chair of the Board of Directors may invite the Company's auditor, asset controller and any other person to take part in a Board meeting, in an advisory capacity. The supervisor, in charge of the supervision of the Company, of the Magyar Nemzeti Bank acting in his scope of duties relating to the supervision of the financial intermediary system (when referred to as a supervisory body, hereinafter: "Supervision") and the representatives of MBH Befektetési Bank Zrt. and the Central Organisation of Integrated Credit Institutions, were invited to every meeting of the Board of Directors.

The Chair of the Board of Directors is elected by the General Meeting. The work of the Board of Directors is managed by its Chair. The tasks of the Chair are carried out by the Member of the Board of Directors appointed by the Chair when he is prevented for carrying out his or her tasks.

The scope of duties and powers of the Board of Directors are specified in detail in the Articles of Association and the Board of Directors' Rules of Procedure. Included among the powers of the Board of Directors are those relating to the Company's strategy, business and financial activities, scope of duties and powers relating to the Company's operation and organisation, powers relating to capital increases and Treasury shares, rights relating to the representation of the Company and powers linked to the Board of Directors' own operation.

The Company's management team – the Company's top management – performed its activity in 2024 in the following composition: Chief Executive Officer, Deputy Chief Executive Officer. The rights of the employer are exercised in relation to the management team members by the Board of Directors, through the Chair of the Board of Directors.

The Chief Executive Officer is an employee of the Company, its employee in the highest senior management position. The Chief Executive Officer manages and controls the Company's daily operational activities under an employment relationship, and performs his tasks relating to his mandate as a Member of the Board of Directors under a corporate legal relationship. Accordingly, his employment relationship is governed by the provisions of the Labour Code, while his election Member of the Board of Directors, and his membership of the same, are regulated by the provisions of the Hpt. and the Civil Code.

The tasks are shared between the Board of Directors and the Chief Executive Officer in such a way that the Company's daily work is managed by the Chief Executive Officer within the limits of the applicable statutory regulations and the Articles of Association and in accordance with the resolutions adopted by the General Meeting and the Board of Directors. The Chief Executive Officer has the power to make decisions on all matters that are not assigned to the General Meeting's or the Board of Directors' exclusive scope of power. The Chief Executive Officer regularly informs the Board of Directors, and between meetings the Chair of the Board of Directors, about matters relating to the Company's operation. This division of tasks does not affect the statutory responsibilities of the Board of Directors or the Members of the Board of Directors.

The Chief Executive Officer exercises the rights of the employer over the Company's employees, with the exception of Chief Executive Officer. The division of tasks between, and the powers of, the Chief Executive Officer and the Deputy Chief Executive Officer are laid down in the Company's Organisational and Operational Rules, whose modifications resulting in major organisational changes are part of the Board of Directors' powers.

2. The members of the Board of Directors, the Supervisory Board and the Management Team

2.1. Board of Directors

In 2024 the Company's Board of Directors was made up of the following persons:

External, independent Members without any legal relationship with the Company other than their membership relationships:

József Vida – Member of the Board of Directors since 30 November 2016, its Chair of the Board of Directors since 5 December 2016.

He is an economist who obtained diplomas and qualifications from multiple universities and colleges, including the Budapest University of Economics, the Pécs University of Sciences, the Szent István University and the French Université Paris-Nanterre, in fields of IT, economics and law.

His banking career started at Citibank Zrt. in 1999. In 2003 he left his position of Head of Department of Magyar Takarékszövetkezeti Bank for the Active Business Line Director position of Szentgál és Vidéke Takarékszövetkezet, where he worked from 2006 as an executive officer and later as Chairman and Executive Officer.

It was under his management that B3 TAKARÉK Szövetkezet was established on 1 September 2015 through the fusion of ten savings cooperatives. In 2014 he was awarded the Count Sándor Károlyi memorial plaque for his outstanding work in the promotion of savings cooperatives' integration. He played a dominant role in the process of savings cooperatives' integration and in ensuring the competitiveness and long term future of the Takaréék Group. It was under his management that the former FHB Group was integrated into the Takaréék Group and that twelve regional credit institutions were created through the fusion of fifty two savings coopearatives in 2017, to ultimately merge into a single nationwide universal commercial bank in two stages in 2019. Up to 30 October 2020 he worked as Chairman and Chief Executive Officer of Magyar Bankholding Zrt, while up to 31 December 2021 as Chairman and Chief Executive Officer of MTB Zrt.

In June 2021 he was appointed Vice Chairman of the Board of Trustees of Testnevelési Egyetemért Alapítvány, the foundation maintaining the University of Physical Education, while in July 2021 he became Chairman of the foundation called Jövő Nemzedék Földje Alapítvány, manager of the State Stud-Farm Estate of Mezöhegyes. He was Member of the Board of Directors of MKIF Infrastruktúra Üzemeltető Zrt. and that of MKIF Magyar Koncessziós Infrastruktúra Fejlesztő Zrt. from July 2022. In March 2023 he was appointed Chief Executive Officer of Abraham Goldmann Bizalmi Vagyonkezelő Zrt. and in the same month he was appointed Chairman of the Board of Directors of Volánbusz Zrt – until November 2023 – and then from December 2023 he became Member of the Board of Directors of Volánbusz Zrt and that of MÁV-Start Zrt. In March 2024 he was appointed Member of CONCORDIA Közraktár Zrt's Supervisory Board.

He is also engaged in farming activities, breeding race horses, and holds managerial positions in a variety of social organisations: he is Chairman of the Hungarian Alliance of Associations of Hungarian Dog Breeders and has been member of the board of trustees of the public interest asset management foundation performing public duty, the maintainer of the University of Physical Education.

Ildikó Ginzer – Member of the Board of Directors since 3 December 2021

She attended the Budapest Corvinus University where she obtained master degrees in corporate finances and teacher of business administration. She started her professional career in the banking sector, working at Raiffeisen Bank from 2004 to 2016 as a business risk manager in structured and project finance, and later as a risk manager in corporate intensive management, where she was involved in the development of the strategy and processes of the areas. She gained international experience as a strategy and business development specialist at Borealis AG, where she was responsible for several acquisition projects in the petrochemicals sector during 2016. At the end of 2016, she joined MBH Bank's predecessor, MKB Bank, as Deputy Chief Risk Officer, responsible for the bank's retail and corporate risk management and receivables management. From 2019 she was Deputy Chief Executive Officer for Business in the retail, corporate, Treasury and leasing divisions and from May 2023 she was appointed MBH Bank's Deputy Chief Executive Officer for Standard Services. She is a Member of CIG Pannónia Nyrt's Supervisory Board, Euroleasing's Board of Directors and Chairwoman of MBH Alapkezelő's Supervisory Board. From 21 June 2023 she has been a member of the Board of Directors of MBH Befektetési Bank Zrt and from 3 May 2024 she is also a member of the Board of Directors of Fundamenta Lakáskassza Zrt.

Dr. Ilona Török – Member of the Board of Directors since 14 November 2022

Dr. Ilona Török has more than twenty years of banking experience. She started his career at the Hungarian Financial Supervisory Authority, where she gained legal and financial experience in several areas, before becoming Head of the Licensing and Enforcement Directorate. Between 2010 and 2021, she held various positions at OTP Bank in capital markets and treasury, then became Head of Corporate Governance, and was a member of the management board of several domestic and foreign subsidiaries of the OTP Group. From March 2021, she headed the Office of the Chairman and Chief Executive of MKB Bank. From November 2021 she held the same position at Magyar Bankholding and its member banks. In September 2022 she was appointed member of MKB Bank Nyrt's Supervisory Board. Since May 2023 she has, as the Head of the Cabinet of MBH Bank's Chairman and Chief Executive Officer, been coordinating the Bank's prudential compliance and managing central areas such as legal and governance, compliance and prevention of money laundering, internal audit, bank security, marketing, events and protocol, international and banking relations, acquisition and credit institutional group governance. She has been Member of MBH Befektetési Bank's Board of Directors since June 2023.

Szabolcs Károly Brezina – Member of the Board of Directors since 9 December 2022

He obtained his diploma in economics in 1998 at IBS – Oxford Brookes University. He started his professional career in 1997 at Kereskedelmi és Hitelbank. Between 2001 and 2003 he worked in Switzerland as an interdealer broker for Continental Capital Markets. From 2003 until 2010 he was director of Takarékbank Zrt's Money and Capital Market division. For three years thereafter he participated in the bank's management as Managing Director and Member of the Board of Directors, and from 2013 as General Deputy Chief Executive Officer. He also held was also Chairman of the Supervisory Board of Takaré Alapkezelő during that period. From 2015 he worked for four years as Managing Director, and Member of the Board of Directors, of Duna Takaré Bank Zrt.. He returned to Takarékbank in 2019 and since 9 June he has been Chief Executive Officer, and Member of the Board of Directors of MBH Befektetési Bank Zrt..

Internal Members of the Board of Directors – employed by the Company:

Dr. Gyula László Nagy, Chief Executive Officer - Member of the Board of Directors since 26 April 2017

He took his degree in foreign trade from the Budapest University of Economics in 1976, after which he obtained a university doctoral degree as a specialist economist and in economic sciences, in 1981. After completing a postgraduate real estate expert training at Nottingham Trent University and the Budapest University of Technology and Economics he obtained an MSC degree in 2006. From 1977 he worked as head of the exports department of the power meter factory Ganz Árammérőgyár. From 1987 he worked as dealer for Unicbank Rt. and from 1989 as head of department of large corporate partner relations at Citibank Hungary Rt.. Between 1991 and 1995 he was Managing Director of the Corporate Division of BNP-Dresdner Bank Rt.. Between 1995 and 1999 he headed the corporate division of HVB Bank Hungary Rt.. Between 1999 and 2001 he was Deputy Chief Executive Officer, and Member of the Board of Directors, of HVB Bank Hungary Rt., and between 2001 and 2007 he was Chief Executive Officer of Unicredit Jelzálogbank Zrt.. From October 2007 on he headed the Independent Partner Refinancing and Integration Department of FHB Nyrt., where he managed the FHB Group's refinancing activity. From 26 April 2017 he was Chief Executive Officer of FHB Jelzálogbank Nyrt., later that of Takaré Jelzálogbank Nyrt. and now he is Chief Executive Officer of MBH Jelzálogbank Nyrt.. He is a real estate expert with a master's degree, Chairman of the European Mortgage Federation's Research & Data Committee and member of its Executive Committee. He is Chairman of the Supervisory Board of the Hungarian Windsurfing Association, as a social responsibility.

Illés Tóth Deputy Chief Executive Officer – Member of the Board of Directors since 1 December 2022

He has been head of the Capital Market Department of MBH Jelzálogbank Nyrt., has been responsible for the mortgage bond issue activity of the mortgage bank, credit rating management and investor relations since 2019. Since 2020 he has been actively involved in implementing the sustainability strategy of the mortgage bank, the

drafting of the sustainability report and in managing the Green Covered Bond Framework. Prior to his position as head of the Capital Market Department, he worked as senior capital market expert of the mortgage bank between 2015 and 2019. Between 2008 and 2015, he first assumed a senior position at the Treasury department of Unicredit Jelzálogbank, then carried out ALM and liquidity management duties related to mortgage banking, and mortgage bond issue management related duties as head of the department. In 2015 he worked briefly as senior expert in managing liquidity risks at the market risk management department of Raiffeisen Bank. Between 2000 and 2008, he worked as bond market analyst at the emergent market analysis office of DZ BANK, operating in Budapest in an outsourced form. He received his degree in economics in 2000 at the College of Finance and Accounting in the field of finance/banking.

No change occurred in the membership of the Board of Directors in 2024.

2.2. Supervisory Board

In 2024 the Company's Supervisory Board was made up of the following persons:

Dr. Géza Károly Láng – Chairman of the Supervisory Board since 5 August 2022

He obtained his law degree from Pázmány Péter Catholic University in 2002, and after passing the bar exam and qualifying as an insurance lawyer, he qualified as a competition lawyer in 2012. He has spent 16 years in the insurance sector in various positions, since 2019 he has been Deputy State Secretary for National Financial Services and Postal Affairs at the Prime Minister's Office, and since 2023 he has been Deputy State Secretary for State Property and Postal Affairs at the Ministry of National Economy. Between April and August 2022, he has been a member of the Board of Directors of MKB Bank Nyrt. and Magyar Bankholding Zrt. Since September 2022 he has been a member of the Supervisory Board of MKB Bank. He is a Member of the Supervisory Board of Magyar Bankholding Zrt. Since May 2023 he has been Member of MBH Bank's Supervisory Board.

Dr. Éva Szilvia Gödör – Member of the Supervisory Board of the since 1 August 2018

She is an attorney, head of the law office called Dr. Gödör Ügyvédi Iroda. She received her diploma in law at the Faculty of Law and Political Science at Eötvös Loránd University in 2002 and passed the professional examination in law in 2006. During her years as a trainee lawyer she dealt with civil and criminal cases; thereafter she focused her professional attention to civil law. She has been working as an attorney-at-law. She established her law office in 2012 which has, from the very beginning, been providing services primarily in support of the activities of several participants of the domestic financial sector, and their subsidiaries. She specialises in real estate transactions, real estate investments, corporate law, financing, receivables management, operational support for financial institutions, mergers, acquisitions, due diligence, project support and procedures relating to civil society organisations. She has been member of the Supervisory Board of OPUS GLOBAL Nyrt. since April 2018.

Dr. Tibor Lélfa Koppány - Member of the Supervisory Board since 3 January 2022

Between 2000 and 2011 he worked in the business and later in the legal division of MFB Zrt., thereafter he managed Bethlen Gábor Alapkezelő Zrt. as Chief Executive Officer until November 2016. From November 2016 he held a Deputy Chief Executive Officer position and was internal Member of the Board of Directors at MFB Zrt. Between 1 January 2018 and 31 March 2022 he managed Budapest Bank as Chairman and Chief Executive Officer, however, he had already been participating in the management and in the strategic decision making processes of the bank from as early as 1 April 2017. He has, since 2019, been Member of the Supervisory Board of Budapest Alapkezelő Zrt. (today known as; MBH Alapkezelő Zrt.). He was appointed Member of the Board of Directors, and Chief Executive Officer, of OPUS GLOBAL Nyrt. in 2022 and in the same year he also became Member of the Supervisory Board of Takarékszövetkezet Jelzálogbank Nyrt. (today known as: MBH Jelzálogbank Nyrt.), OPUS TIGÁZ Zrt. and OPUS

TITÁSZ Zrt.. In 2023 he was appointed Member of the Supervisory Board of OPTESZ OPUS Zrt. As of September 2021, he is a member of the Supervisory Board of the Foundation for Hungarian Culture.

Dr. Ákos Ferenc Tisza-Papp – Member of the Supervisory Board since 29 November 2022

He obtained his diploma in law in at Eötvös Loránd University of Sciences in 2004 and passed his professional examination in law in 2007. His professional career took off at the Legal Department of the predecessor of what later became UniCredit Bank, and from 2003 until 2007 he worked as a legal associate, later as legal counsel, for Raiffeisen Lízing Zrt. From 2007 he worked as legal counsel for OTP Bank Nyrt., later as head of its Corporate and Capital Market Legal Group and then between 2019 and 2021 he headed the Corporate and Capital Market Legal Department as director. During this period he was Supervisory Board member at the Bulgarian and Ukrainian subsidiaries of the OTP Group, OTP Faktoring Zrt. and OTP Ingatlan Befektetési Alapkezelő Zrt., and was member of the BSE's Responsible Corporate Governance Committee. He joined the MKB Bank Group in 2021 and is currently managing the legal, consumer protection, outsourcing, data protection, controlling and corporate governance areas at the MKB Bank Group's Legal and Governance division as Managing Director. Since 29 June 2023 he has been a member of MBH Befektetési Bank Zrt's Supervisory Board and Audit Committee.

Péter Krizsanovich – Member of Supervisory Board since 29 June 2023

He graduated from Budapest Corvinus University in 2003. He was a consultant at the management consultancy IFUA Horváth & Partners.

From 2005, he held senior positions at OTP Bank for 17 years, including Executive Director of Strategy, Planning and Controlling. Involved in regional expansion, he has international experience, having served on the boards of directors of several leading foreign banks, including OTP Bank in Serbia and CKB Bank in Montenegro. Between 2017 and 2022 he was a member of the Board of Directors of OTP Ingatlan Befektetési Alapkezelő Zrt. From September 2022 he worked as Chief Advisor to the Chairman and Chief Executive of Magyar Bankholding in finance, risk management and strategy, from 1 January 2023 he was appointed Chief Financial Officer, and from February 2023 Deputy Chief Financial Officer. Since May 2023 he has been MBH Bank's Deputy Chief Executive Officer for Strategy and Finances. Since 29 June 2023 he has been a member of MBH Befektetési Bank Zrt's Supervisory Board and Audit Committee.

András Bakonyi – a member of the Supervisory Board since 29 April 2024.

He graduated from Budapest Corvinus University in 2002. He started his career in banking at MKB Bank Zrt. between 2002 and 2023. From 2003 he worked for CIB Bank Zrt. at the Large Corporate Customer Relations division where he was Head of Department from 2007. From 2010 he joined K&H Bank Zrt. where, from 2011, he was head of the Budapest West Corporate Region, then from 2013, head of the Budapest East Corporate Region. At the same time, from 2013 he has also been deputy head of the corporate network. From 2015 he was managing director, head of the corporate division, of MKB Bank Zrt.. In 2017 he was appointed Deputy CEO for Corporate and Treasury, where he was responsible for the Bank's corporate, treasury and leasing activities. From 2019 to 2021 he worked as the Bank's Deputy Chief Executive for Risk Management. In the newly launched Magyar Bankholding Zrt. he headed the credit risk management area as managing director from 2021. Since 1 May 2023, he has been MBH Bank Nyrt.'s Deputy Chief Executive for Risk Management. He was member of the Széchenyi István Student Association between 1997 and 2002. He studied economics and political science at the University of Heidelberg, Germany from 1999 to 2000. He studied at the International Credit School of the KBC Bank Group in Brussels in 2010 and 2012. He participated in a Management Training Programme in Ghent, Belgium, in 2013. He speaks English and German at an advanced level. Since May 2023 he has been MBH Bank's risk officer, performing his tasks since June 2023 as Deputy Chief Executive Officer. He is a member of the Supervisory Boards of MBH Befektetési Bank and Fundamenta Lakáskassza.

Each of the above Members of the Supervisory Board is an independent Member without any legal relationship with the Company other than his or her membership relationships.

Changes in the membership of the Supervisory Board in 2024:

2.3. The Company's Management Team

In 2024 the Company's management team was made up of the following persons:

Chief Executive Officer:

Dr. Gyula László Nagy – since 26 April 2017

Internal Member of the Board of Directors For his introduction see subsection 2.1.

Deputy Chief Executive Officer:

Illés Tóth Deputy Chief Executive Officer – since 1 December 2022

Internal Member of the Board of Directors For his introduction see subsection 2.1.

3. Description of the Work Performed by the Board of Directors, the Supervisory Board and their Committees in 2024

3.1. Description of the Board of Directors' Activities in 2024

3.1.1 A summary of the tasks carried out by the Board of Directors

The Board of Directors held a total of four meetings in 2024, of which four were joint meetings with the Supervisory Board. Resolutions were adopted on 40 occasions without meetings being held. Each of the meetings was held, and each resolution adopted without a holding a meeting was made, in conformity to the relevant rules and regulations and the Board had a quorum on each occasion.

Along with the tasks set out in the work plans, the Board of Directors decided, both at meetings and by voting in writing, on several occasions regarding issues not originally included in the work plan concerned but falling within the Board's power and requiring a decision.

The agendas of the meetings comprised, in the overwhelming majority of cases, reports, briefings and other submissions in written form, prepared with the assistance of the management team and the heads of the divisions concerned with the matters being discussed. The Board of Directors always discussed the issues on the agendas of its meetings in due depth, and the Members of the Board usually supplemented and clarified the submissions with their professional comments and contributions.

The following of the topics discussed by the Board of Directors in 2024 need to be highlighted:

- The Board of Directors paid particular attention to the implementation of the relevant integration regulations in 2024 as well:
- The Board of Directors laid particular emphasis on the adoption of actions and measures aimed at creating a pure mortgage bank profile in 2024 too.
- The Board of Directors discussed the management team's report on the current business and financial situation of the Company as a standing agenda item at its 2024 meetings as in previous years. By doing so, the Board of Directors continuously monitored the Company's operations and financial situation and the process whereby sustainability factors are integrated into its business strategy and corporate governance. Consequently, the Board of Directors was continuously provided with sufficient information throughout the year on the relevant internal and external circumstances affecting the Company's operations and was able to detect situations entailing negative impacts and adopt, and implement, the necessary response actions, as well as to formulate professional recommendations to support the management team's work.

- Also in 2024, the Board of Directors paid particular attention to the analysis of the Company's economic activity and the evolution of its financial performance compared to the plan.
-
- The Board of Directors kept continuously monitoring the Company's general commitments and KPIs and those laid down in its ESG strategy and annual sustainability reports, and paid particular attention to the Company's Green Covered Bond issuing activity and the development of the AVM (automated valuation model).
-
- In 2024, the Board of Directors monitored the ongoing development of the Company's Green Covered Bond Framework and the preparation for ESG (GRI-based) reporting for 2024 and compliance with the CSRD reporting regulations for 2025.
-
- Through its work, the Board of Directors supported and monitored the Company's change of credit rating and the acquisition and evolution of its bank and mortgage bond ratings.
-
- The Board of Directors discussed the management team's reports on the Company's credit, liquidity, market and operational risks on a regular quarterly basis in 2024 as well.
- In 2024 the Board of Directors continued its practice of discussing the Compliance and Anti-Money-Laundering Department's quarterly reports and the implementation of the tasks set out in the work plan.
- The Board of Directors attended to issues relating to the implementation of the Remuneration policy in 2024 too.
-
- The Board of Directors found all of the management team's proposed amendments to the regulations falling within its power to be well founded and adopted them without making any changes to their contents.
- As before, the Board of Directors continuously monitored the inspections and audits carried out at the Company by external authorities (NTCA, the MNB), and the elaboration and implementation of task plans in response to their findings, in 2024 as well. No irregularities were found by such inspections and audits, nor objections were made on the basis of findings, in relation to the work of the Board of Directors.

3.1.2. The Board of Directors' Cooperation with Other Organisations

The Board of Directors continued to maintain cooperative and correct relationships with both the Supervisory Board and the management team. Every meeting of the Board of Directors was attended by the Company's Chief Executive Officer, who reported in depth on topical issues of relevance to the Company's operation and answered questions as they arose during the discussions of agenda items. The Chairman of the Supervisory Board was invited to every meeting of the Board of Directors where always had an opportunity to present his opinions and recommendations, thereby ensuring the owner's representation during the processes of corporate governance. Moreover, consultations and exchanges of opinions took place between the Chairmen of the two boards, Chief Executive Officer and his Deputy on a regular basis between the meetings as well.

3.2. Description of the Supervisory Board' Activities in 2024

3.2.1 A summary of the tasks performed by the Supervisory Board

The Company's Supervisory Board (hereinafter: "SB" operated in 2024 on the basis of the agreed annual work plan. The work plan was composed of the Board's independent tasks and a review of the reports prepared by the Company's internal audit function (hereinafter "Internal Audit"), including the results of the Internal Audit investigations. The SB held a total of four meetings in 2024, of which four were held as part of a meeting held jointly with the Board of Directors. Resolutions were adopted on 18 occasions without meetings being held. Each of the meetings was held, and each resolution adopted without a holding a meeting was made, in conformity to the relevant rules and regulations and the Board had a quorum on each occasion.

In addition to the matters prescribed on a mandatory basis in the Civil Code and the Hpt. the SB continuously gathered information on the Company's business and financial situation, the most important topical issues of relevance to the Company's operation as well as the meetings of, and the resolutions adopted by, the Board of Directors.

Moreover, the Company assessed, discussed and evaluated the following at its own initiative:

- the completion of the tasks required by the 2024 internal audit reports and recorded in the central audit support registers of the area,
- the Company's quarterly reports on its lending, market, liquidity and operational risks, and
- the Compliance and Data Protection Department's quarterly reports and the implementation of the tasks set out in the work plan.

As before, the SB continuously monitored the inspections and audits carried out at the Company by the Supervision and other external organisations, and the elaboration and implementation of task plans in response to their findings, in 2024 as well. No irregularities were found by such inspections and audits, nor objections were made on the basis of findings, in relation to the work of the SB.

The SB also discussed in detail the results of the investigations carried out by the Internal Audit under its annual work plan. Focused essentially on governance, management, implementation (processes), compliance and IT security. Accordingly, the investigations included, among others, investigations on corporate governance, business, risk and support processes/activities (accounting and finance, data), as well as IT investigations on IT processes and IT infrastructure. Moreover, they comprised compliance audits in relation to the Company's organisational operation and the fulfilment of the MNB resolutions.

The Internal Audit organisation kept both the SB and the Company's management team continuously informed about the results of its audits and the execution of the action plans prepared in response to their findings, in accordance with the applicable regulations of the Hpt. Internal Audit's audits include monitoring the operation of control functions, assessing their effectiveness and making recommendations to improve the quality of the organisation's operations.

3.2.2. The Operation of the Supervisory Board

Reports and proposals were, for the most part, put on the meetings' agendas in a written form. No formal division of work existed among the Board Members. In line with their specific individual technical/professional competences and experience the Members applied different perspectives in the evaluation of the results of each audit.

3.2.3. The Supervisory Board's Cooperation with Other Organisations

The SB had a continuous, objective and effective working relationship with with the Board of Directors, the management team and the Company's Auditor in 2024 as well. The Chairman of the SB attended the meetings of the Board of Directors as a permanent invitee where he could explain his position in representation of the SB.

The Chief Executive Officer took part in every meeting and provided the Members of the Board with adequate information and gave satisfactory answers to questions.

Consultations and exchanges of opinions between the Chairman of the Board of Directors, that of the SB, and Chief Executive Officer, took place on a regular basis even between meetings.

The auditor was a permanent invitee to each SB meeting in order to help the Board carry out its tasks by providing technical/professional input, as necessary.

3.3. Description of the Audit Committee' activities in 2024

The Audit Committee provide assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor, and in working with the auditor. The Audit Committee shall have 3 members. The members of the Audit Committee shall be elected by the General Meeting from among the independent members of the Supervisory Board. At least one member of the Audit Committee shall have accounting or auditor qualification.

The Members of the Audit Committee¹ (their CVs are presented in subsection 2.2)

Péter Krizsanovich
Dr. Géza Károly Láng
dr. Éva Szilvia Gödör

The operation of the Audit Committee

The Audit Committee adopts its own rules of procedure. The Audit Committee convenes as often as required for the effective performance of its duties and its meetings are held on the basis of the work plan it has adopted for itself. The by-laws of the Audit Committee contains the structure of the Committee, the rules for obligations and responsibilities of committee members, the rights and authorisation of the committee, the rules for preparing, calling and holding the meeting, and furthermore it contains the rules for making resolutions within the frames of the meeting and aside of it in writing, and the rules on minutes of making resolutions, and its documentation.

The Audit Committee held 3 meeting in 2024. And adopted resolutions without holding meetings, on 5 occasions. Among others the Audit Committee had on its agenda the proposals for choosing, appointing and remuneration of the statutory auditor, and the approval of choosing the auditor in charge, the conditions of the mandate agreement with the auditor and approving the mandate agreement. As regards matters falling within its powers the The Audit Committee made decisions on contracts concerning the provision of other services for the Company by the Company's permanent auditor or by other business entities having the same or partly the same, owners.

3.4 The Committee Operating with the Participation of Supervisory Board Members as Specified in the Hpt.

3.4.1 Nomination Committee

The Nomination Committee is responsible for nominating and recommending nominees to the Supervisory Board and the Board of Directors defining the skills and responsibilities required for membership of the governing body, and evaluating the composition and performance of the governing body and its members. Decision on the target for the representation of genders in the executive board and elaboration of a strategy required to meet that target, He is also responsible for the regular review of the Company's policy on the selection and appointment of the Managing Director.

Before the regular annual General Meeting in 2024 the Nomination Committee assessed and evaluated the 2023 activities of MBH Jelzálogbank's managing bodies and found that their members had adequate knowledge, skills and experience and that the respective numbers of their members, their composition and performance, had also been adequate.

The Members of the Nomination Committee² (their CVs are presented in subsection 2.2)

Dr. Géza Károly Láng
Péter Krizsanovich
Dr. Koppány Tibor Lélfa

¹ as at 31 December 2024

² as at 31 December 2024

3.5 Standing Committees as defined in the Company's Rules of Procedure and Standing Committees' Rules of Procedure

3.5.1. Asset and Liability Committee (ALCO or J-EFB)

The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation.

The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters.

It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations.

It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits.

3.5.2. Methodology Committee (MC)

The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation.

It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group.

Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits.

Taking decisions on operational risk management measures.

As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility.

3.5.3. Refinancing Credit Committee (RHB)

The purpose of the Refinancing Loan Committee is to take decisions on the refinancing exposures necessary for the establishment of certain framework conditions for the cooperation agreement (framework agreement) to be concluded with a given counterparty bank in connection with JZB's refinancing business.

3.5.4. Green Mortgage Bond Committee (ZJB)

The Committee is responsible for setting up and maintaining the Green Mortgage Bond Framework, deciding on the eligibility of Green Mortgage Loans, monitoring the use of funds from the issuance of Green Mortgage Loans. It determines the maximum number of green mortgage bonds that can be placed and informs the EFB. The Committee is responsible for establishing and maintaining the Green Mortgage Bond Framework, decides on the eligibility of Green Mortgage Loans and monitors the use of funds from the issuance of Green Mortgage Bonds. Approves the environmental impact and allocation reports defined in the Green Mortgage Bond Framework. Supports the creation and implementation of the MBH Group's green strategy.

4. Description of the System of Internal Control Mechanisms and their Operation in 2024

The system of internal control mechanisms was implemented and operated in 2024 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsde Zrt. and MNB Recommendation 12/2022 (11 August) establishment and operation of internal lines of defence, the management and control functions of financial institutions. The system of internal controls contains the elements of responsible internal management, risk management, the compliance assurance

function, control mechanisms integrated in work processes as an element of the internal control system, management control and the independent internal audit function.

In the context of responsible corporate governance the Company's management team coordinates the activities of the organisational units constituting elements of the control functions, gathers information on the observance of, and compliance with, the basic principles and causes the various control functions to report on their activities and integrates their findings and experience in its decisions.

The Group Leader MBH Bank Compliance and Anti-Money Laundering is specialised in the following areas:

- 1) Capital market, DDC and sanctions compliance
- 2) General compliance
- 3) Money laundering prevention monitoring
- 4). Money laundering prevention assessment and evaluation

4.1. A Summary of the Risk Management Principles

MBH Jelzálogbank Nyrt. is a member of an Integration Organisation as specified in Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions (hereinafter: Szhitv.). The rules of risk management under Integration apply to the Bank, as a member of the integrated organisation. The operation of the Bank's risk management function is governed by the relevant Hungarian and EU legislation in force, as well as by additional supervisory regulations and requirements. Being a member of the MBH Group, the Bank must also comply with MBH Bank's group-wide internal regulations and requirements.

According to Section 5/A (1) of the Szhitv. the Integration Organisation and its members bear joint and several liability for each other's liabilities, in accordance with the rules set forth in the Civil Code. The joint and several liability covers all claims and receivables from the Integration Organisation and its members, regardless on when they arose or arise.

Pursuant to Section 1 (5) of the Szhitv. the Integration Organisation and its members operate under consolidated supervision as specified in the Htp. The Bank is a member of the MBH Integration Group which is managed by MBH Befektetési Bank and is part of the MBH Group which in turn is managed by MBH Bank.

Section 1 (5) of the Szhtv. stipulates that if the conditions set forth in Article 10 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) are met, the integration of cooperative credit institutions is exempted from the individual application of the requirements set out in Parts Two to Eight of the CRR. Magyar Nemzeti Bank granted the individual waiver specified in Article 10 of the CRR in to the members of the Integration in its resolution No. H-JÉ-I-209/2014. dated 03.03.2014.

In its group-wide risk strategy MBH Bank specifies the list of risks that may be taken by the Bank and the applicable risk management and risk measurement tools, and prescribes the general risk taking principles and rules to be followed. During its operation the Bank seeks to maintain a risk culture that ensures the identification, measurement and management of emerging risks in line with its risk appetite. The most important tools of such a culture include internal policies, strategies, regulations and guidelines, communication and staff training.

The Integration and its member institutions are developing an integrated risk culture covering the Integration as a whole that will provide for the identification, measurement and management of risks as they arise, in line with their respective risk appetites and risk tolerance.

The Bank's risk appetite must be in line with the financial resources available to cover potential losses. To this end, it calculates the current and future economic capital requirements for each quantifiable type of risk and the Pillar 1 capital requirement.

Prudent risk-taking is considered by the Bank as a core value. To this end, the risk management organisation measures and analyses risk exposures, processes the information so gathered, establishes risk taking rules and operates risk management systems.

The group-wide Risk Strategy relies on the following main pillars:

- applying best market practice approaches and methods in risk management
- identifying and continuously monitoring the risk and return profiles of business lines, products and risk positions
- taking risks into account in business decisions
- separating the risk management organisation from the business area
- recognising the importance of all stages of the risk management process
- the risk management process is part of the overall management system and its aspects are integrated into strategic and annual planning.

The boards and committees of Jelzálogbank discuss the proposals regarding revisions and recommended modifications of the risk measurement and management methods and procedures, and reports on changes and trends in risks, at regular intervals.

4.2. Risk Management Organisation

Jelzálogbank's risk management organisation is separated from the organisational units engaged in business management.

The risk management function of Jelzálogbank is operating under a multi-level control system whose most important elements include ultimate control exercised at the level of the Board of Directors, along with independent control separated from the risk taking units, as well as appropriate measurement, diversification, monitoring and reporting of risks.

4.3. Control, Feedback

To minimise risks the Company is operating the elements of the internal line of defence, in observance of the relevant statutory regulations and supervisory recommendations. Within this framework, in addition to the operation of the risk management organisation, MBH Bank Nyrt's Compliance and Prevention of Money Laundering (hereinafter "Compliance and Prevention of Money Laundering") ensures compliance with the principles and regulations laid down in legislation, other professional conventions and practices not constituting legislation, recommendations, directives and decisions of public authorities, internal regulations (hereinafter "Compliance Rules"), the prevention, prevention, control of violations and breaches thereof, and

b) operates the internal control system whose elements (in-process management control, management information system and the independent internal audit organisation) extend to all organisations and activities of the Company, are integrated in its daily activity and are traceable, providing regular feedback to the relevant management and governance levels.

The compliance function is performed by MBH Bank Compliance and Prevention of Money Laundering instead of MBH Befektetési Bank as of 01 March 2024, based on a service level agreement (SLA). This division coordinates and ensures conformity to the compliance rules.

The Compliance and Prevention of Money Laundering conducts its work on the basis of an annual work plan approved by the Management Board. The purpose of its activity is to promote the organisation's prudent, reliable, effective and efficient operation, in compliance with the applicable statutory regulations across the bank group and thereby to facilitate the organisation's undisturbed and successful operation, the maintenance of confidence in the institution, and help the Company avoid legal sanctions (that could be imposed by the Supervision, or that might

be imposed under the competition law or in relation to payment of indemnity), major financial losses or reputation damage.

General compliance

The purpose of the General Compliance operation is to contribute to the smooth and prudent operation of MBH Jelzálogbank by identifying, assessing and managing compliance risks.

In accordance with the provisions of the Hpt. and the Group Conflict of Interest Policy, employees are, during their employment, not permitted to engage in any conduct that would jeopardise MBH Jelzálogbank's legitimate economic interests. During the process aimed at establishing legal relationships aimed at work the division also conducts investigations to identify possible conflicts of interests, during the procedure preceding the conclusion of the contract, in regard to candidates selected from applicants for contracting, as well as to employees already having contractual legal relationships and senior officers alike.

In addition to identifying and managing cases involving conflicts of interest involving employees, in order to avoid and prevent any potential conflicts of interest, this function conducts documented investigations during the sale of receivables or assets to determine, among others, whether the buyer has any interest in the debtor of the receivable to be sold; this function is also responsible for conducting conflict of interest investigations of intermediaries and of service providers to which activities are to be outsourced (before the conclusion of the relevant contracts).

General Compliance participates in the development of the terms and conditions of new and changing products and services, reviews the compliance of new and changing products and services with the requirements of legislation and supervisory regulatory instruments, provides its views on the development of a monitoring system for complaint handling practices and monitors the adequacy of complaint handling activities, except for complaints concerning investment services activities.

Capital market, DDC and sanctions compliance

In the framework of the Capital Markets, DDC and Sanctions Compliance activities within the Compliance and Prevention of Money Laundering, MBH Jelzálogbank maintains a list of insiders and informs persons with access to inside information about their inclusion in the insider list. Money and Capital Market Compliance also maintains a list for MBH Jelzálogbank of all persons discharging managerial responsibilities and persons closely associated with them.

Preventing and Combating Money Laundering and Terrorist Financing

The Money Laundering Prevention Investigation and Review and the Money Laundering Prevention Monitoring units within Compliance and Prevention of Money Laundering conduct screening and analysis activities using customer record systems and external software to support the operation of a modern and effective anti-money laundering system by screening and reviewing clients and transactions on a risk basis. Through their analytical and evaluation activities, these divisions identify and mitigate existing and future customer, transactional and geographical risks, thereby supporting risk management and business processes as well.

Reporting

The Compliance and Prevention of Money Laundering has fulfilled its obligation under the SLA contract to inform the Board of Directors and the Supervisory Board of the Company's compliance activities through its quarterly reports.

Elements of control integrated into work processes and management control were included in job descriptions and current procedures, the application principles were included in internal orders, organisational and operational regulations about control systems. The principles of application were established in order to support the Company's

efficient operation, the accomplishment of the Company's objectives, its operation in compliance with legal regulations and the identification of possible risks along with providing appropriate responses to them.

Fraud Prevention

The Banking Security Directorate's Fraud Prevention Department is responsible for conducting investigations into internal and external abuses and crimes, and for operating preventive monitoring systems. The division carries out human security activities for employees, and participates, *inter alia*, in the performance of activities related to classified requests from authorities in accordance with applicable laws.

No fraud incident or suspected fraud occurred in relation to MBH Jelzálogbank in 2024 according to the division's records.

Data Protection and Secrecy

The Data and Confidentiality Unit within the Law and Governance Division is responsible for the protection of personal data and confidentiality, in accordance with the regulations issued by the Central Organisation of Integrated Credit Institutions at the integration level. For the year 2024, the department required regular annual training in HR Master for the employees concerned and did not provide any other specific training.

In 2024, the provision of data protection support for possible new data management notices, by providing data protection opinions on mortgage bank regulations and data protection opinions on documents related to certain mortgage bank products and services.

An integral part of the internal monitoring system is the Internal Audit organisation, which is independent of the internal control system (first and second lines of defence).

The independence of the Bank's Internal Audit organisation is guaranteed by the fact that Internal Audit and Internal Auditors may not be tasked with any function other than auditing and it/they do not operationally participate in the bank's processes and decisions according to the relevant regulations. The annual work plan of Internal Audit is approved by the SB and any additional auditing task may only be prescribed by the SB and the head of Internal Audit, or the Company's Chief Executive Officer with the SB's agreement. The Internal Audit organisation is managed by the Supervisory Board. The Company's Head of Internal Audit reports directly to the SB.

In 2024, Internal Audit reported to the Supervisory Board and the Company's management on its activities in accordance with the requirements of the Hpt. in a regular and comprehensive manner, and its report included a presentation of the results of the investigations conducted, which were discussed in detail by the Supervisory Board, an overview of the performance of the tasks required in the course of the investigations, the current status of the external investigations and the performance of the tasks required at the conclusion of the investigations, and a summary of the fines imposed.

The planning and implementation of the activities of Internal Audit is based on risk analysis. The scope of the audits covers all organisational units of the Company, including those areas with internal control functions and those with special control functions and tasks, all business areas and activities, processes, products and services of the Company - including outsourced activities and the activities of dependent intermediaries it has appointed - and all Company records, documents and IT systems and databases supporting business or back office processes, i.e. Internal Audit has unrestricted access to all information and documents necessary to conduct investigations. In 2024, Internal Audit continued to have at its disposal all the planning documents (Audit Universe, Long-Term Audit Plan, Annual Work Plan, Capacity Plan) prepared in accordance with the methodology required by the Group Controller's Internal Audit, which were previously reviewed by the IHKSZ, approved by the Group Controller's Internal Audit of MBH Bank and subsequently approved by the Supervisory Board of the Company. The Group Internal Audit Policy and the Internal Audit Rules, which also apply to the Company's Internal Audit, have been discussed by the Supervisory Board and recommended to the Board of Directors for approval. In 2024, Internal Audit also had a manual to facilitate the conduct of internal audit activities, including the rules for conducting investigations, the procedures for preparing reports and statements, and reporting lines.

The core mission of Internal Audit in 2024 was to assess and improve the effectiveness of risk management, control and governance processes through systematic and controlled procedures, thereby helping to achieve organisational objectives.

4.4. The Auditor's Activities

Name and Address of the Company's Statutory Auditor:

PricewaterhouseCoopers Könyvvizsgáló Kft. (registered office: 1055 Budapest, Bajcsy-Zsilinszky út 78., Registration number at the Hungarian Chamber of Auditors: 001464)

Person in charge of the audit:

When prevented from carrying out his duties, Balázs Árpád Mészáros registered auditor (Hungarian Chamber of Auditors membership card number: 005614, registration number: 005589), is substituted by Árpád Balázs registered auditor (Hungarian Chamber of Auditors membership card number: 007272, registration number: 006931)

The MBH Jelzálogbank's General Meeting has the power to elect the Statutory auditor.

The Company's statutory auditor was PricewaterhouseCoopers Könyvvizsgáló Kft. in 2024, the auditor was not engaged in any kind of activity which could jeopardize its independence.

The Audit Committee decides on all assignments for the auditor including statutory assignment, as defined in its Rules of Procedure. The Audit Committee receives a quarterly report on the independency if the auditor, and on the mandate agreements signed with them.

5. Presenting the Company's Disclosure Policy and Insider Trading Policy

5.1. The Company's Disclosure Principles

The Company's Board of Directors attaches particular importance – among the requirements of responsible corporate governance – to the transparency of the Company's operation because the Company's disclosure practices fundamentally affect its reputation. Information authentically reflecting the efficiency of operations is of strategic importance in that it enhances shareholders' and other concerned parties' trust towards the Company.

The Company shall fulfil all of its notification and disclosure obligations in accordance with the applicable statutory regulations, in the prescribed form and by the prescribed deadline. In addition to having to fulfil its disclosure obligation the Company shall also prevent the suspicion of misuse of information by any employee and to deliver the same information at the same time to all shareholders by way of organised communication of information. The management team shall make sure that the Company's disclosure practices are in line with the principles prescribed by the Board of Directors.

The Company shall ensure that when making disclosures the information so provided is true, unambiguous and easy to understand, that business secrets are adequately protected and that the appropriate handling of confidential information as well as the adequate and accurate timing of disclosure make it possible to prevent unauthorised persons' accessing the information prematurely, so as to make it possible to preclude any abuse of the information and that the market participants, investors and shareholders can receive information on events relating to the Company simultaneously, through a regulated and publicly disclosed procedure.

The Company's disclosure policy lays particular attention to the presentation of the following factors:

- the Companies's most important objectives;
- the Company's policy relating to its core operation, business ethics, its partners, competitors and other parties concerned;
- the result of the Company's activity and financial management;

- risk factors affecting the Company's operation and financial management, and the Company's risk management principles;
- the Company's own funds and the amount of the capital requirement,
- the remuneration policy,
- the Company's senior officers, the professional careers of the members of the management team and the principles underlying their remuneration;
- the corporate governance practice and the structure of the system of corporate governance;
- ownership structure.

The basic principles approved by the Board of Directors for disclosures relating to the Company shall be continuously posted by the Company on its official website. The legal compliance of the disclosure processes shall be checked by Internal Audit.

5.2. The Company's Insider Trading Policy

Pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (hereinafter: "MAR") persons discharging managerial responsibilities at the Company as issuer and, in the cases specified in the MAR, other persons closely associated with them shall notify the Company and the Magyar Nemzeti Bank immediately, but within a maximum of three working days of the date of the transaction, about transactions conducted on their own account involving the Company's shares or debt instruments or derivatives or other related financial instruments (Article 19(1) of the MAR). The types of transactions to be notified are specified in Article 19(7) of the MAR and the associated implementing decree. The notification obligation applies to any subsequent transaction once a total amount of EUR 5 000 has been reached within a calendar year. The threshold of EUR 5 000 shall be calculated by adding without netting all transactions referred to above (Article 19(8) of the MAR).

Pursuant to Article 19(5) of the MAR the Company shall maintain a list of all persons discharging managerial responsibilities and persons closely associated with them.

A person discharging managerial responsibilities at the Company shall not conduct any transactions on his or her own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked to them during a closed period of thirty calendar days before the announcement of the interim financial report or the year-end report concerned.

6. Methods of Practising Shareholder Rights and the Rules on the Conduct of the General Meetings

6.1. Rules on the Exercise of Shareholders' Rights

A shareholder shall be entitled to exercise their shareholders' rights in possession of the share(s), or the ownership certificate(s) specified in the statutory regulations pertaining to securities. There shall be no need for an ownership certificate for the exercise of shareholders' rights if the entitlement is established by way of shareholder identification (as specified in the Capital Markets Act, "Tpt.") pursuant to the Articles of Association. In addition to the above, being listed in the share register shall also be necessary for the shareholder's exercise of their rights relating to the general meeting.

A shareholder may exercise their shareholders' rights in person, through a person authorised to do so (their representative) or the shareholder's proxy specified in the Tpt. Senior officers of the Company may also be authorised by shareholders to participate in the General Meeting as their proxy. The proxy authorisation of the authorised representative shall be valid for one General Meeting or for the period of time defined therein, but in any case not more than 12 months. The proxy authorisation shall also be valid for the continuation of the suspended General Meeting and for the repeated General Meeting convoked due to the lack of quorum. The authorisation shall be drawn up in the form of a notarial deed or a private document with full probative force and shall be lodged

with the Company at the place and time indicated in the notice of the General Meeting.. The authorisation submitted by the shareholder's proxy shall state the fact that the representative acts as shareholder proxy.

A shareholder shall be entitled to a dividend of the distributable profit of the Company, ordered for distribution by the General Meeting, in proportion to the nominal value of their shares.

Upon Company's termination without a legal successor its shareholders shall be entitled to parts of the asset that can be distributed as a result of winding up, in proportion to their shares.

Shareholders shall have the right to attend the Company's General Meetings. Shareholders shall have the right to receive information concerning matters on the General Meeting's agenda Accordingly, upon written request of a shareholder submitted at least eight days before the date of the General Meeting, the Board of Directors will provide the information necessary for the discussion of the item on the agenda of the General Meeting at the latest three days before the date of the General Meeting. The Board of Directors may make the exercise of the right to information as described above conditional on the submission of a written confidentiality statement by the shareholder requesting the information. The Board of Directors may refuse to disclose information and access to documents if it violated the Company's business, banking, securities or other similar secrets, if the person requesting the information abuses their right or fails to make a confidentiality statement even if requested. If the party requesting information considers the refusal of information unjustified, they may request the Court of Registration to order the Company to provide the information. The Company ensures that the rights to be informed, to comment and to suggest at the General Meeting are granted to every shareholder attending the General Meeting, on the condition that the exercising of these rights shall not hinder the lawful and proper operation of the General Meeting. To ensure the exercise of shareholder' rights defined hereunder, the Chair of the General Meeting shall give the floor to shareholders at the General Meeting, providing that the Chair may limit speaking time, interrupt the speaker, in particular, upon deviation from the topic, and – when multiple persons are speaking simultaneously – determine the order of contributions to ensure the regular and proper operation of the General Meeting. The Company shall have 3 (three) business days following the day of the General Meeting to answer question arisen at the General Meeting and not answered to the satisfaction of the shareholder within its framework.

A shareholder shall have all minority rights ensured by the Civil Code.

6.2. A Summary of the Rules Governing the Conduct of a General Meeting

The General Meeting is the Company's supreme body. The General Meeting shall be convened by the Board of Directors at least 30 days before the day on which the General Meeting is opened, by publishing an announcement at the places of publication specified in the Articles of Association. Shareholders who send such request in writing to the Company shall be notified of the convening of the General Meeting by electronic means as well, besides the publication in the places of publication.

The business integration management organisation and the Integration Organisation shall be notified of the General Meeting simultaneously with the publication of the invitation.

The key data of the annual report of the Company – prepared in accordance with the Accounting Act – and of the reports of the Board of Directors and the Supervisory Board, as well as a summary of the proposals regarding the items on the agenda and the proposed resolutions shall be disclosed at the places of publication of the Company at least twenty-one days before the date of the General Meeting.

If a General Meeting has not properly been convened, it may adopt resolutions only in the presence of all shareholders with voting rights, if the shareholders have not objected to the holding of the General Meeting.

A General Meeting has a quorum if shareholders representing more than half of the votes embodied by the voting shares are present. If a General Meeting does not have a quorum, the repeated general meeting shall have a quorum regardless of the number of attendees present.

A General Meeting may be suspended not more than once by the Chair. In this case the General Meeting shall be continued within thirty days, In which case the rules applicable to convening the General Meeting and the election of the officers of the General Meeting need not be applied.

Every ordinary share of series "A", of a nominal value of HUF 100, that is, one hundred forints, carries one voting right at a General Meeting. In relation to its General Meeting the Company carries out the shareholder identification procedure, as prescribed in the Tpt., the rules of the BSE and the regulations of KELER Zrt. The date of the shareholder identification (reference date) may be during the period between the 7th (seventh) and the 5th (fifth) stock exchange trading days (these days also included) before the General Meeting. The shareholder's rights may be exercised at a General Meeting by the person who is the owner of the share concerned on the day of shareholder identification and whose name is listed in the share register at 18:00 on the second working day preceding the day on which the General Meeting is started (the day of the closure of the share register).

The closure of the share register entails no restriction on the right of any person entered in the share register to transfer their shares following the closure of the share register. Any transfer of shares on the day preceding the General Meeting's starting day does not rule out the right of the person listed in the share register to participate and exercise their rights in the General Meeting as a shareholder.

The General Meeting makes its decisions with a simple majority, except for matters for which the applicable legal regulations stipulate different voting majority. If legal regulations stipulate unanimous decision-making regarding a certain matter, the General Meeting makes a decision on that issue with a unanimous decision.

The detailed rules on the conduct of a General Meeting are laid down in subsections 3.1-3.1.23 of the Articles of Association.

7. Demonstration of compliance with Chapter IV of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonization

Pursuant to the provisions of Section 22 (2) of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonization (hereinafter: 'Hrsz. tv.') and the Hpt., MBH Jelzálogbank is not required to prepare a remuneration report complying with Chapter IV of the Hrsz. tv. However, the Bank discloses information on remuneration in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR).

Declaration on compliance with Recommendations on Responsible Corporate Governance

As part of its Responsible Corporate Governance Report MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság (registered office: 1117 Budapest, Magyar tudósok körútja 9. Infopark G épület.; company registration number: 01-10-043638; hereinafter: "Company") makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations ("CGR") issued by Budapesti Értéktőzsde Zrt., by completing the following questionnaire.

Level of conformity to the Recommendations

The Company indicates whether it follows the relevant recommendation or not, and if not, it briefly explains the reasons why it did not follow that specific recommendation.

1.1.1. The Company has an organisational unit dealing with investor relationship management, or these tasks are performed by a person specifically designated to do so.

Yes

1.1.2. The Company's Articles of Association is available on the Company's website.

Yes

1.1.4. If the Company's Articles of Association allows shareholders to exercise their rights in their absence, the Company published the methods and conditions of doing so, including all necessary documents.

Yes

1.2.1. The Company has published on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders.

No

Explanation: The Company provides detailed information on the rules governing the conduct of its General Meeting and the exercise of the voting rights of shareholders in the announcement on the convention of the General Meeting, which is always posted on its website.

1.2.2. The Company published the exact date when those entitled to participate in a given company event is set (record date), and also the last day on which the shares granting eligibility for participating in a given company event are traded.

Yes

1.2.3. The Company held its General Meetings in a manner providing for maximum shareholder participation.

Yes

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting.

Yes

1.2.7. For proposals for the agenda items, the Board of Directors' draft resolution and also the Supervisory Board's opinion were disclosed to the shareholders.

Yes

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended.

Yes

1.3.4. By answering the questions raised at the General Meeting, the Company ensured compliance with the information provision and disclosure principles set out in legal and stock exchange requirements.

Yes

1.3.5. The Company published on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers.

Yes

Explanation:

1.3.7. The Chairman of the General Meeting ordered a recess or suggested that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting.

Yes

Explanation: There was no such proposal or suggestion in 2024, but if it were to arise, the Company would act in accordance with the recommendation.

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board Members.

Yes

1.3.8.2. For executive officers or Supervisory Board Members, whose nominations were supported by shareholders, the Company disclosed the identity of the supporting shareholder(s).

Yes

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, the General Meeting passed a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way.

Yes

Explanation:

1.3.10. The Company published the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting.

Yes

1.6.1.1. The Company's publication guidelines cover the procedures for electronic, online disclosure.

Yes

1.6.1.2. The Company designs its homepage by considering the aspects of disclosure and the information of investors.

Yes

1.6.2.1. The Company has an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations.

Yes

1.6.2.2. The internal regulations of the Company cover the methods for the assessment of events judged to be important for publication.

Yes

1.6.2.3. The Board of Directors/Governing Board assessed the efficiency of the publication processes.

No

Explanation: The Board of Directors laid down its guidelines on publication and makes sure – through the management team – that the guidelines are complied with.

1.6.2.4. The Company published the findings of the efficiency assessment of the publication process.

No

Explanation: The Board of Directors laid down its guidelines on publication and makes sure – through the management team – that the guidelines are complied with.

1.6.3. The Company published its annual company event calendar.

Yes

1.6.4. The Company published its strategy, business ethics and policies regarding other stakeholders.

Yes

1.6.5. The Company published the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website.

Yes

1.6.6. The Company published all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year.

Yes

1.6.8. The Company published its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management.

Yes

1.6.9.1. The Company published its guidelines relating to the trading of its shares by insiders.

Yes

1.6.9.2. The Company disclosed the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way.

Yes

1.6.10. The Company published the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company.

Yes

Explanation: There were no such cases in 2024, at the same time the Company manages conflicts of interest in accordance with applicable sectoral laws and recommendations of the MNB, EBA, ESMA, as well as the changes in the regulations referred to above.

2.1.1. The Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board.

Yes

2.2.1. The Board of Directors / Governing Board has a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board.

Yes

2.2.2. The Company publishes the procedure used for nominating Board of Directors / Governing Board members along with the principles underlying their remuneration system.

Yes

2.3.1. The Supervisory Board provides a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan.

Yes

2.4.1.1. The Board of Directors / Governing Board and the Supervisory Board held meetings periodically at a predefined interval.

Yes

2.4.1.2. The rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provided rules for the conduct of meetings that cannot be planned in advance, and for decision making using electronic telecommunications means.

Yes

2.4.2.1. Board Members had access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting.

No

Explanation: The Company partially complies. The general practice is in line with the recommendation, but shorter deadlines are possible in justified cases by way of derogation, subject to the approval of the chairman of the board.

2.4.2.2. The Company arranged the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board.

Yes

2.4.3. The rules of procedure provide for the regular or ad hoc participation of non-board Members at respective board's meetings.

Yes

2.5.1. The members of the Board of Directors / Governing Board and the Supervisory Board were nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting.

Yes

2.5.2. The composition and size of the boards complies with the principles set out in Section 2.5.2 of the Recommendations.

Yes

2.5.3. The Company ensured that the newly elected Board of Directors / Governing Board and Supervisory Board Members became familiar with the structure and operation of the Company and their tasks were carried out as Members of the respective boards.

Yes

2.6.1. The Governing Board / Supervisory Board requested (in the context of preparing the annual responsible corporate governance report) its Members considered to be independent to confirm their independence at regular intervals.

Yes

2.6.2. The Company provides information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities.

Yes

2.6.3. The Company published its guidelines concerning the independence of its Governing Board / Supervisory Board Members and the applied independence criteria on its website.

No

Explanation: No separate document on the independence of persons in senior positions is available on the website but the Rules of Procedure of both the Board of Directors and the Supervisory Board contain criteria regarding conflict of interest and independence in relation to their respective members. The Rules of Procedure of the boards are available on the Company's website.

2.6.4. The Supervisory Board of the Company does not have any Members who held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation.

Yes

2.7.1. Members of the Board of Directors / Governing Board informed the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence.

Yes

2.7.2. Transactions and assignments between Members of boards/ Members of the management/individuals closely associated with them and the Company/subsidiaries of the Company were carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved.

Yes

2.7.3. Board Members informed the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board Membership or management position of a company not belonging to the Company Group.

Yes

2.7.4. The Board of Directors / Governing Board developed guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them.

Yes

2.8.1. The Company created an independent internal audit function that reports directly to the Audit Committee / Supervisory Board.

Yes

2.8.2. Internal Audit has unrestricted access to all information necessary for carrying out audits.

Yes

2.8.3. Shareholders received information about the operation of the system of internal controls.

Yes

2.8.4. The Company has a function ensuring compliance (compliance function).

Yes

2.8.5.1. The Board of Directors / Governing Board or a committee operated by it is responsible for the supervision and management of the entire risk management of the Company.

Yes

2.8.5.2. The relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures.

Yes

2.8.6. With the involvement of the relevant areas, the Board of Directors / Governing Board developed the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company.

Yes

2.8.7. The Board of Directors / Governing Board defined the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives.

Yes

2.8.8. Internal control systems functions reported about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year.

Yes

2.9.2. The Board of Directors / Governing Board invited the Company's auditor in an advisory capacity to the meetings on financial reports.

Yes

Level of compliance with the Proposals

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No).

1.1.3. The Company's Articles of Association provided an opportunity for shareholders to exercise their voting rights also when they are not present in person.

Yes

1.2.4. The Company determined the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account.

Yes

Explanation: No shareholder-initiated general meeting was held in 2024, but the Company would have acted as proposed in the above case.

1.2.5. The voting procedure used by the Company ensures clear, unambiguous and fast determination of voting results, and in the case of electronic voting it also ensures the validity and reliability of the results.

Yes

1.3.1.1. The Board of Directors/Governing Board and the Supervisory Board were represented at the General Meeting.

Yes

1.3.1.2. In the event the Board of Directors/Governing Board and the Supervisory Board was absent, it was disclosed by the Chairman of the General Meeting before discussion of the agenda began.

Yes

1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.

Yes

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there.

Yes

1.3.6. The annual report of the Company prepared as specified in the Accounting Act contains a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation.

Yes

1.4.1. In line with Section 1.4.1, the Company paid dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents.

Yes

Explanation: The Company did not pay dividends in 2024, but would have acted as proposed in the above case.

1.6.11. The Company published its information in English as well, in line with the provisions of Section 1.6.11.

Yes

1.6.12. The Company informed its investors about its operation, financial situation and assets on a regular basis, but at least quarterly.

No

Explanation: The Company publishes its report once every six months as specified in the Hpt.

2.9.1. The Company has in place internal procedures regarding the use of external advisors and outsourced activities.

Yes



PROPOSAL
FOR AGENDA ITEM 4



GRANTING A HOLD-HARMLESS WARRANT OF
THE MEMBERS OF THE BOARD OF DIRECTORS
AND THE SUPERVISORY BOARD OF THE
COMPANY

Proposal:

In the present proposal, we propose that the General Meeting grants the hold-harmless warrant pursuant to Section 3:117 (1) of the Civil Code for the period from 1 January 2024 to 31 December 2024 to all members of the Board of Directors and Supervisory Board of MBH Jelzálogbank Nyrt. who were members of the boards in 2024.

Pursuant to Section 3:117 (1) of the Civil Code¹ the highest organ of the company (i.e. the General Meeting) can establish the adequacy of the management activities of the members of the Board of Directors and the control activities of the members of the Supervisory Board during the effective term of their legal relationship by granting them the hold-harmless warrant.

If the company's supreme body provides a hold-harmless warrant, the company may only bring action against the executive officers on the grounds of breaching management (control) obligations in a claim for damages if the facts and information underlying the hold-harmless warrant proved to be false or incomplete.

The year-end 2024 internal audit, compliance and anti-money laundering, safeguarding officer report and operational risk report did not identify any significant deficiencies for any of the Companies that would prevent the issuance of a hold-harmless warrant.

Granting the hold-harmless warrant falls within the exclusive competence of the General Meeting.

Proposed resolution:

The General Meeting declares that all members of the Board of Directors and the Supervisory Board of the Company in the financial year of 2024 acted in the best interests of the Company and, therefore, certifying the adequacy of their activities, grants them a hold-harmless warrant pursuant to Section 3:117 of Act V of 2013 on the Civil Code.

¹ **Section 3:117** [*Liability of executive officers to the business association for damages*]

(1) If the company's supreme body provides a hold-harmless warrant to an executive officer at the time of approval of the financial report, thus acknowledging the executive officer's management activities during the previous business year, the company may bring action against the executive officer on the grounds of breaching management obligations in a claim for damages if the facts and information underlying the hold-harmless warrant proved to be false or incomplete.

(2) If an executive officer is removed from office in between two meetings debating the financial report, the executive officer may request the supreme body's decision for the issue of a hold-harmless warrant in the next session.



PROPOSAL
FOR AGENDA ITEM 5

ELECTION OF THE COMPANY'S AUDITOR (FOR THE STATUTORY AUDIT OF THE ANNUAL ACCOUNTS AND TO PROVIDE ASSURANCE FOR THE SUSTAINABILITY REPORT) AND THE DETERMINATION OF THE AUDITOR'S REMUNERATION, APPROVAL OF THE APPOINTMENT OF THE PERSON RESPONSIBLE FOR THE AUDIT AND THE DETERMINATION OF THE TERMS OF THE CONTRACT WITH THE AUDITOR

Proposal:**1. STATUTORY AUDIT OF THE ANNUAL ACCOUNTS****1.1. ELECTION OF THE AUDITOR AND ESTABLISHING ITS REMUNERATION FOR 2025**

Pursuant to Section 155 (6) and (7) of the Accounting Act:

‘(6) Where audit is mandatory, the supreme body of the company must - at the time of approval of the annual report or simplified annual report of the previous financial year or, in respect of companies established without legal predecessor, prior to the balance sheet date of the financial year - appoint a registered auditor or audit firm in accordance with Section (7) to review the company’s annual report or simplified annual report on the financial year from the point of view of legitimacy and authenticity.

(7) A member of the Hungarian Chamber of Auditors or an audit firm registered with the Hungarian Chamber of Auditors may be selected for the audit referred to in Section (6).’

Hpt., in addition to the above, it also imposes additional requirements on the credit institution auditor (financial institution rating, multiple conflict of interest requirements, etc.).

The Bank's Articles of Association provides for the possibility of electing the Auditor for a term of one year.

In light of the above legal requirements and the resolution of the Audit Committee of MBH Bank Nyrt (MBH Bank) No. 2/2024(02.14)-MBHB AB, we propose that PricewaterhouseCoopers Könyvvizsgáló Kft. (hereinafter PwC Könyvvizsgáló Kft.) be elected as the permanent auditor for the year 2025.

The annual audit fee includes the following:

- auditing of the individual financial statements of MBH Jelzálogbank Nyrt. for 2025 prepared according to the international accounting standards (IFRS) and the preparation of the report on the individual financial statements reflecting the position of the auditor,
- Preparation of a supplementary audit report for Magyar Nemzeti Bank in accordance with the provisions of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises pertaining to the audit of credit institutions and with the Standard No. 6100 on the Preparation of Special Auditor's Report,
- Issuing of the Management Letter
- Auditing the ESEF (xhtml) disclosures

The audit fees for any interim reports, interim financial statements, reviews are not included in the annual audit fee.

The annual audit fee for PwC Könyvvizsgáló Kft. for the business year 2025 (including the above items) is maximized at HUF 42 million + VAT.

1.2. APPROVAL OF THE APPOINTMENT OF THE PERSON RESPONSIBLE FOR AUDITING

The audit firm has nominated Árpád Balázs Mészáros registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 005614, registration number: 005589) and, in the event he is impeded in his duties, Balázs Árpád Mészáros registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 007272, registration number: 006931) as the natural persons performing and responsible for the auditing of MBH Jelzálogbank Nyrt. in 2025.

We recommend the approval of the person responsible for auditing and his deputy to the General Meeting based on the nomination of the audit firm.

1.3. APPROVAL OF THE TERMS AND CONDITIONS OF THE CONTRACT TO BE CONCLUDED WITH THE AUDITOR

Pursuant to the applicable provisions of the Civil Code, the General Meeting shall determine the terms and conditions of the contract to be concluded with the auditor simultaneously with the appointment of the Company's auditor. The contract with the appointed auditor shall be concluded within ninety days of their appointment.

The General Meeting authorises the Chief Financial Officer and deputy CEO of the Company to negotiate the conclusion of the assignment contract with the auditor.

The conclusion and final amount of the contract of engagement will be decided by the Board of Directors within the limits set by the General Meeting.

Main terms and conditions of the contract to be concluded with the auditor, defined by the General Meeting:

The audit firm and the natural person auditor:

Pursuant to Sections 1.1 and 1.2

Remuneration of the audit firm:

Pursuant to Section 1.1

Subject matter of the Contract:

- auditing of the individual financial statements of MBH Jelzálogbank Nyrt. for 2025 prepared according to the international accounting standards (IFRS) and the preparation of the report on the individual financial statements reflecting the position of the auditor,
- Preparation of a supplementary audit report for Magyar Nemzeti Bank in accordance with the provisions of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises pertaining to the audit of credit institutions and with the Standard No. 6100 on the Preparation of Special Auditor's Report,
- Issuing of the Management Letter
- Auditing the ESEF (xhtml) disclosures

Term of the contract:

Fixed term, 1 year.

Effective date of the contract:

The date on which the Board of Directors approves the assignment contract to be concluded within 90 days of the auditor's appointment.

Date of termination of contract:

The date of approval by the General Meeting of the Annual Report and accounts under the Accounting Act for the business year ending 31 December 2025 and the date of completion of the obligations arising from the contract by both Parties, if the auditor is reappointed, the day prior to the effective date of the new contract to be concluded with the auditor.

Miscellaneous provisions:

The Company may also commission the auditor to perform other, non-audit tasks within the framework of separate contracts, including but not limited to:

- Giving assurance for the sustainability report
- Business consultancy and participation in due diligence procedures;
- Project management, execution of tasks and quality assurance of strategic projects;
- Other consultancy in the fields of business, risk, bank security, accounting, reporting and taxation;
- Trainings.

The auditor will perform the audit of any interim financial statements, interim balance sheets, reviews that may be required based on separate engagements as those will not form part of the annual audit contract.

2. GIVING ASSURANCE FOR THE SUSTAINABILITY REPORT

According to the amendment of the Accounting Act of 22 December 2023, the Company is required to prepare and publish a sustainability report in the business report of the annual financial statements (Section 134/I), accompanied by the auditor's assurance opinion (Section 134/J).

The issue of the assurance opinion is performed by the auditor based on the international standard "International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000) issued by International Auditing and Assurance Standards Board.

Based on the amendment of the Accounting Act, an independent auditor other than a member of the chamber of auditors or an audit firm that is entrusted with the statutory audit of the annual accounts can be trusted to provide an assurance opinion on the sustainability report.

In connection with the above amendments to the Accounting Act, we held preliminary negotiations with PwC Könyvvizsgáló Kft. and requested a proposal for the task related to the issuance of an assurance opinion on the 2025 Sustainability Report of MBH Jelzálogbank.

On the basis of preliminary negotiations, we propose to engage PwC Könyvvizsgáló Kft. for this task as well, and we propose to cap the related fee at HUF 30 million + VAT.

The audit company has appointed Balázs Árpád Mészáros, registered auditor (Chamber of Hungarian Auditors membership certificate number: 005614, registration number: 005589), and in the event he is impeded in his duties, Árpád Balázs, registered auditor (Chamber of Hungarian Auditors membership certificate number: 007272, registration number: 006931), to perform the assurance audit of the 2025 Sustainability Report, as the natural persons who are personally responsible and accountable for providing assurance in relation to the 2025 Sustainability Report of MBH Bank Nyrt.

The General Meeting authorises the Chief Financial Officer and deputy CEO of the Company to negotiate the conclusion of the assignment contract with the auditor.

The conclusion and final amount of the contract of engagement will be decided by the Board of Directors within the limits set by the General Meeting.

PROPOSED RESOLUTION:**I.**

For the 2025 business year the General Meeting appoints PricewaterhouseCoopers Könyvvizsgáló Kft. (Cg 01-09-063022, Hungarian Chamber of Auditors Registration Number: 001464, hereinafter: 'PwC Könyvvizsgáló Kft.') as the Company's permanent auditor, and sets the annual audit fee for PwC Könyvvizsgáló Kft. for the 2025 business year at a maximum of HUF 42 million + VAT.

The General Meeting also authorises the Chief Financial Officer and deputy CEO of the Company to negotiate the conclusion of the assignment contract with the auditor. The final amount of the assignment contract is decided by the Board of Directors within the limits set by the General Meeting, as well as the conclusion of the contract.

In accordance with the proposal of the audit firm, the General Meeting approves the appointment of Árpád Balázs Mészáros registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 005614, registration number: 005589) as the person responsible for the auditing of MBH Jelzálogbank Nyrt. in 2025.

In accordance with the proposal of the audit firm, the General Meeting approves the appointment of Balázs Árpád Mészáros registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 007272, registration number: 006931) as the person responsible for the auditing of MBH Bank Nyrt. for 2025 in the event Árpád Balázs registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 005614, registration number: 005589) is impeded in his duties.

According to the submission, the General Meeting approves the terms and conditions of the Company contract to be concluded with the auditor, and at the same time invites the Board of Directors to conclude the corresponding assignment contract with the appointed auditor within 90 days of their appointment, on behalf of MBH Jelzálogbank Nyrt.

II.

The General Meeting elects PwC Könyvvizsgáló Kft./the auditor responsible for the audit of the assurance of the Sustainability Report for the financial year 2025: Balázs Árpád Mészáros registered auditor (Hungarian Chamber of Auditors membership card number: 005614, registration number: 005589), substitute: Árpád Balázs registered auditor (Hungarian Chamber of Auditors membership card number: 007272, registration number: 006931)/and maximises the fee of the audit assurance at HUF 30 million + VAT.

The General Meeting also authorises the Chief Financial Officer and deputy CEO of the Company to negotiate the conclusion of the assignment contract for audit assurance with the auditor. The final amount of the assignment contract is decided by the Board of Directors within the limits set by the General Meeting, as well as the conclusion of the contract.



PROPOSAL
FOR AGENDA ITEM 6



AUTHORISATION OF THE BOARD OF
DIRECTORS TO ACQUIRE OWN SHARES

Proposal:

Pursuant to Section 3:222 (1) of Act V of 2013 on the Civil Code (hereinafter: "Civil Code"), a public limited company may acquire shares issued by it in an amount not exceeding twenty-five percent of its share capital. Pursuant to the provisions of the Civil Code and in accordance with the provisions of Section 3.1.17 (g) of the Articles of Association of **MBH Jelzálogbank Nyrt.**, the General Meeting is entitled to authorise the Board of Directors of the Company to acquire treasury shares for a maximum period of 18 months, subject to the determination of the type, class, number, nominal value and, in the case of acquisition for consideration, the minimum and maximum amount of the consideration.

In order to implement the Company's business strategy as planned, to maintain the stability of the share price and to carry out transactions related to capital optimisation, it is proposed to authorise the Board of Directors to acquire own shares under the above conditions.

In view of the above, we propose that the General Meeting, in addition to determining the type, class, number, nominal value, minimum and maximum amount of the consideration to be paid for the shares to be acquired, as set out in the proposed resolution, authorise the Board of Directors to acquire treasury shares by resolution for a period of 18 months, pursuant to Section 3:223 (1) of Act V of 2013 on the Civil Code and Section 3.1.17 (g) of the Articles of Association of the Company.

An important rule for the security of the Company's operations is that, under the relevant Hungarian and European Union legislation, the Company may only purchase shares issued by it with the prior approval of the Magyar Nemzeti Bank.

In order to avoid the coexistence of two authorisations, it is proposed that the authorisation contained in General Meeting Resolution 7/2024 (24 April) be repealed by the General Meeting in the resolution to be taken on this item.

The Supervisory Board agrees with the proposal of the Board of Directors.

Proposed resolution:

Pursuant to Section 3:223 (1) of Act V of 2013 on the Civil Code (Civil Code) and Section 3.1.17 (g) of the Articles of Association of the Company, the General Meeting authorises the Board of Directors to acquire the Company's own shares, in particular, but not exclusively in order to implement the Company's business strategy as planned and to maintain the stability of the share price, as well as to perform capital optimisation transactions, subject to the following conditions.

1. The type, nominal value and number of own shares that may be acquired:

- 'A' series ordinary share of HUF 100 nominal value,
- Up to a maximum of 25% of the total nominal value of the share capital at any one time, i.e. a maximum of 27,122,575 series A ordinary shares with a nominal value of HUF 100 each.

2. The method of acquisition of treasury shares and the determination of the minimum and maximum amounts of the consideration:

- in the case of an over-the-counter (OTC) transaction, the lowest purchase price is HUF 1, i.e., One Forint, and the maximum purchase price is up to ten times the nominal value of the ordinary share, i.e. HUF 1,000, or

- in the case of a transaction on a trading venue (regulated market, MTF or OTF), the lowest purchase price is HUF 1, i.e., One Forint, and the maximum purchase price is up to 125 % of the turnover-weighted average stock exchange price of the ordinary share in the month preceding the date of the transaction.
3. This authorisation shall be valid for 18 months from the date of adoption of this decision.
4. Other conditions for the acquisition of own shares are governed by the relevant provisions of the Civil Code.
5. The authorisation in Resolution No. 7/2024. (24 April) of the General Meeting shall be repealed as soon as this resolution is adopted.



PROPOSAL
FOR AGENDA ITEM 7



ESTABLISHMENT OF THE REMUNERATION OF
THE MEMBERS OF THE BOARD OF DIRECTORS,
SUPERVISORY BOARD AND AUDIT
COMMITTEE

Proposal:

Pursuant to Article 3.1.17 (h) and (m) of the Articles of Association of MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság (hereinafter: Company) the General Meeting has the sole power to elect and recall the Chairman and members of the Board of Directors and the members of the Supervisory Board and the Audit Committee and to determine their remuneration.

The remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee was last reviewed and amended in 2022, with the General Meeting resolution 12/2022 (04.28.). The Company's General Meeting decided, by General Meeting Resolutions 11/2023 (26 April) and 9/2024 (24 April), to maintain the remuneration of the Board of Directors at the same amount and payment practice until the date of approval of the annual financial statements for 2023 and 2024 prepared in accordance with the Accounting Act.

Based on its merger transactions and outstanding business performance in recent years, the MBH Group has become a dominant player in the banking sector and the economy as a whole, growing significantly both in size and complexity. According to market research on senior management remuneration in the Hungarian banking sector, the average remuneration of senior managers in institutions of comparable size in terms of balance sheet total exceeds the remuneration of senior management in the MBH Group, which needs to be adjusted. The remuneration of the members of the Board of Directors and the Supervisory Board was last increased in 2022, so an adjustment is justified in view of the changes in the macroeconomic environment.

It is proposed that the General Meeting set the remuneration for the members of the Supervisory Board and Board of Directors for the subsequent one year period as indicated below compared to the amount as approved at the Annual General Meeting held on 28 April 2022, then maintained at the Annual General Meeting in 2023 and 2024.

- the Chairman of the Supervisory Board: gross HUF 1,400,000/month
- the members of the Supervisory Board: gross HUF 1,150,000/month
- the Chairman of the Board of Directors: gross HUF 2,100,000/month
- external members of the Board of Directors: gross HUF 1,400,000/month
- internal members of the Board of Directors: gross HUF 1,400,000/month

The members of the Audit Committee still do not receive any separate remuneration for that office.

The remuneration for membership in the Supervisory Board and the Board of Directors should be paid (transferred and credited to the bank account) in line with the wage accounting practice of the Company i.e., on the first working day of each month, simultaneously with the wages of the employee members of the Supervisory Board and the internal members of Board of Directors.

PROPOSED RESOLUTION

The General Meeting has approved the remuneration of the members of the Supervisory Board and of the Board of Directors as indicated below for the period from 23 July 2025 to the date of approval of the financial statements for 2025 prepared in accordance with the provisions of the Accounting Act:

the Chairman of the Supervisory Board: gross HUF 1,400,000/month

the members of the Supervisory Board: gross HUF 1,150,000/month

the Chairman of the Board of Directors: gross HUF 2,100,000/month

external members of the Board of Directors: gross HUF 1,400,000/month

internal members of the Board of Directors: gross HUF 1,400,000/month

If a member of the Board of Directors or the Supervisory Board is also a member of the Audit Committee, they shall not receive any additional remuneration for their position on the Committee.

The General Meeting approves that the remuneration for membership in the Supervisory Board and the Board of Directors should be paid (transferred and credited to the bank account) in line with the wage accounting practice of the Company i.e., on the first working day of each month, simultaneously with the wages of the employee members of the Supervisory Board and the internal members of Board of Directors.



PROPOSAL
FOR AGENDA ITEM 8



AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

PROPOSAL

For the reasons set out below, it has become necessary to amend the current Articles of Association (**Articles of Association**) of MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság (**the Company**) (new text is indicated with bold, italics and underlined fonts, while deleted parts are crossed out):

1. Editing - technical amendment.

In view of the above, the first paragraph of the Preamble of the Articles of Association shall be amended as follows:

*MBH Jelzálogbank Nyrt. (hereinafter: **Company**) is a member of the group of specialised credit institutions ("**MBH Bank Group**") of MBH Bank Nyrt. (registered office: 1056 Budapest Váci u. 38, company registration number: Cg.01-10-040952; **MBH Bank**) as the parent company, as defined in the respective resolution of the National Bank of Hungary (**MNB**) issued to MBH Bank on the on the undertakings subject to supervision on a consolidated basis. Pursuant to the respective MNB Resolution, MBH Bank is the parent credit institution in accordance Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (**Hpt.**) which is responsible for the compliance of the MBH Bank Group on a consolidated basis with the requirements of the Hpt. and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012."*

- Article 14(l) of Directive (EU) 2017/1132 of the European Parliament and of the Council on certain aspects of company law (**Directive**), in force since 30 January 2025, requires Member States to take the necessary measures to ensure the compulsory disclosure of certain documents and particulars by companies, such as the purpose of the company, the main activity or the activities of the company. This can be provided using the appropriate code of the statistical classification of economic activities within the European Community. The Directive has not yet been transposed into the Hungarian legislation, but the Company wishes to comply with the Directive, and the proposal therefore aims to ensure that the Articles of Association clearly state the purpose of the Company by specifying its activities.

In view of the above, Article 1.3 of the Articles of Association shall be amended as follows:

*"1.3 The **purpose of the Company by activity**"*

- The purpose of the amendment is to ensure that, in the event of a change to the uniform sectoral classification system, the Articles of Association of the Company do not need to be amended for this reason alone.

In view of the above, Article 1.3.1 of the Articles of Association shall be amended as follows:

*“1.3.1. Core activity of the **Company** ~~according to the uniform sectoral classification system of business activities (TEÁOR'08)~~*

64.92~~'08~~ Other lending”

4. The European Union has modified the NACE classification system, whose Hungarian equivalent is the TEÁOR. The "*TEÁOR'25 Standard Industrial Classification of Economic Activities*" entered into force on 1 January 2025. The activities of organisations required to be registered, including the Company's registered activities, have been automatically amended in accordance with TEÁOR'25. As the Articles of Association can only be amended by the Company itself, the technical transfer of the TEÁOR'25 codes for the activities listed in the Articles of Association and the addition of the other activities is the responsibility of the Company's acting legal representative, which will be implemented in the Articles of Association at the same time as the amendments made in accordance with this proposal.

In view of the above, Article 1.3.2 of the Articles of Association shall be amended as follows:

“1.3.2. Other activities:

64.99 ~~'08~~ Other financial service activities, except insurance and pension funding n.e.c

66.19~~'08~~ Other activities auxiliary to financial services”

5. Editing - technical amendment.

In view of the above, Article 1.3.3 of the Articles of Association shall be amended as follows:

*“1.3.3 On the basis of the licence issued by the supervisory authority under No 345/1998, the Company is authorised to pursue only the following activities on a commercial basis only, pursuant to Section 3 of Act XXX of 1997 on mortgage credit institutions and mortgage bonds (**Jht**):[...]"*

6. Editing - technical amendment.

In view of the above, Article 2.1.1 of the Articles of Association shall be amended as follows:

“2.1.1. The share capital of the Company is HUF 10,849,030,000, i.e. Ten billion ~~ten billion eight hundred and forty nine million and thirty thousand forints, representing a cash contribution made available in total amount.~~"

7. Editing - technical amendment.

In view of the above, Article 2.1.2 of the Articles of Association shall be amended as follows:

*“2.1.2 The Company's share capital consists of 108,409,300 i.e., ~~One hundred and eight million one hundred and eighty nine thousand three hundred~~ **one hundred and eight million** four hundred and ninety thousand three hundred ordinary shares of series "A", and nominal value of HUF 100, that is, ~~one hundred forints, each.~~"*

8. The amendment clarifies in the Articles of Association the existing rule that each ordinary share represents the same rights.

In view of the above, it is necessary to add a new Article 2.2 to the Articles of Association as follows and to renumber the current Articles 2.2 and 2.3 as 2.3 and 2.4 respectively:

“2.2. Each ordinary share of series “A” represents identical rights.”

9. The amendment of the Articles of Association is of a technical nature, the purpose of which is to include the full name of the KELER Központi Értéktár Zártkörűen Működő Részvénytársaság from which the Company requests the shareholder identity verification for the General Meeting and for corporate events involving payment.

In view of the above, Article 2.3.2 of the Articles of Association shall be amended as follows:

*“2.3.2 The Company shall request shareholders registration for the General Meeting and company events accompanied by payment from **KELER Központi Értéktár Zártkörűen Működő Részvénytársaság („KELER Zrt.”)**. In case of shareholders registration the keeper of the Register of Shares shall delete all data in effect at the time of the shareholders registration from the Register of Shares and shall record the data according to the result of the shareholders registration in the Register of Shares. To the rules of shareholders' registration the prevailing General Business Rules of KELER Zrt. shall be applicable.*

10. Editing - technical amendment.

In view of the above, Article 3.1.6 of the Articles of Association shall be amended as follows:

*“3.1.6. The business integration management organisation and the Integration Organisation shall be notified of the **General Meeting** ~~General Meeting~~ simultaneously with the publication of the invitation. The notice must be accompanied by the invitation and the proposals for the agenda items and related materials, if any. The management of the Integration Organisation may, when justified, within **five (5)** days of the notice, request the Company to prepare written proposals for agenda items not containing a proposal, as indicated by the Integration Organisation. The representative of the Integration Business Management Organisation and the representative of the Integration Organisation shall be entitled to attend the general meeting of the Company with consultation rights.”*

11. Taking into account that Section 3.1.7 of the Articles of Association is already regulated by Section 3:17 (5) of the Civil Code, its inclusion in the Articles of Association is therefore both unnecessary, as it is applicable by virtue of the law, and inappropriate, as the possibility of the situation covered by the provision occurring in the case of publicly traded companies is extremely low. In view of the above, the purpose of the repeal of the provision is, on the one hand, to reduce the duplication of rules in the Articles of Association which are otherwise regulated by law, in particular if the provision in

question regulates a number of cases which, from the Company's point of view, has a minimal or negligible probability of being relevant, so that only specific provisions relevant to the Company's operation are set out in the Articles of Association.

In view of the above, Article 3.1.7 of the Articles of Association shall be revoked:

*„3.1.7 **Revoked** ~~A General Meeting can take place in the event it is not, or not properly, convened and all shareholders are present and unanimously agree to holding the meeting. If a resolution is adopted at a General Meeting convened or held irregularly and, therefore, the resolution is not valid, then it will become valid with retroactive effect from the date when it was adopted if all shareholders unanimously recognize it as valid within thirty (30) days from the date of the General Meeting.~~*

12. Taking into account that Section 3.1.8 of the Articles of Association is already regulated by Section 3:17 (6) of the Civil Code, its inclusion in the Articles of Association is therefore both unnecessary, as it is applicable by virtue of the law, and inappropriate, as the possibility of the situation covered by the provision occurring in the case of publicly traded companies is extremely low. In view of the above, the purpose of the repeal of the provision is, on the one hand, to reduce the duplication of rules in the Articles of Association which are otherwise regulated by law, in particular if the provision in question regulates a number of cases which, from the Company's point of view, has a minimal or negligible probability of being relevant, so that only specific provisions relevant to the Company's operation are set out in the Articles of Association.

In view of the above, Article 3.1.8 of the Articles of Association shall be revoked:

*„3.1.8 **Revoked** ~~A resolution on an item not contained in the Agenda may be adopted only in the presence of all shareholders holding a right to participate, provided the shareholders unanimously approve the discussion of the item.~~*“

13. Editing - technical amendment.

In view of the above, Article 3.1.11 (t) of the Articles of Association shall be amended as follows:

b) within eight (8) days, if shareholders (certified by records in the Register of Shares) who represent at least one (1) percent of the votes make a written request for it, specifying the reason and the purpose; ~~or~~

14. Editing - technical amendment.

In view of the above, Article 3.1.14 (t) of the Articles of Association shall be amended as follows:

“f) for each resolution, the number of shares for which valid votes were cast and the proportion of the share capital represented by these votes;

15. Editing - technical amendment.

In view of the above, Article 3.1.17 (a) of the Articles of Association shall be amended as follows:

*“(a) adopt and amend the Articles of Association excepting the cases in **sub-paragraph 3.2.2 (h)**;*

16. The Civil Code regulates the conditions for the acquisition of shares issued by the Company (treasury shares), which falls within the powers of the Board of Directors, subject to the prior authorisation of the General Meeting of Shareholders, which determines the type, class, number, nominal value and, in the case of acquisition for consideration, the minimum and maximum amount of the consideration. In view of the above, the purpose of the amendment of the Articles of Association is to establish a more flexible and faster procedure, in line with the legal provisions, for the disposal of shares acquired with the authorisation of the General Meeting, thus allowing for more efficient measures to be taken in cases where the interests of the Company so require. The transparency and regularity of transactions in treasury shares will continue to be ensured in the future in accordance with the legal provisions, and are not affected by this amendment to the Articles of Association.

In view of the above, Article 3.1.17 (a) of the Articles of Association shall be amended as follows:

“(g) decision on the acquisition and ~~sale~~ of treasury shares, and authorisation of the Board of Directors for the acquisition of the treasury shares;”

17. Editing - technical amendment.

In view of the above, Article 3.1.17 (t) of the Articles of Association shall be amended as follows:

*“(m) election and recall of the members of the Supervisory Board and the establishment of their remuneration, furthermore, election and recall of the ~~Audit Committee~~ **Audit Committee** members and the establishment of their remuneration;*

In view of the above, Article 3.1.17 (q) of the Articles of Association shall be amended as follows:

*“(q) decision on the payment of any interim dividend with the exception of the case defined in **Sub-paragraph 3.2.2 (p)**”*

In view of the above, Article 3.1.17 (t) of the Articles of Association shall be amended as follows:

*“(t) opinion vote on the remuneration policy (~~HRSZ~~ **‘HRSZtv. Remuneration Policyy’**) as stipulated in Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonisation (~~„HRSZ-Hrsztv.”~~) and, if the legal regulation is not applicable, the remuneration report. (~~„HRSZ-Hrsztv. Remuneration Report”~~). The ~~HRSZ~~ **HRSZtv. Remuneration Policy** must be put on the agenda of the General Meeting when it changes significantly, but at least every four years;”*

18. The purpose of the proposal is to further clarify the provision. It would also be stated in the Articles of Association that, in addition to the Articles of Association, legislation may provide that a qualified majority may be required for a resolution of the General Meeting on a particular matter.

In view of the above, Article 3.1.18 of the Articles of Association shall be amended as follows:

*“3.1.18 The General Meeting makes its decisions with a simple majority, except for issues for which the legal regulations or these Articles of Association stipulate different voting majority. If legal regulations stipulate unanimous decision-making regarding a certain matter, the General Meeting makes a decision on that issue with a unanimous decision. If these Articles of Association or **any provision of the law** require a qualified majority for a resolution of the General Meeting on any matter, the proposed resolution must be adopted by at least a three-quarters majority of the shareholders present.*

19. Editing - technical amendment.

In view of the above, Article 3.1.19 of the Articles of Association shall be amended as follows:

*“3.1.19 A resolution of the **General Meeting** ~~General Meeting~~ to change the Company's public form of operation to a private form of operation may be adopted only if it has the prior approval of at least 3/4 of the shareholders representing at least 1% of the votes. In connection with the prior consent, the **Board of Directors** ~~Board of Directors~~ shall invite the shareholders concerned to state in the notice of the General Meeting whether they grant their consent or not. The shareholders concerned must send their position in writing addressed to the **Board of Directors** ~~Board of Directors~~ at the Company's registered office, within the time limit set in the notice, but at least by the second day following the date of the shareholder identity verification in connection with the **General Meeting** ~~General Meeting~~ which decides on the change of the Company's public form of operation to a private one. If the shareholder does not make a statement within the time limit set in the notice, their consent shall be deemed to have been given. No more than one consent may be validly given in respect of one share. The **Board of Directors** ~~Board of Directors~~ of the Company shall determine the shareholders concerned on the basis of the data of the shareholder identity verification relating to **the General Meeting** ~~General Meeting~~ which decides on the change of the public form of operation of the Company to a private one.”*

20. Editing - technical amendment.

In view of the above, Article 3.1.20 of the Articles of Association shall be amended as follows:

*“3.1.20 A resolution of the General Meeting pursuant to **subsections** 3.1.17 (c), (e) and (l) may be passed if a simple majority of all shareholders in the class or series of shares concerned also give their separate consent. A class or series of shares shall be deemed to be concerned if the resolution of the **General Meeting** ~~General Meeting~~ directly and adversely modifies the shareholder rights attached to the class or series of shares as*

defined in these Articles of Association. In that case the provisions related to the potential limitation or exclusion of voting right related to shares, not including the prohibition to exercise voting right in relation to own shares, shall not apply. Consent may be granted by a written decision without holding a meeting prior to the General Meeting or by the shareholders belonging to the particular share series voting on the issue separately at the General Meeting prior to the decision of the General Meeting.

21. Editing - technical amendment.

In view of the above, Article 3.1.22 of the Articles of Association shall be amended as follows:

*“3.1.22 The prior consent of the Integration Organisation is required for the adoption and amendment of the **Articles of Association** ~~Articles of Association~~.”*

22. The purpose of the amendment to the Articles of Association is to specify in the Articles of Association, for the sake of clarity for shareholders, the rules applicable in the event that a General Meeting with a quorum is unable to pass a resolution on all items on the agenda. The proposed new provision provides for the suspension of the General Meeting and the continuation of the General Meeting in accordance with Section 3:275 (2)-(4) of the Civil Code.

In view of the above, a new Article 3.1.24 is added to the Articles of Association, while the provisions of the former Article 3.1.24, "Rights and obligations of shareholders", shall be transferred to a new Article 3.1.26:

“3.1.24 In the event that the General Meeting with a quorum is unable to take a decision on all the items on the agenda, it may decide, based on the proposal of the Chair, to suspend the General Meeting and hold a continuous General Meeting, specifying a new date and venue, even if it is not included in the Agenda. A General Meeting may be suspended only once and a further General Meeting must be held within 30 days of the suspension. The quorum of a previously suspended and subsequently resumed continued General Meeting shall be governed by the general rules. The continuous General Meeting may only decide on the agendas items announced for the original General Meeting on which the original General Meeting did not decide.”

23. The Articles of Association would also state the Company's practice to date of conducting votes at general meetings by means of voting machines. In addition, the rules for the conduct of the voting would be provided for, as well as a provision for cases where for technical reasons voting machines could not be used.

In view of the above, a new Article 3.1.25 shall be added to the Articles of Association:

“3.1.25 Voting at the General Meeting shall be conducted with computers, using voting machines. Shareholders or their proxies may, if their participation is lawful in accordance with the provisions of the Articles of Association, pick up their voting machines at the venue of the General Meeting by simultaneously proving their identity and signing the attendance sheet. If, for technical reasons, voting with voting machines is not possible, voting shall be by ballot paper or ballot block.”

24. The Articles of Association and the legislation governing the operation of the Company contain detailed rules on the acquisition of shares in the Company, the breach of which will result in the non-exercise of shareholder rights under the applicable legislation and the Articles of Association. With regard to shareholder matching, the Articles of Association contain provisions in accordance with the law and the regulations of the KELER Központi Értéktár Zártkörűen Működő Részvénytársaság, but the conduct of shareholder matching is independent of the Company. In view of this, the purpose of the amendment to the Articles of Association is to create a clear liability situation for the Company in objectively defined cases where the failure to register a shareholder in the share register is caused by an event outside the Company's control and outside the Company's liability.

In view of the above, Article 3.1.26.1 (a) of the Articles of Association shall be amended as follows:

“(a) The shareholder is entitled to attend the General Meeting. The Company’s General Meeting may be attended by the shareholder or the shareholder's proxy specified in Sections 151-155 of the Capital Markets Act, who was registered in the Register of Shares at the Closing of the Register of Shares by the General Meeting in accordance with the result of the shareholder matching. The Company shall not be liable for the failure of shareholders to participate or to exercise the voting rights attached to their shares if the shareholder was not entered into the share register because

- (i) the result of the shareholder identity verification was received by the Company after the Closing of the Share Register at the General Meeting, or*
- (ii) the shareholder's shareholding or voting rights violate the provisions of the law or the Articles of Association.”*

25. Section 17.1.9/B of the General Business Rules of the Budapest Stock Exchange effective as of 27 January 2025 has been amended to provide that an issuer of shares covered by Act CXX of 2001 on Capital Markets, including the Company, may not stipulate a shorter period of validity or other restrictions on the validity of the proxy granted to represent the shareholder at the general meeting than those provided for in the applicable legislation. The provision must be complied with by the end of the month following the day of the annual general meeting in 2025 at the latest, and for this reason it has become necessary to amend the Articles of Association as proposed.

In view of the above, Article 3.1.26.1 (b) of the Articles of Association shall be amended as follows:

“(b) The shareholder may also exercise his / her rights at the General Meeting by way of proxy. Members of the Board of Directors, the Supervisory Board or the auditor may not act as shareholder's proxy. Senior officers of the Company may also be authorised by shareholders to participate in the General Meeting as their proxy. ~~The proxy authorisation of the authorised representative shall be valid for one General Meeting or for the period of time defined therein, but in any case not more than 12 months. The~~ proxy authorisation shall also be valid for the continuation of the suspended General Meeting and for the repeated General Meeting convoked due to the lack of quorum. The authorisation shall be drawn up in the form of a notarial deed or a private document with full probative force and shall be lodged with the Company at the place and time

indicated in the notice of the General Meeting.. The authorisation submitted by the shareholder's proxy shall state the fact that the representative acts as shareholder proxy."

26. Section 61 of Act CXX of 2001 on the Capital Market stipulates that when the thresholds specified in paragraph (3) are exceeded, the shareholder or the holder of voting rights of a public limited company must inform the Company and the Magyar Nemzeti Bank without delay, but within 2 calendar days at the latest. The new provision of the Articles of Association aims to ensure the enforcement of this rule in the Articles of Association by providing that the shareholder concerned may be excluded from participating in the General Meeting or from exercising voting rights.

In view of the above, the new sub-paragraph (c) of Article 3.1.26.1 of the Articles of Association shall be amended as follows:

"(c) If there are reasonable grounds to believe that the exercise of a shareholder's voting rights would result in a violation of the provisions of the Capital Market Act on the acquisition of influence, the appointed representative of the Board of Directors present on the spot and responsible for the registration of shareholders at the General Meeting or the chair of the General Meeting may exclude the shareholder concerned from attending the General Meeting or from exercising his voting rights."

27. Editing - technical amendment.

In view of the above, the new sub-paragraph (d) of Article 3.1.26.1 of the Articles of Association shall be amended as follows:

*"(d) Shareholders shall have the right to receive information concerning matters on the General Meeting's agenda Accordingly, upon written request of a shareholder submitted at least eight days before the date of the General Meeting, the Board of Directors will provide the information necessary for the discussion of the item on the agenda of the General Meeting at the latest three days before the date of the General Meeting. The Board of Directors may make the exercise of the right to information as described above conditional on the submission of a written confidentiality statement by the shareholder requesting the information. The Board of Directors may refuse to disclose information and access to documents if it violated the Company's business, banking, securities or other similar secrets, if the person requesting the information ~~abuses~~ **abuses** their right or fails to make a confidentiality statement even if requested. If the party requesting information considers the refusal of information unjustified, they may request the Court of Registration to order the Company to provide the information."*

28. The Articles of Association allow for the Chairman of the General Meeting to withdraw the floor from the shareholder in the event of a deviation from the subject of the General Meeting, but do not specify the other practical means of doing so. The purpose of the amendment to the Articles of Association is also to provide clarity with regard to the other means available to the Chairman in this context, in addition to the right to speak, i.e. the possibility for the Chairman of the General Meeting to stop the recording of what

has been said after the speaker has been cut off and to remove the technical conditions (sound system) for the intervention.

In view of the above, the new sub-paragraph (e) of Article 3.1.26.1 of the Articles of Association shall be amended as follows:

*“(e) The Company ensures that the rights to be informed, to comment and to suggest at the General Meeting are granted to every shareholder attending the General Meeting, on the condition that the exercising of these rights shall not hinder the lawful and proper operation of the General Meeting. To ensure the exercise of shareholder' rights defined hereunder, the **Chair** of the General Meeting shall give the floor to shareholders at the General Meeting, providing that the **Chair** may limit speaking time, interrupt the speaker, in particular, upon deviation from the topic, and – when multiple persons are speaking simultaneously – determine the order of contributions to ensure the regular and proper operation of the General Meeting. **The Chair of the General Meeting may stop the recording of what has been said after the speaker has been cut off and may remove the technical conditions (sound system) for the intervention.**”*

29. Article 2.1.2 of the Articles of Association specifies that the Company's Series A ordinary shares have a nominal value of HUF 100, so there is no need to state separately that each Series A ordinary share of HUF 100, i.e. one hundred Forints nominal value, entitles the holder to one vote at the General Meeting.

In view of the above, the new sub-paragraph (f) of Article 3.1.26.1 of the Articles of Association shall be amended as follows:

“(f) The share provides voting rights in proportion to its nominal value, ~~i.e. each Series A ordinary share of HUF 100, i.e. one hundred Forints nominal value, entitles the holder to one vote at the General Meeting.~~ The shareholder cannot exercise his/her right to vote until he/she has performed his/her due cash contribution.”

30. Editing - technical amendment.

In view of the above, the new sub-paragraph (b) of Article 3.1.26.2 of the Articles of Association shall be amended as follows:

“(b) if shareholders jointly representing at least 1% of the votes communicate a proposal to the Board of Directors to supplement the agenda in line with the rules of the levels of detail or a draft resolution concerning an item on the agenda or an item to be added to the agenda within eight (8) days after the announcement of the convocation of the General Meeting is published, the Board of Directors shall publish an announcement about the supplemented agenda, the draft resolutions proposed by the shareholders after the communication of the proposal pursuant to Section 8. The item(s) specified in such notice shall be regarded as having been added to the agenda.”

31. Editing - technical amendment.

In view of the above, Article 3.2.1 of the Articles of Association shall be amended as follows:

*“ 3.2.1 The Board of Directors is the executive body of the Company. The members of the Board of Directors represent the Company in front of third parties, courts and other authorities, unless the Company is represented by a Supervisory Board Member appointed by the Supervisory Board or a trustee appointed by the court, because judicial review of the general meeting decision was initiated by one or more senior executives of the Company, therefore, the Company has no such senior executive officer who could represent the Company. The Board of Directors establishes and manages the organisational structure of the Company, pursuant to Section 150 of the Hpt., with a view to the provisions of **Section 3.1.17(j)**, exercises the employer's rights over the executive officers (CEO and deputy CEOs) as stipulated in the Hpt.”*

- 32.** In order to ensure consistency with the amendment of the Articles of Association of MBH Nyrt, Article 3.2.2 (e) of the Articles of Association shall be amended as follows:

~~(e) establishment and approval of the business policy, strategy, (including, but not limited to, decisions on geographical expansion or entry into new business areas, exit from existing business areas, joint ventures with third parties, syndicate or consortium agreements), business plan and related product portfolio of the Company, based on the decision of the Board of Directors of MBH Bank;~~

- 33.** Editing - technical amendment.

In view of the above, Article 3.2.2 (r) of the Articles of Association shall be amended as follows:

“(r) decision on the approval of significant transactions with related parties in accordance with the ~~HRSZ-HRSZtv~~, with the exception of transactions pursuant to Section 24 of the ~~HRSZ-HRSZtv~~;”

In view of the above, Article 3.2.2 (t) of the Articles of Association shall be amended as follows:

*“(t) prior discussion of the proposals of the **Supervisory Board** ~~Supervisory Board~~ to be submitted to the General Meeting;*”

- 34.** At present, the Articles of Association stipulate that decisions on certain commitments and transactions fall within the competence of the Board of Directors. The Company's internal regulations delegate to the Board of Directors the power to enter into a number of commitments, which do not need to be included in the Articles of Association. In view of this, the purpose of the amendment is to ensure that, in line with other commitment decisions, the provisions are not laid down in the Articles of Association but in the Company's internal rules.

In view of the above, Article 3.2.2 (w) of the Articles of Association shall be revoked:

*“(w)~~based on the decision of the Board of Directors of MBH Bank, decisions on transactions and commitments of the Company or the direct and indirect subsidiaries of the Company (including, but not limited to, decisions on participation in legal entities and their termination) with a value exceeding EUR 250 million, **(revoked)**~~”*

35. The purpose of the amendment is to simplify the decisions relating to the Integration Organisation, so the level at which decisions relating to the Integration Organisation are taken is set out in the Company's internal rules.

In view of the above, Article 3.2.2 (x) of the Articles of Association shall be revoked:

*“(x) based on a decision of the MBH Bank Board of Directors, decision on the Integration Organisation and its operation, in all matters relating to all its bodies, including the determination of the mandates and positions to be represented in the General Meeting of the Integration Organisation, but excluding the matters set out in section 3.1.17.(v); **revoked**,”*

36. Editing - technical amendment.

In view of the above, Article 3.2.2 (y) of the Articles of Association shall be amended as follows:

*“(y) decision on all issues rendered to the exclusive competence of the Board of Directors by law, these **Articles of Association** ~~Articles of Association~~, the group-level regulation issued within the framework of the Group Management Activities of MBH Bank, or the Integration-level policy issued by the integration business management organisation or the internal regulations of the Company.”*

37. Editing - technical amendment.

In view of the above, Article 3.2.3 of the Articles of Association shall be amended as follows:

*“3.2.3. The Board of Directors may not delegate its powers under the powers delegated by the **General Meeting** ~~General Meeting~~, but may authorise another body of the Company to implement its decisions.”*

38. Technical amendment, this provision has been transferred to section 3.2.9.1.

In view of the above, Article 3.2.5 of the Articles of Association shall be revoked:

*“3.2.5 Unless otherwise provided by law, the Board of Directors has a quorum if a majority of its members are present. It shall take its decisions by a simple majority, unless otherwise provided by law. The detailed rules for the operation of the Board of Directors are laid down in its rules of procedure **Revoked**”.*

39. Editing - technical amendment.

In view of the above, Article 3.2.7.5 (t) of the Articles of Association shall be amended as follows:

“(e) upon the occurrence of any statutory grounds for disqualification, for conflict of interest or in other cases specified by law; ;or”

40. It is a technical amendment to the Articles of Association to provide for a separate Article on the rules governing the functioning of the Board of Directors, as set out in point 3.3.8 of the Articles of Association on the functioning of the Supervisory Board.

In view of the above, the new Article 3.2.9 of the Articles of Association shall be amended as follows:

“3.2.9. *Operation of the Board of Directors*

41. Technical amendment, this provision has been transferred from section 3.2.5.

In view of the above, a new Article 3.2.9.1 shall be added to the Articles of Association:

“3.2.9.1 *Unless otherwise provided by law, the Board of Directors has a quorum if a majority of its members are present. It shall take its decisions by a simple majority, unless otherwise provided by law. The detailed rules for the operation of the Board of Directors are laid down in its rules of procedure.*”

42. The detailed rules for the convening of the Board of Directors are governed by the Rules of Procedure of the Board of Directors, so the amendment would also stipulate in the Articles of Association that the rules for this are included in the Rules of Procedure.

In view of the above, a new Article 3.2.9.2 shall be added to the Articles of Association:

“3.2.9.2. *The meetings shall be convened and conducted in compliance with the provisions of the Rules of Procedure of the Board of Directors.*”

43. The purpose of the amendment is to provide that the members of the Board of Directors may adopt positions and resolutions in writing on the basis of proposals sent by delivery (postal or personal) or by electronic mail, thus facilitating the taking of decisions by the Board of Directors.

In view of the above, the provisions of the Articles of Association currently included in Article 3.2.9 should be transferred to a new Article 3.2.9.3 and to amend them as follows:

“3.2.9.3 *The members of the Board of Directors may provide their opinions and adopt resolutions in writing, in a manner as defined in the by-laws of the Board of Directors, without holding a meeting, based on proposals received through the telephone, **delivery (by post or in person) electronic mail, electronic devices or through some other similar delivery method, pursuant to Section 151 (4) of the Hpt. In that case members of the Board of Directors shall send their votes in writing (including email) to the registered office of the Company within five (5) working days after receipt of the proposal sent by the Chairman and CEO. The chairman of the Board of Directors has the right, in justified cases, to stipulate a shorter reasonable deadline than five (5) working days, and to extend the deadline by up to three (3) working days. A failure of meeting the deadline shall be regarded as if the member of the Board of Directors did not participate in the meeting.*”**

44. Editing - technical amendment.

In view of the above, Article 3.3.5.1 (l) of the Articles of Association shall be amended as follows:

“(l) exercises its competence in relation to the remuneration policy pursuant to Section 117 (5) of the Hpt.;”

45. Editing - technical amendment.

In view of the above, Article 3.3.5.2 of the Articles of Association shall be amended as follows:

“3.3.5.2 The General Meeting may only decide on the financial reports stipulated in the Accounting Act and on the utilisation of the after-tax profit based on the Supervisory Board's written report. The General Meeting or the Board of Directors may only decide on the payment of dividend advance with the Supervisory Board's approval.”

46. Editing - technical amendment.

In view of the above, Article 3.3.6.1 of the Articles of Association shall be amended as follows:

“3.3.6.1 The Board of Directors consists of at least three (3) and not more than nine (9) members. The members of the Supervisory Board must be natural persons.”

47. The proposal is to clarify the Articles of Association to the effect that a different quorum and quorum for a decision of the Supervisory Board may be prescribed by law, and the part proposed for deletion is a matter within the scope of the Rules of Procedure of the Supervisory Board, so the deletion aims to eliminate redundancy.

In view of the above, Article 3.3.8.1 of the Articles of Association shall be amended as follows:

“3.3.8.1 ~~The Supervisory Board convenes as often as required for the effective performance of its duties. Unless otherwise provided by the law, the Supervisory Board has quorum only if at least two thirds of its members are present at the meeting. It shall take its decisions by a simple majority, unless otherwise provided by law. The detailed rules for the operation of the Supervisory Board are laid down in its rules of procedure.~~

48. The purpose of the amendment is to provide that, on the basis of proposals sent by delivery (postal or personal) or by electronic mail, members of the Supervisory Board may take a position and take a resolution in writing, thus facilitating the adoption of the resolutions of the Supervisory Board.

In view of the above, Article 3.3.8.3 of the Articles of Association shall be amended as follows:

“3.3.8.3 The members of the Supervisory Board may provide their opinions and adopt resolutions in writing, in a manner as defined in the rules of procedure of the Supervisory

Board, without holding a meeting, based on proposals received through the **telephone, delivery (by post or in person) electronic mail**, electronic devices or through some other similar delivery method, **pursuant to Section 151 (4) of the Hpt.** In that case members of the Supervisory Board shall send their votes in writing (including email) to the registered office of the Company within five (5) working days after receipt of the proposal sent by the Chairman of the Supervisory Board. The chair of the Supervisory Board may stipulate a shorter reasonable deadline than five (5) working days, and may also extend the deadline by up to three (3) working days. If a member's vote does not arrive by the deadline, the member shall be deemed not to have attended the Supervisory Board meeting.”

49. Based on the Articles of Association, the Company has a three-member Audit Committee, however, the amendment to the Civil Code that entered into force on 1 January 2022 changed the rule on the number of members of the Audit Committee to define the three members as a minimum number, thus creating the possibility to determine its number flexibly, similar to other bodies such as the Board of Directors or the Supervisory Board, while further strengthening the continuous operation of the Company and respecting the legal requirements. In view of this, it is proposed to amend the Articles of Association on the basis of the new possibility provided by law and within the legal and statutory framework, according to which the members of the Audit Committee will be selected from among the independent members of the Supervisory Board, therefore, in line with the provisions on the number of members of the Supervisory Board, it is proposed to allow for the operation of an audit committee of at least three and no more than six members at the Company.

In view of the above, Article 3.4.1 of the Articles of Association shall be amended as follows:

“3.4.1 The Company operates an Audit Committee of **at least three (3) and not more than six (6)** members. The members of the Audit Committee shall be elected by the General Meeting from among the independent members of the Supervisory Board. At least one member of the Audit Committee shall have accounting or auditor qualification.”

50. Editing - technical amendment.

In view of the above, Article 3.5.3 of the Articles of Association shall be amended as follows:

“3.5.3 In order to carry out his/her duties the statutory auditor shall have access to the documents, accounting records and the books of the Company, he/she can request information of the members of the Board of Directors, the Supervisory Board and of the employees of the Company, he/she shall be entitled to inspect the payment accounts, cash desk, securities portfolio, inventories and the contracts of the Company. The statutory auditor can be present at the meetings of the Supervisory Board with the right of consultation and is obliged to participate in the meetings if so requested by the Supervisory Board.

51. Editing - technical amendment.

In view of the above, Article 3.6.2 of the Articles of Association shall be amended as follows:

3.6.2 The asset controller may be appointed for a fixed term of up to five **(5)** years, and may be re-appointed after the expiry of the term of appointment. Without the approval of the Supervisory Authority, the contract of appointment between the Company and the Asset Controller may not be validly terminated.

In view of the above, Article 3.6.5 of the Articles of Association shall be amended as follows:

*“3.6.5 The asset controller shall be invited to attend ~~the General Meeting~~ **the General Meeting** of the Company and shall have the right to participate in it with consultation rights.”*

52. The Articles of Association allow that in the case of an increase in the share capital of the Company in return for a cash contribution by issuing new shares, the shareholders of the Company, and subsequently the holders of convertible bonds or bonds with subscription rights, have a pre-emptive right. The purpose of the amendment to the Articles of Association is to clarify the current rules in view of the fact that in the case of a public limited company, the right of pre-emption is only available in the case of a private placement.

In view of the above, Article 6.1 of the Articles of Association shall be amended as follows:

*“6.1 In the case of an increase in the share capital of the Company in return for a cash contribution by issuing new shares **privately**, the shareholders of the Company, and subsequently the holders of convertible bonds or bonds with subscription rights, have a pre-emptive right to receive the shares.”*

53. Editing - technical amendment.

In view of the above, Article 8.1 of the Articles of Association shall be amended as follows:

“8.1 The Company shall publish information mandatory pursuant to these present Articles of Association and clause 8.2 at the website of the Company (<https://www.mbhjelzalogbank.hu>)”

54. The amendment to this provision of the Articles of Association is of a technical nature, to clarify that the address of the website (<https://kozzetetelek.mnb.hu/>) operated by the MNB, where the information published on the Company's website is available, if required by law or the rules of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság.

In view of the above, Article 8.2 of the Articles of Association shall be amended as follows:

~~“8.2 The information published on the Company's website, if required by law or the regulations of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság will also be published on the website operated by the MNB ([www.https://kozzetetelek.mnb.hu](https://kozzetetelek.mnb.hu)) or on the website of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság (<https://www.bet.hu>), if necessary in the Company Gazette (<https://www.cegkozlony.hu>)”~~

55. Editing - technical amendment.

In view of the above, Article 9.2 of the Articles of Association shall be amended as follows:

~~“9.2. In matters not regulated in these Articles of Association, the provisions of the Szhtv, the Jht, Act XXX of 1997 on Mortgage Credit Institutions and Mortgage Bonds, the Hpt., the Tpt., Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities, and the Civil Code shall apply.”~~

56. Editing - technical amendment.

In view of the above, Article 9.5 of the Articles of Association shall be amended as follows:

~~„9.5 These Articles of Association in a consolidated structure contain the amendments made pursuant to MBHJZB General Meeting Resolution 2/2/2024.(12.03.) Revoked.”~~

57. Editing - technical amendment.

In view of the above, Article 9.6 of the Articles of Association shall be revoked:

~~„9.6 Revoked These Articles of Association shall enter into force on 19 December 2024.”~~

58. Editing - technical amendment.

In view of the above, section C of Appendix 1 to the Articles of Association shall be amended as follows:

~~„C. Audit CommitteeAudit Committee”~~

The above decisions call for the amendments of the Preamble, Article 1.3, Article 1.3.1, Article 1.3.2, Article 1.3.3, Article 2.1.1, Article 2.1.2, Article 2.1.3, new Article 2.2, Article 2.3.2, Article 3.1.6, Article 3.1.7, Article 3.1.8, Article 3.1.11 (b), Article 3.1.14 (f), Article 3.1.17 (a), (g), (m), (q) and (t), Article 3.1.18, Article 3.1.19, Article 3.1.20, Article 3.1.22, Article 3.1.24, 3.1.25, changes in the numbering of the subsequent Articles as required, new Article 3.1.26.1 (a)-(f), new Article 3.1.26.2(b), Article 3.2.1, Article 3.2.2 (e), (r), (t), (w), (x) and (y), Article 3.2.3, Article 3.2.5, Article 3.2.7.5 (e), new Article 3.2.9, changes in the numbering of the subsequent Articles as required, new Article 3.2.9.1, new Article, new Article 3.3.5.1 (l), Article 3.3.5.2, Article 3.3.6.1, Article 3.3.8.1, Article 3.3.8.3, Article 3.4.1, Article 3.5.3, Article

3.6.2, Article 3.6.5, Article 6.1, Article 8.1, Article 8.2, Article 9.2, Article 9.5, Article 9.6, and section C of Appendix 1 of the Articles of Association.

The Articles of Association, as consolidated with the amendments, are attached to this proposal as Annex 1

It is proposed that the amended, consolidated Articles of Association enter into force on 22 April 2025 on condition that if the authorisation of the Magyar Nemzeti Bank to amend the Articles of Association becomes available to the Company at a later date, then the provisions of Articles 3.2.2 (e), (r), (t), (w), (x) and (y) of the Articles of Association shall apply on the date of receipt of the authorisation.

It is proposed that the General Assembly amend the Articles of Association and decide on the points to be amended in one resolution, in view of the nature of the amendments, their interdependence and the fact that they are not subject to supervisory approval.

The Supervisory Board agrees with the proposal of the Board of Directors.

1. PROPOSED RESOLUTION FOR THE GENERAL MEETING:

The General Meeting agrees to adopt a resolution to amend the Articles of Association of the Company as proposed by the Board of Directors.

2. PROPOSED RESOLUTION FOR THE GENERAL MEETING:

The General Meeting approves the amendments of the Preamble, Article 1.3, Article 1.3.1 , Article 1.3.2, Article 1.3.3, Article 2.1.1, Article 2.1.2, Article 2.1.3, new Article 2.2, Article 2.3.2, Article 3.1.6, Article 3.1.7, Article 3.1.8, Article 3.1.11 (b), Article 3.1.14 (f), Article 3.1.17 (a), (g), (m), (q) and (t), Article 3.1.18, Article 3.1.19, Article 3.1.20, Article 3.1.22, Article 3.1.24, 3.1.25, changes in the numbering of the subsequent Articles as required, new Article 3.1.26.1 (a)-(f), new Article 3.1.26.2(b), Article 3.2.1, Article 3.2.2 (e), (r), (t), (w), (x) and (y), Article 3.2.3, Article 3.2.5, Article 3.2.7.5 (e), new Article 3.2.9, changes in the numbering of the subsequent Articles as required, new Article 3.2.9.1, new Article, new Article 3.3.5.1 (l), Article 3.3.5.2, Article 3.3.6.1, Article 3.3.8.1, Article 3.3.8.3, Article 3.4.1, Article 3.5.3, Article 3.6.2, Article 3.6.5, Article 6.1, Article 8.1, Article 8.2, Article 9.2, Article 9.5, Article 9.6, and section C of Appendix 1 of the Articles of Association of the Company. The Articles of Association, as consolidated with the amendments, are attached to this resolution as Annex 1. The amended Articles of Association enter into force on 22 April 2025 on condition that if the authorisation of the Magyar Nemzeti Bank to amend the Articles of Association becomes available to the Company at a later date, then the provisions of Articles 3.2.2 (e), (r), (t), (w), (x) and (y) of the Articles of Association shall apply on the date of receipt of the authorisation.



Amended
ARTICLES OF ASSOCIATION OF MBH JELZÁLOGBANK NYILVÁNOSAN MŰKÖDŐ
RÉSZVÉNYTÁRSASÁG IN A CONSOLIDATED STRUCTURE

[modifications indicated in bold italic font]

Effective from:

Preamble

MBH Jelzálogbank Nyrt. (hereinafter: **Company**) is a member of the group of specialised credit institutions ("**MBH Bank Group**") of MBH Bank Nyrt. (registered office: 1056 Budapest Váci u. 38, company registration number: Cg. 01-10-040952; **MBH Bank**) as the parent company, as defined in the respective resolution of the National Bank of Hungary (**MNB**) issued to MBH Bank on the on the undertakings subject to supervision on a consolidated basis. Pursuant to the respective MNB Resolution, MBH Bank is the parent credit institution in accordance Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (**Hpt.**) which is responsible for the compliance of the MBH Bank Group on a consolidated basis with the requirements of the Hpt. and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012."

In addition to the above, the Company operates as a member of the Central Organization of Integrated Credit Institutions ("**Integration Organisation**"), as defined in its operating license, and as defined in Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions and on the Amendment of Certain Economic Legislation (**Szhitv**).

1. NAME, OBJECTS, REGISTERED OFFICE AND TERM OF THE COMPANY

- 1.1 Company name: **MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság**, abbreviated name: **MBH Jelzálogbank Nyrt.**

The name of the company in English: **MBH Mortgage Bank Co. Plc**

- 1.2 Company type:

- 1.2.1 The Company is a mortgage credit institution as a specialised credit institution according to its position within the financial institutions.

- 1.3 The *purpose of* the Company *by activity*

- 1.3.1 Core activity of the company:

64.92 Other lending

- 1.3.2 Other activities:

64.99 Other financial service activities, except insurance and pension funding n.e.c

66.19 Other activities auxiliary to financial services

- 1.3.3 1.3.3 On the basis of the licence issued by the supervisory authority under No 345/1998, the Company is authorised to pursue only the following activities on a commercial basis only, pursuant to Section 3 of Act XXX of 1997 on mortgage credit institutions and mortgage bonds (**Jht**):

- (a) receiving repayable funds from the public, other than collecting deposits,
- (b) granting of loans secured by mortgages on immovable property situated in Hungary or in an EEA Member State,

- (c) granting of loans without mortgages if they are backed by State guarantee,
- (d) providing surety facilities and bank guarantees, as well as other forms of banker's obligations,
- (e) trading activities in respect of interest rate swaps and with regard to foreign exchange swaps to hedge the foreign exchange risk of its currency sources, the conclusion of derivative contracts for risk management purposes only pursuant to the Jht.

1.4 Registered office: 1117 Budapest, Magyar Tudósok körútja 9. Building G.

The Company may establish branches (sites and branch offices) and bank representative offices abroad.

1.4.1 Business premises of the company:

1117 BUDAPEST	Magyar Tudósok körútja 9. Building G.
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1.5 Duration of the operation of the company: The company has been established for an indefinite period of time.

2. SHARE CAPITAL AND SHARES

2.1 The share capital

2.1.1 The share capital of the Company is HUF 10,849,030,000, i.e. **ten billion** eight hundred and forty-nine million and thirty thousand forints, representing a cash contribution made available in total amount.

2.1.2 The Company's share capital consists of 108,409,300 i.e., **one hundred and eight million** four hundred and ninety thousand three hundred ordinary shares of series "A", and nominal value of HUF 100, that is, one hundred forints, each.

2.1.3 The shares of the Company are issued as dematerialised securities, subject to the legislation on securities.

2.2 *Each ordinary share of series "A" represents identical rights.*

2.3 Keeping of the Share Register

2.3.1 The Board of Directors keeps a Share Register in line with Section 3:245 of Act V of 2013 on the Civil Code (**Ptk.**), with contents stated in Section 136 of the Hpt. The Board of Directors may be authorised to give an assignment for keeping the Register of Shares. The fact of the commission and the personal details of the commissioned person shall be published. Shareholders may exercise their shareholder rights after their registration in the Register of Shares. Data deleted from the Register of Shares must remain verifiable.

2.3.2 The Company shall request shareholders registration for the General Meeting and company events accompanied by payment from **KELER Központi Értéktár Zártkörűen Működő Részvénytársaság („KELER Zrt.”)**. In case of shareholders

registration the keeper of the Register of Shares shall delete all data in effect at the time of the shareholders registration from the Register of Shares and shall record the data according to the result of the shareholders registration in the Register of Shares. To the rules of shareholders registration the prevailing General Business Rules of KELER Zrt. shall be applicable

2.4 Transfer of shares

- 2.4.1 Transfer of shares becomes effective vis-à-vis the Company by entering of the new shareholder or the shareholder's proxy defined in Articles 151 – 155 of Act CXX of 2001 on the Capital Market ('**Tpt.**') in the Share Register. If the acquisition of shares of the Company is subject to official approval, then the shareholder's proxy may be entered in the Register of Shares only together with the shareholder

3. BODIES OF THE COMPANY AND THEIR OPERATION

3.1 General Meeting

- 3.1.1 The supreme body of the Company is the General Meeting.

A General Meeting shall be convened by means of a notice (announcement) published according to Section 8 at least thirty (30) days before the start date of the General Meeting. The General Meeting may be convened at a place other than the company's registered office in order to ensure that as many shareholders as possible and as wide a range of shareholders as possible can attend.

- 3.1.2 The Company requests a verification of owner from KELER Zrt for General Meeting, as corporate event. The date of the verification of the owner (reference date) can be the period between the 7th (seventh) and the 5th (fifth) stock exchange trading days (these days also included) prior to the General Meeting.

- 3.1.3 On the second working day preceding the day of the General Meeting, at 18 (eighteen) hours of Budapest time, the Company shall delete all data in effect at the time of the shareholders registration from the Register of Shares and shall record the data according to the result of the shareholders registration in the Register of Shares, and closes it with the details of the shareholder matching ('**Closing of the Register of Shares by the General Meeting**'). Thereafter, an entry in the Register of Shares concerning the shareholder's share ownership may be made on the business day following the General Meeting the soonest.

- 3.1.4 The Company shall publish on their website, at least twenty-one (21) days before the General Meeting, the following information:

- (a) the total number of shares and voting rights at the date of the convocation;
- (b) the proposals relating to the items on the agenda and the related reports of the supervisory board, including the draft resolutions;
- (c) the forms to be used to vote by proxy unless those forms are sent directly to each shareholder.

- 3.1.5 Simultaneously with the publication of the materials of the General Meeting, the Company shall send the invitation to the General Meeting and the related proposals

and proposed resolutions electronically to the shareholders who have previously notified the Company of this request in writing. Notifying such a request is for an indefinite time during the term of the shareholder status, until it is revoked in writing. Company notices sent by e-mail shall be deemed received by the shareholder on the day of their sending.

- 3.1.6 The business integration management organisation and the Integration Organisation shall be notified of the General Meeting simultaneously with the publication of the invitation. The notice must be accompanied by the invitation and the proposals for the agenda items and related materials, if any. The management of the Integration Organisation may, when justified, within **five (5)** days of the notice, request the Company to prepare written proposals for agenda items not containing a proposal, as indicated by the Integration Organisation. The representative of the Integration Business Management Organisation and the representative of the Integration Organisation shall be entitled to attend the general meeting of the Company with consultation rights.
- 3.1.7 ***Revoked.***
- 3.1.8 ***Revoked.***
- 3.1.9 The General Meeting has a quorum when shareholders representing more than 50% of the voting shares are present. Where a General Meeting does not have a quorum, a repeated General Meeting shall be convened to discuss items on the original agenda maximum twenty-one (21) days after the original date. The repeated General Meeting shall have a quorum regardless of the number of attendees.
- 3.1.10 The invitation to the General Meeting shall contain:
- (a) the company name and registered office of the Company;
 - (b) the date and place of the General Meeting,
 - (c) the agenda of the General Meeting;
 - (d) the manner of holding the General Meeting;
 - (e) the conditions to exercising rights to vote, as defined in these Articles of Association;
 - (f) the venue, date and time of the repeated General Meeting in case the General Meeting does not have a quorum;
 - (g) conditions to exercising rights of adding items to the agenda, and
 - (h) the place of availability of the draft resolutions and the original and complete text of the documents to be submitted to the General Meeting.
- 3.1.11 The Board of Directors is entitled, in justified cases as and when deemed necessary, to convene an extraordinary General Meeting. The Board of Directors shall convene an extraordinary General Meeting:
- (a) without delay, if the number of Supervisory Board members fell below three (3),

- (b) within eight (8) days, if requested in writing by shareholders holding at least one (1) percent of the voting rights - confirmed by the data of the Register of Shares - indicating the reason and purpose,
- (c) within eight (8) days – by simultaneously informing the Supervisory Board – in order to take appropriate measures, if it learns that as a result of losses the shareholders' equity of the Company has reduced to two-thirds of the registered capital, or the shareholders' equity has fallen below the minimum limit amount of the registered capital of the Company defined by currently effective law, or the Company is on the brink of insolvency, or it has ceased to effect payments, or the Company's assets do not provide cover for its debts.
- (d) within eight (8) days, if at least three (3) members of the Board of Directors propose, with indicating the agenda, to call the General Meeting, or
- (e) in any other case stipulated by legal regulations.

3.1.12 The Chair of the General Meeting shall be the current Chairman of the Board of Directors, or a person requested by them, except in the case of impediment, because in this case the person elected by the General Assembly by a simple majority will preside. A list of attendees shall be prepared to include shareholders present at the General Meeting. For each shareholder the list must contain the name and residential address (or registered office) of the shareholder or his/her proxy; the number of his/her shares and the number of votes he/she is entitled to; and any change in the person of attendees during the General Meeting. The list of attendees shall be authenticated by the Chair of the General Meeting and the Minute-taker, attaching their signatures to it.

3.1.13 The chair of the General Meeting:

- (a) opens the General Meeting;
- (b) establish if there is quorum;
- (c) lead the meeting, within the framework of which he/she shall grant and withdraw the right to speak and he/she may limit the duration of the speech;
- (d) order breaks;
- (e) terminate the General Meeting.

3.1.14 Minutes shall be taken at each General Meeting, containing:

- (a) the company name and registered office of the Company;
- (b) the place, the date and the procedure for holding the General Meeting;
- (c) the names of the Chair of the General Meeting, the keeper and the verifier of the minutes and of the officials counting the votes;

- (d) the most important events of, and motions made at, the General Meeting;
- (e) the draft resolutions;
- (f) for each resolution, the number of shares for which valid votes were cast and the proportion of the share capital represented by these votes;
- (g) the number of votes cast for, cast against, and the number of abstentions.

3.1.15 The minutes shall be signed by the Minute-taker and the Chair of the General Meeting, and a shareholder in attendance elected for that purpose. The Board of Directors of the Company shall place the Minutes of the General Meeting and the list of attendees among their documents and keep them as well as submit them to the court of registration within 30 days after the termination of the General Meeting. The Board of Directors of the Company shall furthermore publish the Minutes of the General Meeting incorporating the resolutions adopted at the General Meeting, the draft resolutions, the key questions and answers related to the draft resolution within 30 (thirty) days following the General Meeting as specified in Section 8

3.1.16 By giving answers to the questions arising at the General Meeting the Company shall meet the principles of informing and publishing prescribed by the law and the stock exchange regulations and shall comply with them. The Company shall have 3 (three) business days following the day of the General Meeting to answer question arisen at the General Meeting and not answered to the satisfaction of the shareholder within its framework.

3.1.17 The following shall be within the exclusive powers of the General Meeting:

- (a) * adopt and amend the Articles of Association excepting the cases in *sub-paragraph*3.2.2(h);
- (b) decision on the transformation, merger or division of the Company, and on its termination without a legal successor;
- (c) decision on the increase of the issued capital or authorisation of the Board of Directors to increase the issued capital;
- (d) decision on the exclusion or limitation of exercising pre-emptive rights in subscription;
- (e) decision on the decrease of the issued capital,
- (f) decision on the issue of convertible bonds, bonds with subscription rights or transforming bonds;
- (g) decision on the acquisition or sale of treasury shares, and authorisation of the Board of Directors for the acquisition of the treasury shares;
- (h) elect and recall the chairman and members of the Board of Directors and fix their remuneration;
- (i) amendment of the Company's core activity;

- (j) decision on filling the position of the CEO, who is at the head of the company's work organisation, and performs the operational management of the company (including especially the establishment or termination of the CEO's employment), and providing the authorisation to implement the above decisions;
- (k) decision to change the form of operation of the Company;
- (l) decision on changing the rights associated with shares and transformation of the types and classes of shares;
- (m) election and recall of the members of the Supervisory Board and the establishment of their remuneration, furthermore, election and recall of the *Audit Committee* members and the establishment of their remuneration;
- (n) election, recall and remuneration of the statutory auditor;
- (o) assessment of the work of the executive officers and members of the Supervisory Board performed in the previous business year, decision on granting a hold-harmless warrant to them;
- (p) approval of the Company's reports according to the Accounting Act and decision on the allocation of the profit after taxation;
- (q) *decision on the payment of any interim dividend with the exception of the case defined in **Sub-paragraph 3.2.2(p)***
- (r) decision on the enforcement of claims against the shareholders, Board of Directors members, Supervisory Board members or the statutory auditor;
- (s) decision on the approval of the responsible corporate governance report.
- (t) opinion vote on the remuneration policy as stipulated in Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonisation (**HRSZtv.**) ('**HRSZtv. Remuneration Policy**') and, if the legal regulation is not applicable, the remuneration report (**HRSZtv. Remuneration Report**'). The **HRSZtv.** Remuneration Policy must be put on the agenda of the General Meeting when it changes significantly, but at least every four years;
- (u) a decision to provide financial assistance to a third party for the acquisition of shares issued by the Company;
- (v) decision on entering in or exiting the Integration Organisation pursuant to the Szhitv;
- (w) decision on any matter falling within the exclusive power of the supreme body under these Articles of Association or law.

- 3.1.18 The General Meeting makes its decisions with a simple majority, except for issues for which the legal regulations or these Articles of Association stipulate different voting majority. If legal regulations stipulate unanimous decision-making regarding a certain matter, the General Meeting makes a decision on that issue with a unanimous decision. If these Articles of Association or *any provision of the law* require a qualified majority for a resolution of the General Meeting on any matter, the proposed resolution must be adopted by at least a three-quarters majority of the shareholders present.
- 3.1.19 A resolution of the **General Meeting of Shareholders** to change the Company's public form of operation to a private form of operation may be adopted only if it has the prior approval of at least 3/4 of the shareholders representing at least 1% of the votes. In connection with the prior consent, the **Board of Directors** shall invite the shareholders concerned to state in the notice of the General Meeting whether they grant their consent or not. The shareholders concerned must send their position in writing addressed to the **Board of Directors** at the Company's registered office, within the time limit set in the notice, but at least by the second day following the date of the shareholder identity verification in connection with the **General Meeting** which decides on the change of the Company's public form of operation to a private one. If the shareholder does not make a statement within the time limit set in the notice, their consent shall be deemed to have been given. No more than one consent may be validly given in respect of one share. The **Board of Directors of the Company** shall determine the shareholders concerned on the basis of the data of the shareholder identity verification relating to **the General Meeting** which decides on the change of the public form of operation of the Company to a private one.
- 3.1.20 A resolution of the General Meeting pursuant to **subsections** 3.1.17 (c), (e) and (l) may be passed if a simple majority of all shareholders in the class or series of shares concerned also give their separate consent. A class or series of shares shall be deemed to be concerned if the resolution of the **General Meeting** directly and adversely modifies the shareholder rights attached to the class or series of shares as defined in these Articles of Association. In the course thereof, the provisions on the restriction or exclusion of the voting rights attached to such shares may not be applied, not including the prohibition of exercising voting rights attached to own shares. Consent may be granted by a written decision without holding a meeting prior to the General Meeting or by the shareholders belonging to the particular share series voting on the issue separately at the General Meeting prior to the decision of the General Meeting.
- 3.1.21 The General Meeting's resolution on the increase or decrease of share capital shall be considered effective if the holders of the types or classes of shares which are considered affected grant their explicit consent to the increase or decrease of the share capital. For granting consent, the provisions of Section 3.1.20 shall govern.
- 3.1.22 The prior consent of the Integration Organisation is required for the adoption and amendment of the **Articles of Association**.
- 3.1.23 If the consent or approval of the Integration Organisation or the Integration Business Management Organisation is required for the adoption of a resolution of the General Meeting pursuant to the Szhtv., or the Articles of Association of the Integration Organisation, the management of the Company shall ensure that the necessary approvals are obtained.

3.1.24 *In the event that the General Meeting with a quorum is unable to take a decision on all the items on the agenda, it may decide, based on the proposal of the Chair, to suspend the General Meeting and hold a continuous General Meeting, specifying a new date and venue, even if it is not included in the Agenda. A General Meeting may be suspended only once and a further General Meeting must be held within 30 days of the suspension. The quorum of a previously suspended and subsequently resumed continued General Meeting shall be governed by the general rules. The continuous General Meeting may only decide on the agendas items announced for the original General Meeting on which the original General Meeting did not decide.*

3.1.25 *Voting at the General Meeting shall be conducted with computers, using voting machines. Shareholders or their proxies may, if their participation is lawful in accordance with the provisions of the Articles of Association, pick up their voting machines at the venue of the General Meeting by simultaneously proving their identity and signing the attendance sheet. If, for technical reasons, voting with voting machines is not possible, voting shall be by ballot paper or ballot block. A shareholder, including a shareholder represented by a proxy, is entitled to only one voting machine(ballot paper, voting block).*

3.1.26 **Rights and obligations of the shareholders**

3.1.26.1 Rights of the shareholders at the General Meeting

(a) The shareholder is entitled to attend the General Meeting. The Company's General Meeting may be attended by the shareholder or the shareholder's proxy specified in Sections 151-155 of the Capital Markets Act, who was registered in the Register of Shares at the Closing of the Register of Shares by the General Meeting in accordance with the result of the shareholder matching. *The Company shall not be liable for the failure of shareholders to participate or to exercise the voting rights attached to their shares if the shareholder was not entered into the share register because*

- (i) *the result of the shareholder identity verification was received by the Company after the Closing of the Share Register at the General Meeting, or*
- (ii) *the shareholder's shareholding or voting rights violate the provisions of the law or the Articles of Association.*

(b) Shareholders may also exercise their rights at the General Meeting by proxy. Members of the Board of Directors, the Supervisory Board, the auditor and the asset auditor may not act as shareholder's proxy. Senior officers of the Company may also be authorised by shareholders to participate in the General Meeting as their proxy. The proxy authorisation shall be valid for one Shareholders' Meeting or for the period of time defined therein. *If the validity of the proxy is for a period covering several General Meetings, the Company is entitled to verify the validity of the proxy before each General Meeting and to request its presentation before the General Meeting.* The proxy authorisation shall also be valid for the continuation of the suspended General Meeting and for the repeated General Meeting convoked due to the lack of quorum. The authorisation shall be drawn up in the form of a notarial deed or a private document with full probative force and shall be lodged

with the Company at the place and time indicated in the notice of the General Meeting.. The authorisation submitted by the shareholder's proxy shall state the fact that the representative acts as shareholder proxy.

- (c) ***If there are reasonable grounds to believe that the exercise of a shareholder's voting rights would result in a violation of the provisions of the Capital Market Act on the acquisition of influence, the appointed representative of the Board of Directors present on the spot and responsible for the registration of shareholders at the General Meeting or the chair of the General Meeting may exclude the shareholder concerned from attending the General Meeting or from exercising his voting rights.***
- (d) Shareholders shall have the right to receive information concerning matters on the General Meeting's agenda Accordingly, upon written request of a shareholder submitted at least eight days before the date of the General Meeting, the Board of Directors will provide the information necessary for the discussion of the item on the agenda of the General Meeting at the latest three days before the date of the General Meeting. The Board of Directors may make the exercise of the right to information as described above conditional on the submission of a written confidentiality statement by the shareholder requesting the information. The Board of Directors may refuse to disclose information and access to documents if it violated the Company's business, banking, securities or other similar secrets, if the person requesting the information ***abuses*** their right or fails to make a confidentiality statement even if requested. If the party requesting information considers the refusal of information unjustified, they may request the Court of Registration to order the Company to provide the information.
- (e) The Company ensures that the rights to be informed, to comment and to suggest at the General Meeting are granted to every shareholder attending the General Meeting, on the condition that the exercising of these rights shall not hinder the lawful and proper operation of the General Meeting. To ensure the exercise of shareholder' rights defined hereunder, the ***Chair*** of the General Meeting shall give the floor to shareholders at the General Meeting, providing that the ***Chair*** may limit speaking time, interrupt the speaker, in particular, upon deviation from the topic, and – when multiple persons are speaking simultaneously – determine the order of contributions to ensure the regular and proper operation of the General Meeting. ***The Chair of the General Meeting may stop the recording of what has been said after the speaker has been cut off and may remove the technical conditions (sound system) for the intervention.***
- (f) Voting rights attached to shares are determined by the nominal value of such shares. The shareholder cannot exercise his/her right to vote until he/she has performed his/her due cash contribution.

3.1.26.2 Minority Rights

- (a) Shareholders jointly representing at least 1% of the voting rights may request the convocation of the General Meeting at any time without

specifying the reason or the purpose. If the Board of Directors fails to take action to convene the General Meeting for the earliest possible date within eight days after the receipt of the request, the registering court shall convene the meeting in reply to the application of the shareholders suggesting the meeting or the registering court shall authorise the suggesting shareholders to convene the meeting. The expected costs shall be advanced by the suggesting shareholders.

- (b) If shareholders jointly representing at least 1% of the votes communicate a proposal to the Board of Directors to supplement the agenda in line with the rules of the levels of detail or a draft resolution concerning an item on the agenda or an item to be added to the agenda within eight (8) days after the announcement of the convocation of the General Meeting is published, the Board of Directors shall publish an announcement about the supplemented agenda, the draft resolutions proposed by the shareholders after the communication of the proposal pursuant to Section 8. The item(s) specified in such notice shall be regarded as having been added to the agenda.
- (c) If the General Meeting rejected or did not allow the submission to enforce a claim of the Company from any member, managing officer, member of the Supervisory Board or the auditor for a resolution to be adopted, shareholders representing at least 1% of the voting rights may enforce the claim themselves for the benefit of the Company and representing the Company within a thirty-day limitation period.
- (d) If the General Meeting rejected or did not allow the submission to have the last report or an economic event or commitment related to the activity of the Board of Directors in the last two years audited by a specially commissioned auditor for a resolution, the registering court shall order the audit and appoint an auditor at the cost of the Company in reply to the application of the shareholders jointly representing at least 1% of the voting rights submitted within the thirty-day limitation period following the General Meeting. The registering court shall reject the fulfilment of the application if the submitting shareholders abuse the minority rights.

3.1.26.3 Right to dividend

- (a) The shareholder shall be entitled to a dividend from the profit of the Company, which can be shared and which was ordered to be shared by the General Meeting in the proportion of the nominal value of his/her share.

3.1.26.4 Obligations of the shareholders

- (a) The shareholder shall provide cash contribution to the Company in amount corresponding to the nominal or issue value of the shares received or quoted by his/her person. The shareholder may not be validly exempted from his/her obligation - except for the case of share capital decrease.
- (b) The shareholder with at least 5% share or the shareholder acquiring such share shall report his/her indirect share and its changes to the

Company providing his/her details suitable for identification at the same time. The National Bank of Hungary shall suspend the exercising of the voting right of a member failing to perform his/her reporting obligation.

3.2 Board of Directors

3.2.1 The Board of Directors is the Company's managing body. The members of the Board of Directors represent the Company in front of third parties, courts and other authorities, unless the Company is represented by a Supervisory Board Member appointed by the Supervisory Board or a trustee appointed by the court, because judicial review of the general meeting decision was initiated by one or more senior executives of the Company, therefore, the Company has no such senior executive officer who could represent the Company. The Board of Directors establishes and manages the organisational structure of the Company, pursuant to Section 150 of the Hpt., with a view to the provisions of **Section 3.1.17(j)**, exercises the employer's rights over the executive officers (CEO and deputy CEOs) as stipulated in the Hpt."

3.2.2 The following falls within the exclusive competence of the Board of Directors:

- (a) formulating its position and proposal on the items on the agenda of the General Meeting, submitting them to the Supervisory Board then, together with the opinion of the Supervisory Board, to the General Meeting;
- (b) ensure that the Annual Report is prepared in accordance with the Accounting Act and a proposal is developed for the appropriation of the after-tax profit; and hand them over, together with the external Auditor's opinion, to the Supervisory Board; then present them, together with the Report of the Board of Directors, the Report of the Supervisory Board, and the report on the business policy of the Company, to the annual ordinary General Meeting;
- (c) conclusion of a contract with the permanent auditor for the audit with terms and conditions specified by the General Meeting;
- (d) keeping the Register of Shares of the Company and approval of entries in the Register of Shares;
- (e) establishment and approval of the business policy, strategy, (including, but not limited to, decisions on geographical expansion or entry into new business areas, exit from existing business areas, joint ventures with third parties, syndicate or consortium agreements), business plan and related product portfolio of the Company;
- (f) determination of the terms and conditions of the contracts of appointment to be concluded with the asset controller;
- (g) approval of the regulations on the registration of collateral records and the determination of the value of collateral;

- (h) amending the headquarters, sites, branches and the activities of the Company - except for the core activities - and amending the Articles of Association according to thereof.
- (i) implementation and execution of the decisions made by MBH Bank (**‘MBH Bank Group Governance’**) required in order to comply with the consolidated requirements laid down under the Act on Credit Institutions and Financial Enterprises and Regulation (Hpt.) and in Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 thus especially the implementing and execution of the group-level policies issued during MBH Bank’s Group Management Activity;
- (j) approval of the Company’s Code of Organisation and Operation, furthermore, the approval of all internal regulations the approval of which is delegated to the competence of the Board of Directors by the law or internal regulations;
- (k) approval of the rules of procedure of the Board of Directors;
- (l) authorising the employees of the Company with joint signatory rights;
- (m) submission of the Supervisory Board’s proposal with regard to the person of the statutory auditor of the Company to the General Meeting;
- (n) a decision to grant internal credit within the limits set by the applicable legislation;
- (o) in the cases provided for in the Civil Code, a decision, with the prior approval of the Supervisory Board, on the approval of the Company's interim financial statements,
- (p) a decision, subject to the prior approval of the Supervisory Board, on the the payment and distribution of interim dividend pursuant to section 3:263(1) of the Civil Code (in this case, the decision on the payment of dividend advances does not require the decision of the General Meeting);
- (q) in cases not settled in regulation specified in Section 3.8.2, decision on the acquisition of any holding by a member of the Board of Directors, excluding a public limited company, or approval of the acceptance of the mandate of an Executive Officer in another business association;
- (r) decision on the approval of significant transactions with related parties in accordance with the *HRSZtv*, with the exception of transactions pursuant to Section 24 of the *HRSZtv*;
- (s) decisions on all exposures which are not referred to the competence of another decision-making body or person by law, these Articles of Association, the Group-level regulations issued by the MBH Bank within the framework of its Group Management Activity, or the Integration-level policy issued by the integration business management organisation or the Company's internal regulations;

- (t) prior discussion of the proposals of the **Supervisory Board** to be submitted to the General Meeting;
- (u) a decision to delist a share from a regulated market if the share is traded on another regulated market (transfer);
- (v) decision on the acquisition of treasury shares based on the authorisation of the General Meeting;
- (w) **revoked;**
- (x) **revoked;**
- (y) *decision on all issues rendered to the exclusive competence of the Board of Directors by law, these **Articles of Association**, the group-level regulation issued within the framework of the Group Management Activities of MBH Bank, or the Integration-level policy issued by the integration business management organisation or the internal regulations of the Company.*

3.2.3 The **Board of Directors** may not delegate its powers under the powers delegated by the General Meeting, but may authorise another body of the Company to implement its decisions.

3.2.4 Pursuant to the relevant legislation and the respective MNB Resolution, the basic obligation of MBH Bank as parent credit institution is to ensure the consolidated prudential compliance of the MBH Bank Group. An essential precondition for the execution of this obligation of MBH Bank is that the Company, as a member of the MBH Bank Group, properly implements and applies the corporate governance (and other relevant) rules established by MBH Bank. Accordingly, in exercising all the competencies set out in Section 3.2.2 above, the Board of Directors shall comply with the relevant legislation

- (a) take into account the decisions made by MBH Bank in the course of the MBH Bank's Group Management Activity of the MBH Bank and to implement them as necessary (including, among others, the decisions made by MBH Bank in connection with transactions and commitments exceeding the value limits specified in the group-level regulations);
- (b) perform the tasks allocated to the Board of Directors by MBH Bank within the framework of the MBH Bank's Group Management Activity;
- (c) provide MBH Bank the information necessary for the establishment of the Group Management Activity of MBH Bank in accordance with Section 172 (5) of the Hpt. in a complete and efficient manner, in the order established by the MBH Bank; and
- (d) in relation to the above, cooperate with the other members of the MBH Bank Group in accordance with the decisions of MBH Bank.

The Group Management Activity of MBH Bank may not result in a situation where the liability of the executive officers of the Company for the individual level of compliance included in the Hpt. is violated.

- 3.2.5 ***Revoked.***
- 3.2.6 The Board of Directors shall prepare a report at least annually to the General Meeting and at least quarterly to the Supervisory Board on the management, financial position and business policy of the Company.
- 3.2.7 Members of the Board of Directors
- 3.2.7.1 The Board of Directors consists of at least three (3) and not more than (9) members. Only a natural person may be a member of the Board of Directors and at least two members of the Board of Directors must be employed by the Company. The executive directors of the Company may be elected as such internal board members.
- 3.2.7.2 At least two members of the Board of Directors must be considered to be residents under the foreign exchange legislation, including a person with the right of free movement and residence, and must have been domiciled for at least one year.
- 3.2.7.3 The members of the Board of Directors are elected by the General Meeting for a fixed term of up to five (5) years.
- 3.2.7.4 The names and details of the members of the Board of Directors are included in Appendix 1 to the Articles of Association. The name and details of the Chief Executive Officer are included in Appendix 1 to the Articles of Association. Appendix 1 to the Articles of Association may be amended separately in the event of a change to these persons and their particulars which does not entail amendment of the Articles of Association.
- 3.2.7.5 Membership in the Board of Directors is terminated upon:
- (a) expiry of the term of mandate;
 - (b) recall;
 - (c) resignation;
 - (d) the termination of the employment relationship of the internal member of the Board of Directors;
 - (e) arising of any statutory grounds for disqualification, for conflict of interest or in other cases specified by law, or
 - (f) death of the member of the Board of Directors;
- 3.2.7.6 Members of the Board of Directors may resign at any time. If required by the operability of the Company the resignation shall enter into force on the sixtieth (60.) day from the announcement of the resignation, at the latest. During the period before the resignation becomes effective, the member of the Board of Directors shall participate in making high-priority decisions and/or taking such actions.
- 3.2.8 Chairman of the Board of Directors

- 3.2.8.1 The Chairman of the Board of Directors shall organize the work of the Board of Directors; make preparations for the meetings of the Board of Directors; ensure the efficient operations of the Board of Directors; and represent the Board of Directors vis-a-vis third parties. The Chairman of the Board of Directors shall have the right to convene a Select Committee independently.

3.2.9

Rules of procedure for the Board of Directors

- 3.2.9.1 *Unless otherwise provided by law, the Board of Directors has a quorum if a majority of its members are present. It shall take its decisions by a simple majority, unless otherwise provided by law. The detailed rules for the operation of the Board of Directors are laid down in its rules of procedure.*

- 3.2.9.2 *The meetings shall be convened and conducted in compliance with the provisions of the Rules of Procedure of the Board of Directors.*

- 3.2.9.3 The members of the Board of Directors may provide their opinions and adopt resolutions in writing, in a manner as defined in the by-laws of the Board of Directors, without holding a meeting, based on proposals received through the **telephone, delivery (by post or in person) electronic mail**, electronic devices or through some other similar delivery method, pursuant to Section 151 (4) of the Hpt. In that case members of the Board of Directors shall send their votes in writing (including email) to the registered office of the Company within five (5) working days after receipt of the proposal sent by the Chairman of the Board of Directors. The chairman of the Board of Directors has the right, in justified cases, to stipulate a shorter reasonable deadline than five (5) working days, and to extend the deadline by up to three (3) working days. A failure of meeting the deadline shall be regarded as if the member of the Board of Directors did not participate in the meeting.

- 3.2.10 Members of the Board of Directors, their relatives may conclude transactions with the Company, falling within the scope of the main activities of the Company, in their own name or on their own account, within the limits and with the approvals of by the rules of law applying to credit institutions and by the rules of law on investment services.

- 3.2.11 The Chairman of the Board of Directors may propose the specification of audit tasks additional to the annually planned audit tasks for the internal audit organisation to the Supervisory Board or the Head of the internal audit organisation.

3.3 The Supervisory Board

- 3.3.1 The Supervisory Board shall control the management of the Company in order to protect the interests of the Company. As part of this task, the Supervisory Board may request reports or information from members of the Board of Directors and the executive officers of the Company. The requested reports and information must be sent to the chair of the Supervisory Board in writing, within thirty (30) working days from the request.

- 3.3.2 The Supervisory Board may review the Company's documents, accounting records and books, and may also review, or have reviewed by an expert, the company's contracts, payment accounts, and stock of cash, securities and goods.

The Company shall allow the Supervisory Board to access information on the Company's risks, the risk control function, and external experts' opinions. If the Supervisory Board wishes to contract experts to perform its supervisory functions, the Board of Directors must comply with the Supervisory Board's request to that effect.

- 3.3.3 The Supervisory Board can initiate the convocation of the Board of Directors and can make proposals for the items on the agenda.

- 3.3.4 If, in the Supervisory Board's judgement, the activity of the Board of Directors violates any legal regulation or the Articles of Association, a resolution of the supreme decision-making body, or the Company's interests in any way, then the Supervisory Board may initiate an extraordinary General Meeting so that the resolutions required in the matter are taken.

- 3.3.5 The Supervisory Board is specifically entitled and obliged to perform the following tasks.

3.3.5.1 The Supervisory Board

- (a) ensures that the company has a comprehensive control system allowing for successful operation;
- (b) reviews the Company's annual and interim financial reports, as well as the quarterly reports by the Board of Directors on the Company's executive management, financial position and business policy;
- (c) submit proposals to the Shareholders' Meeting concerning the person and the remuneration of the auditor to be elected;
- (d) governs the internal audit organisation;
- (e) accept the annual control plan of the internal audit organisation, it shall discuss the quarterly and other reports submitted by the internal audit organisation, and oversee the implementation of the measures to be taken;
- (f) if needed, stipulate control tasks for the internal audit in addition to those included in the annual plan of the internal audit organisation;
- (g) hires external experts to support the work of internal auditors if necessary;
- (h) makes proposals to change the headcount of the internal audit unit;
- (i) works out proposals and recommendations based on internal audit findings;

- (j) reviews the proposals drafted for the General Meeting in advance;
- (k) defines its own annual work plan;
- (l) exercises its competence in relation to the remuneration policy pursuant to *Section* 117 (5) of the Hpt.;
- (m) approves the rules of procedure of the Audit Committee;
- (n) approves the rules of procedure of the Supervisory Board, which shall be effective without the approval of the General Meeting;
- (o) elects the Chairman of the Supervisory Board;

3.3.5.2 The General Meeting may only decide on the financial reports stipulated in the Accounting Act and on the utilisation of the after-tax profit based on the Supervisory Board's written report. The General Meeting may only decide on the payment of dividend advance with the Supervisory Board's approval.

3.3.5.3 The prior consent of the Supervisory Board is needed for

- (a) decisions on the establishment of employment and termination of employment by the employer of the head of the internal audit organisation;
- (b) termination (ordinary or with immediate effect) of employment of the chief risk officer,
- (c) passing a Board of Director's resolution on accepting the company's interim balance sheet;
- (d) passing the Board of Director's resolutions on internal loans to non-consumers.

3.3.5.4 The Supervisory Board reviews the regular and ad-hoc reports prepared or discussed by the Board of Directors as requested by the Board of Directors, and specifically the quarterly reports on the Company's financial position and business policy, the quarterly risk reports, the quarterly reports on the prevention of money laundering and terrorist financing and compliance, as well as internal audit reports.

3.3.5.5 The supervisory body shall put the items recommended by the auditor on the agenda.

3.3.6 Members of the Supervisory Board

3.3.6.1 The Board of Directors consists of at least three (3) and not more than nine (9) members. The members of the Supervisory Board must be natural persons.

- 3.3.6.2 The members of the Supervisory Board are elected by the General Meeting for a definite term of maximum five (5) years. One third of the Supervisory Board's members are employees who are nominated by the Workers' Council based on the opinion of the Company's trade unions; these employees must be elected Supervisory Board members by the General Meeting, unless their membership is excluded by any legally stipulated reason. If such members are not nominated, the positions of employees' representatives shall remain vacant.
- 3.3.6.3 A nominee shall become a Supervisory Board member without concluding a contract to that effect, by signing a declaration of acceptance. The legal relationship of Supervisory Board membership shall be governed by the rules applicable to service agreements. The members may be re-elected and their membership may be terminated by the General Meeting at any time, without citing the reason for doing so in line with the provisions of this Articles of Association. The membership of the employees' delegate, delegates may be terminated by the General Meeting upon a proposal by the Workers' Council.
- 3.3.6.4 The names and details of the members of the Supervisory Board are included in Appendix 1 to the Articles of Association. The name and details of the Chief Executive Officer are included in Appendix 1 to the Articles of Association. Appendix 1 to the Articles of Association may be amended separately in the event of a change to these persons and their particulars which does not entail amendment of the Articles of Association.
- 3.3.6.5 Membership in the Supervisory Board is terminated upon:
- (a) expiry of the term of mandate;
 - (b) recall;
 - (c) via a declaration of resignation addressed to the chair or a member of the Board of Directors,
 - (d) arising of any statutory grounds for disqualification, for conflict of interest or in other cases specified by law;
 - (e) the death of the Supervisory Board member.
- 3.3.6.6 The Supervisory Board membership of a person delegated by employees ends when his/her employment terminates for any reason.
- 3.3.6.7 A Supervisory Board member may resign at any time. The resignation shall become effective upon the election of a new member of the Supervisory Board if required by the operability of the Company or, in the lack of that circumstance, on the sixtieth (60th) day from the announcement of the resignation, at the latest. Until the resignation takes effect, the Supervisory Board Member is obliged to participate in making unpostponable decisions and taking such actions.

3.3.7 The Chairman of the Supervisory Board

- 3.3.7.1 The chair of the Supervisory Board is decided by a simple majority vote of the members of the Supervisory Board. The chairman of the Supervisory Board organises the work of the Supervisory Board, prepares for its meetings, ensures its effective and operation and represents it towards third persons.

3.3.8 Operation of the Supervisory Board

- 3.3.8.1 *Unless otherwise provided by the law, the Supervisory Board has quorum only if at least two thirds of its members are present at the meeting. It shall take its **resolutions** by a simple majority, **unless otherwise provided by law. The detailed rules for the operation of the Supervisory Board are laid down in its rules of procedure.***
- 3.3.8.2 The meetings shall be convened and held in compliance with the provisions of the By-laws of the Supervisory Board. The CEO must be invited to the meetings of the Supervisory Board.
- 3.3.8.3 The members of the Supervisory Board may provide their opinions and adopt resolutions in writing, in a manner as defined in the rules of procedure of the Supervisory Board, without holding a meeting, based on proposals received through the **telephone, delivery (by post or in person) electronic mail**, electronic devices or through some other similar delivery method, **pursuant to Section 151 (4) of the Hpt.** In that case members of the Supervisory Board shall send their votes in writing (including email) to the registered office of the Company within five (5) working days after receipt of the proposal sent by the Chairman of the Supervisory Board. The chair of the Supervisory Board may stipulate a shorter reasonable deadline than five (5) working days, and may also extend the deadline by up to three (3) working days. If a member's vote does not arrive by the deadline, the member shall be deemed not to have attended the Supervisory Board meeting.
- 3.3.8.4 The employee delegates have the same rights and obligations as other members of the Supervisory Board. If the unanimous opinion of employees' delegates differs from that of the majority of the Supervisory Board, then the General Meeting must be informed of the minority opinion of the employees' delegates.

3.4 Audit Committee

- 3.4.1 The Company operates an Audit Committee of **at least** three (3) and **not more than six (6)** members. The members of the Audit Committee shall be elected by the General Meeting from among the independent members of the Supervisory Board. At least one member of the Audit Committee shall have competence in accounting or auditing.
- 3.4.2 The names and details of the members of the Audit Committee are included in Appendix 1 to the Articles of Association. The name and details of the Chief Executive Officer are included in Appendix 1 to the Articles of Association. Appendix 1 to the Articles of Association may be amended separately in the event of a change to these persons and their particulars which does not entail amendment of the Articles of Association.

3.4.3 Tasks and competences of the Audit Committee:

- (a) giving an opinion on the annual report;
- (b) proposal for the person and remuneration of the auditor;
- (c) preparation of the contract to be concluded with the auditor;
- (d) monitoring the enforcement of the professional requirements of the auditor and of the provisions of conflict of interests, perform the tasks related to the cooperation with the auditor, and - if necessary - recommend actions to be taken to the Supervisory Board;
- (e) analyzing of the financial reporting system and making recommendations when any action is deemed necessary;
- (f) assisting the work of the Supervisory Board in the interest of appropriately controlling the financial reporting system.
- (g) performs other tasks within its competence under the law.

3.5 Statutory Auditor

- 3.5.1 The General Meeting shall elect a statutory auditor for a period of no more than two (2) years for carrying out the audits of accounting documents as specified in the Accounting Act.
- 3.5.2 The names and details of the statutory auditor are included in Appendix 1 to the Articles of Association. The name and details of the Chief Executive Officer are included in Appendix 1 to the Articles of Association. Appendix 1 to the Articles of Association may be amended separately in the event of a change to these persons and their particulars which does not entail amendment of the Articles of Association.
- 3.5.3 In order to carry out his/her duties the statutory auditor shall have access to the documents, accounting records and the books of the Company, he/she can request information of the members of the Board of Directors, the Supervisory Board and of the employees of the Company, he/she shall be entitled to inspect the payment accounts, cash desk, securities portfolio, inventories and the contracts of the Company. The statutory auditor can be present at the meetings of the Supervisory Board with the right of consultation and is obliged to participate in the meetings if so requested by the Supervisory Board.
- 3.5.4 In the absence of the statutory auditor's opinion, no valid resolution may be adopted by the Shareholders' Meeting on the financial statements prepared under the Accounting Act.
- 3.5.5 The statutory auditor's assignment shall be considered accepted upon concluding a contract of assignment with the Company within ninety days following the date of the auditor's election. The term of the statutory auditor's mandate may not be shorter than the period beginning when the auditor is elected by the General Meeting and ending at the time of the General Meeting convened to approve next year's financial statements prepared under the Accounting Act.

- 3.5.6 If the Company chooses an auditor company to act as statutory auditor of the Company the statutory auditor (company) shall appoint the person to be personally liable for carrying out the audit. In the event of any extended absence of the designated person, substitute auditors may be appointed. Such persons shall be approved by the General Meeting.
- 3.5.7 The statutory auditor may be re-elected unless excluded by the rules of law. An auditor employed or appointed by an auditor company, as well as the auditor personally liable for carrying out the audit may perform auditing tasks for the Company for a maximum period of five years.
- 3.5.8 The mandate of the statutory auditor terminates upon:
- (a) recall;
 - (b) expiry of the term of mandate as defined in the contract entered into with the auditor;
 - (c) termination of the contract by the auditor;
 - (d) occurrence of a disqualification regulated by law.
- 3.6 Asset Controller
- 3.6.1 In order to ensure the lawful operation of the Company and to verify and certify the collateral records of the mortgage certificates bonds issued by the Company on a continuous basis and within the scope provided by law, the Board of Directors of the Company shall appoint an Asset Controller. The validity of the mandate of the Asset Controller shall be subject to the approval of the Supervisory Authority.
- 3.6.2 The asset controller may be appointed for a fixed term of up to five (5) years, and may be re-appointed after the expiry of the term of appointment. Without the approval of the Supervisory Authority, the contract of appointment between the Company and the Asset Controller may not be validly terminated.
- 3.6.3 The Company may not instruct the Asset Controller in the course of their duties as Asset Controller.
- 3.6.4 The asset controller may at any time inspect the books and other records of the Company which contain information necessary for the performance of their duties and may request information in connection with the performance of their duties. Even without that, the Company shall keep the Asset Controller informed of the principal and interest repayments on mortgage loans entered in the collateral records and of changes in the pledged assets and in the additional collateral.
- 3.6.5 The asset controller shall be invited to attend *the General Meeting of the Company* and shall have the right to participate in it with consultation rights.
- 3.7 Chief Executive Officer (CEO)
- 3.7.1 The Chief Executive is the chief managing director according to the Hpt. The CEO and their deputy/deputies appointed by him/her are internal members of the Board of Directors by their election by the General Meeting. The CEO directs the Company's work organisation. All matters except for those falling within the exclusive

authority of the General Meeting, of the Supervisory Board, or of Board of Directors, fall within the scope of authority of the Chairman and CEO.

- 3.7.2 If the same person is elected Chairman of the Board of Directors and Chief Executive Officer of the Company, he shall be entitled to use the title of Chairman and Chief Executive.
- 3.7.3 In exercising all the competencies of the Chief Executive Officer, the provisions of Section 3.2.4 shall apply *mutatis mutandis*.
- 3.7.4 The name and details of the Chief Executive Officer are included in Appendix 1 to the Articles of Association. Appendix 1 to the Articles of Association may be amended separately in the event of a change to these persons and their particulars which does not entail amendment of the Articles of Association.
- 3.7.5 The Chief Executive may stipulate for the internal audit organisation control tasks in addition to those included in its annual plan of the internal audit organisation, based on the subsequent notification of the Supervisory Board.
- 3.7.6 The employer's rights over the internal auditor shall be exercised by the Chief Executive within the scope of these Articles of Association.
- 3.7.7 The CEO may delegate any of the employer's rights to an employee of the Company through the internal regulations approved by the Board of Directors.

3.8 Common rules for executive officers

- 3.8.1 An executive officer of the Company may be an executive officer without restriction and may acquire, directly or indirectly, a stake in a legal entity subject to consolidated supervision with the Company even if it performs the same economic activity as the Company as its core activity. If the executive officer of the Company accepts a new appointment of senior executive, they shall notify the Company of this fact within 15 (fifteen) days from the acceptance of the position.
- 3.8.2 The Group-level Policy issued by MBH Bank within the framework of the its Group Governance Activity may divert from the provisions of Section 3:115 of the Civil Code.

4. COMPANY SIGNATURE, REPRESENTATION

4.1 Representation in writing (company signature)

4.1.1 Company signatories:

- (a) two members of the Board of Directors jointly;
- (b) a member of the Board of Directors jointly with an authorised signatory employee of the Company,
- (c) any two authorised signatory employees of the Company.

5. BUSINESS YEAR, BALANCE SHEET, PROFIT DISTRIBUTION

- 5.1 The Company's business year starts on 1 January and ends on 31 December.

- 5.2 In accordance with the accounting rules in force as amended from time to time, an annual report shall be prepared on each business year.
- 5.3 Dividend payment
- 5.3.1 The decisions on dividend payment as well as the method and timing thereof shall be made by the General Meeting. The basis of the payment of dividend is the face value of the share.
- 5.3.2 The Company requests a verification of owner from KELER Zrt for dividend payment, as corporate event. The date of the shareholder identification ('**Dividend Date**') is the fifth (5th) stock exchange trading day preceding the start date of the dividend payment. The Rules related to the shareholder identification are included in the effective regulation of KELER Zrt.
- 5.3.3 Minimum ten (10) business days must pass between the date of the resolution on dividend payment adopted by the General Meeting and the start date of the dividend payment, on the condition that the payment of the dividend must begin within one hundred and eighty (180) days after the relevant resolution of the General Meeting is adopted.
- 5.3.4 The Company shall pay the dividend to the Shareholders by transfer from the date determined by the relevant General Meeting resolution. Minimum ten (10) business days must pass between the publishing of the announcement including the start date of the dividend payment and the amount of the dividend, and the start date of the dividend payment.
- 5.3.5 Shareholders shall be entitled to dividend if based on the verification of owners requested for the Dividend Date the shareholder is registered in the Register of Shares and their share property does not violate the provisions of the relevant law. The shareholder shall be entitled to dividend in the percentage of its already performed cash contribution.
- 5.3.6 In the case of requests received after the Dividend Date the Company shall pay dividend if (i) the keeper of the securities account verifies that on the Dividend Date the shareholder held shares in quantity specified in the dividend payment claim and declares that dividend was not yet paid for these shares, (ii) and the notification sent by KELER Zrt. for the Dividend Date verifies that the securities account keeper is authorised to issue the certificate in terms of the share quantity specified in the dividend payment claim.
- 5.3.7 The General Meeting may adopt a resolution on the payment of advance on dividend during the period between the approval of two consecutive reports, if
- (a) according to the interim balance sheet, the company has funds sufficient to cover such interim dividends;
 - (b) the amount distributed does not exceed the amount of untied retained earnings supplemented by the after-tax profit shown in the interim financial statement; and
 - (c) the payment of such interim dividends may not result in the company's adjusted equity capital to drop below its share capital.

- 5.3.8 Decision on the dividend payment can be made based on the recommendation of the Board of Directors. The approval of the Supervisory Board shall be necessary for the recommendation of the Board of Directors. If from the annual report prepared after the payment of the advance on dividend it can be established that dividend payment shall not be possible, the shareholders shall repay the advance on dividend upon the call of the Company.
- 5.3.9 The claim for dividend payment shall lapse after five (5) years following the start date of dividend payment. Unclaimed dividends shall be allocated to the assets in excess of the issued capital.
- 5.3.10 The Company shall publish a notice on the start day of the dividend payment and its order pursuant to Section 8.
- 5.3.11 The provisions on the payment of dividends set out in this Section 5.3 shall also apply mutatis mutandis to the payment of the interim dividend even if the interim dividend payment is decided by the Board of Directors.

6. PRE-EMPTION RIGHT FOR SUBSCRIPTION

- 6.1 In the case of an increase in the share capital of the Company in return for a cash contribution by issuing new shares *privately*, the shareholders of the Company, and subsequently the holders of convertible bonds or bonds with subscription rights, have a pre-emptive right to receive the shares.
- 6.2 All shareholders of the Company are entitled to exercise the pre-emptive right in the same order, in proportion to their shareholding. Holders of convertible bonds or bonds with subscription rights are entitled to exercise their pre-emptive rights in the same order after the shareholders. If several pre-emptive shareholders exercise their pre-emptive rights in such a manner that the total number of shares to be subscribed for under their pre-emptive rights exceeds the total number of pre-emptive shares (to be marketed), they are entitled to acquire the number of shares affected by the pre-emptive right in the proportion to which their share in the share capital of the Company relates to each other at the time of the decision to increase capital.
- 6.3 The Board of Directors shall, within eight (8) days from the date of the resolution of the General Meeting or the Board of Directors deciding to increase the share capital with a cash contribution, notify the shareholders of the Company in writing about the option and manner of exercising the pre-emptive right, such as the nominal value and issue value of the transferable shares and the start and end dates of the period open for enforcement (at least fifteen (15) days). Shareholders may declare in a written declaration sent to the Board of Directors during the above period whether they wish to exercise their pre-emptive rights. If a shareholder does not make a declaration within that period, it shall be deemed that the shareholder concerned does not wish to exercise their pre-emptive right. The pre-emptive rights specified in this section shall apply mutatis mutandis in the case that the Company issues convertible bonds or bonds providing subscription rights.

7. CESSATION OF THE COMPANY

The Company may be wound up without a legal successor as regulated in the Szhitv. and Hpt. In this case, the shareholders shall be entitled to all assets remaining after the satisfaction of creditors' claims.

8. DISCLOSURES, INFORMATION

- 8.1 The Company shall publish information mandatory pursuant to this present Articles of Association and Section 8.2 at the website of the Company (<https://www.mbhjelzalogbank.hu>)
- 8.2 *“The information published on the Company's website, if required by law or the regulations of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság will also be published on the website operated by the MNB (<https://kozzetetelek.mnb.hu>) or on the website of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság (<https://www.bet.hu>), if necessary in the Company Gazette (<https://https://www.cegkozlony.hu>)*

9. MISCELLANEOUS PROVISIONS

- 9.1 The chairman and members of the Board of Directors and the Supervisory Board as well as of the boards working at the Company, furthermore the external auditor must keep all information about the Company's business confidential, as business secrets, without temporal limitation.
- 9.2 In matters not regulated in these Articles of Association, *the* provisions of the Szhitv, the Jht., the Hpt, the Tpt and the Civil Code shall apply.
- 9.3 Joint and several liability
- 9.3.1 The Integration Organisation and its members, including the Company, shall be jointly and severally liable for all obligations of each other, irrespective of the time at which they arise.
- 9.4 Disputes
- 9.4.1 The Company may also appeal to the courts in accordance with the rules on judicial review of corporate decisions against a decision or instruction of the Board of Directors of the Integration Business Management Organisation under the Szhitv. The appeal to the court shall not have suspensory effect and the decision or order shall be enforced within the time limit specified therein.
- 9.4.2 The Company may appeal to a court against an order or decision addressed to it by the Integration Organisation on the grounds of whether the order or decision complies with the law, other legislation and regulations issued by the Integration Organisation, and with specific guidelines and other rules of the Integration. An appeal to the court has no suspensive effect and the order or decision must be implemented within the time limit specified therein.
- 9.5 ***Revoked.***
- 9.6 ***Revoked.***

Date: Budapest, 22 April 2025

1. SZ. FÜGGELÉK

A. Its Board of Directors'

A.1. member(chairman):

name: József Vida
home address: 2060 Bicske, Hungarian Sándor utca 3.
mandate term: 01.12.2021 – 30.11.2026

A.2. member:

name: Dr. Gyula László Nagy
home address: 1147 Budapest, Ilosvai Selymes utca 91.
mandate term: 01.12.2021 – 30.11.2026

A.3. member:

név: Illés Tóth
home address: 1045 Budapest, Erzsébet utca 6.
mandate term: 01.12.2022 – 30.11.2026

A.4. member:

name: Dr. Ilona Török
home address: 1037 Budapest, Jablonka út 45/A.
mandate term: 11.14.2022 – 30.11.2026

A.5. member:

name: Ildikó Ginzer
home address: 9082 Nyúl, Kossuth utca 22.
mandate term: 01.12.2021 – 30.11.2026

A.6. member:

name: Szabolcs Károly Brezina
home address: 1125 Budapest, Trencsényi u. 37.
mandate term: 09.12.2022 – 30.11.2026

B. Supervisory Board

B.1. member(chairman):

name: Dr. Géza Károly Láng
home address: 2071 Páty, Kovács Imre utca 11.
mandate term: 05.08.2022 – 02.01.2027

B.2. member:

name: Péter Krozsanovich
home address: 8251 Zánka, Dózsa György u. 52.
mandate term: 29.06.2023 – 02.01.2027

B.3. member:

name: Dr. Tibor Lélfa Koppány
home address: 1082 Budapest, Baross utca 21. 4th floor 1.
mandate term: 03.01.2022 – 02.01.2027

B.4. member:

name: dr. Éva Szilvia Gödör
home address: 1068 Budapest, Benczúr utca 5. 2nd floor 18.
mandate term: 03.01.2022 – 02.01.2027

B.5. member:

name: dr. Ákos Ferenc Tisza-Papp
home address: 1141 Budapest, Fogarasi út 104. 1st floor 3.
mandate term: 29.11.2022 – 02.01.2027

B.6. member:

name: András Bakonyi
home address: 1112 Budapest, Rákó utca 25. 2/2.
mandate term: 24.04.2024 – 02.01.2027

C. Audit Committee

C.1. member(chairman):

name: Péter Krozsanovich
home address: 8251 Zánka, Dózsa György u. 52.
mandate term: 29.06.2023 – 02.01.2027

C.2. member:

name: dr. Éva Szilvia Gödör

home address: 1068 Budapest, Benczúr utca 5. 2nd floor 18.
mandate term: 03.01.2022 – 02.01.2027

C.3. member:

name: Dr. Géza Károly Láng
home address: 2071 Páty, Kovács Imre utca 11.
mandate term: 14.11.2022 – 02.01.2027

D. Auditor

D.1. audit firm performing the statutory audit:

company: PricewaterhouseCoopers Könyvvizsgáló Kft.
registered office: 1055 Budapest, Bajcsy-Zsilinszky út 78.
company reg. no.: 01-09-063022
mandate term: 01.06.2024 – 31.05.2025

D.2. natural person auditor responsible for the audit:

name: Balázs Árpád Mészáros
home address: 1137 Budapest, Katona József u. 25, 5th floor 4.

E. Chief Executive:

name: Dr. Gyula László Nagy
home address: 1147 Budapest, Ilosvai Selymes utca 91.
mandate term: 26.04.2017

Effective from

Information on voting rights attached to its shares and on the share capital of MBH Mortgage Bank Co Plc.

On 31 March 2025, the amount and the composition of the Company's share capital is as follows:

Series	Face value (HUF)	Shares issued	Total face value (HUF)
Series "A" (ordinary shares)	100	108 490 300	10 849 030 000
Amount of share capital		108 490 300	10 849 030 000

Voting rights attached to the shares on 31 March 2025:

Series	Shares issued	Voting rights attached to shares	Voting rights / shares	Total voting rights	Treasury shares
Series "A" (ordinary shares)	108 490 300	108 236 699	1	108 236 699	253 601
Total	108 490 300	108 236 699		108 236 699	253 601

Budapest, on 31 March 2025

MBH Mortgage Bank Co Plc.