



Excellence **EXCELLENCE** at UniCredit

UniCredit is a pan-European **Bank** with a unique service offering in Italy, Germany, Austria, and Central and Eastern **Europe**. Our Purpose is to **Empower Communities** to Progress, delivering the best-in-class solutions and services for all stakeholders, unlocking the potential for our clients and our people across Europe.

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The 2024 Annual Reports and Accounts of UniCredit Group can be read here: https://financialreports.unicredit.eu/

The UniCredit Group 2024 results

UniCredit at a glance

UniCredit: a pan-European network empowering thirteen banks, leveraging Group synergies

Confirming our value proposition

UniCredit is well-rooted in local communities and has a leadership position in the Countries and Regions where we have a presence, especially in terms of profitability and efficiency. Local banks manage their day-to-day operations, cascade and execute the Group Strategy. The Group sets the overarching direction and harmonises scalable activities, bringing everything under a common denominator.

Offering our clients a gateway to Europe

Our core operations are located in Italy, Germany, Austria and Central and Eastern European Countries, all served by three high-quality product factories: Corporate, Individual and Group Payment Solutions. Our approach allows us to be as close as possible to our clients while also using the scale of the entire Group for developing and delivering the best products across our markets.

Placing clients at the centre

We provide top-tier products and solutions, strategic advice and innovation to over one million SMEs and corporates, as well as 14 million affluent, private and other retail clients.

Our best in class in-house solutions, complemented with the top industry expertise of our partners, and powered by reliable digital and data capabilities, create significant value for our clients, firmly positioned at the centre of all we do.

Leading banks

Coverage Regions

>75,000

Product factories

Employee Networks active members³



High-quality growth and best year ever as a result

Ranking based on Net Profit FY2024 for Italy and Germany and 9M24 for

CE&EE, as per FY2024 results market presentation methodology. Austria based on total assets at bank level as per last available disclosure. 1. Central Eastern Europe (CEE) includes the Czech Republic, Hungary,

Slovakia, Slovenia, Bosnia and Herzegovina, Bulgaria, Croatia,

3. Diversity traits represented: LGBTQIA+, Gender, STEM, Disability, Cultural Diversity, Generations, Caregiving

of successful transformation

Romania and Serbia.

2. Headcount as at 31 December 2024.

Nurturing our diverse talent base

UniCredit recognises that it is essential that we unlock the potential of our over 75,000 people, businesses, and communities across Europe. We have long recognised that an equitable, inclusive and diverse workforce is vital to our business and creates a more fair, inclusive and positive working environment. We believe that when Diversity, Equity and Inclusion (DE&I) work in harmony, great things happen.

International mindset

International presence in BoD (%)

36

International presence in Group Executive Committee (%)

Female representation

BoD (%)

50

Group Executive Committee (GEC) (%)

50

Leadership team (%)

delivering best results ever, moving forward with transformation

CEE - Growth Engine

Leading franchise in the region consistently delivering excellent performance and growth in individual markets

Business model

Our business model is centred on delivering sustainable growth, built on strong foundations across **13 leading and empowered banks** with local coverage close to the clients, leveraging a common denominator: the **strength of three product factories** with an ecosystem of strategic partners, a centralised and efficient **Group Procurement**, all continuously streamlined and simplified through our **Digital & Operations**.



Enhancing our product offering: three global product factories

While clients access our services through local banks, our comprehensive offering to meet their needs is created by our three global product factories —

Corporate, Individual and Payment Solutions. Each of these factories delivers best-in-class solutions, developed internally or through our dynamic ecosystem of trusted partners.



Corporate Solutions

Empowering corporates to progress

We have an extensive corporate client base and we provide them with seamless access to value-added services through three product lines — Advisory & Financing, Client Risk Management, Trade & Correspondent Banking. Combining deep local expertise and a strong cross-border presence, we support our clients with the broader array of products and services that they require, facilitating their growth ambitions.

Individual Solutions

Advising clients to achieve their investment and insurance objectives

Clients benefit from a large and attractive range of products for Retail Wealth Management and Private Banking across all our markets.

By combining our in-house capabilities with external top industry expertise, we provide them with greater choice and access to our global solutions and platforms. We have launched and we are progressing with our in-house brand (**onemarkets**) and are seamlessly integrating Insurance into our offering, with a unique client base for cross-selling.

Payments Solutions

Every European client's first choice for payments

Our unique pan-European footprint, cross-border positioning, payments expertise and advanced data and technology support our Vision of becoming the first choice for payments in Europe. In 2024 we formed a multi-market partnership with Mastercard, while our new Group Payments Solutions factory expanded our international offering and nearly doubled the number of corporates accessing our digital portal since 2021.

The strongest performance in our bank's history

2024 record results crowning 16 consecutive quarters of quality profitable growth. All our geographies and product factories demonstrated superior execution and beat all the targets set in 2021. This performance balances excelling in the short-term and preparing for the future and is a testament to the dependability of UniCredit and its people.

Financial highlights

TOP-LINE GROWTH

€24.8bn

Gross Revenu

+4.3% FY/FY +4.0% Net Revenue **OPERATIONAL EFFICIENCY**

37.9%

Cost-to-income ratio -1.8pp FY/FY €9.4bn costs, -0.6% FY/FY GOP

€15.4br

Gross Operating Profit +7.5% FY/FY

CAPITAL EFFICIENCY

8.7%

Net-revenue-to-RWA ratio +0.8pp FY/FY **ASSET QUALITY**

15_{bps}

CoR

+2bps FY/FY

ORGANIC CAPITAL GENERATION1

444_{bps}

,

BEST-IN-CLASS PROFITABILITY, GROSS REVENUE ROTE

17.7%

RoTE 20.9% based on 13% CET1r

FY24 INCREASED DISTRIBUTIONS²

€9bn

>€26bn total distributions FY21-24

RECORD BOTTOM LINE

€9.7bn

Stated Net Profit +2.2% FY/FY €9.3bn Net Profit €10.3bn underlying³

- $1. \ \ \text{Before considering the impact of strategic investments.}$
- 2. Of the cash dividend (€3.73bn), €1.44bn already paid as interim. Of the SBB (€5.27bn), €1.7bn already completed, the balance to be completed pending supervisory and shareholder approvals at AGM and expected to be commenced post completion of BPM offer.
- 3. Net Profit net of integration costs and RusChemAlliance (RCA) full coverage.

Sustainability highlights

Thanks to our strong ESG foundations, in 2024 we continued to make progress on our ESG KPIs.

Environment

Sustainable financial instruments and Net Zero commitments.

We advanced our sustainable financial instruments, reaching a total of €26.9 billion in cumulative green lending since January 2022.

11

Green Bonds issued

€6.5bn

Total amount of financing from Green Bonds

Social

Social financing for initiatives in our communities.

Since 2022, we have provided €13.2 billion in social financing via micro-credit, impact financing and lending to disadvantaged areas.

€78.1m

FY24 contribution to communities

c.15,000

Hours dedicated to volunteering by our colleagues



ESG-aligned remuneration and solid DE&I framework.



CEO and top management remuneration saw a 20% weighting of long-term performance related to ESG business, DE&I priorities, and climate risk. Furthermore a relevant link to Group's Values and Culture - "Winning. The Right Way. Together" goal — is also part of the short-term scorecard.

+1,500

Colleagues across the Group part of Culture Network

365

Initiatives mapped in the context of our well-being framework



66

When we launched UniCredit Unlocked we were stepping into a new era for the bank. I believe that we are doing it again and in doing so we will improve even further."

Dear Stakeholders,

Since launching UniCredit Unlocked in 2021, our winning Strategy set to achieve our Vision — to be the Bank for Europe's Future — has also propelled us to become one of Europe's best performing banks and one that sets ambitions and path for others to follow.

UniCredit's 2021-2024 transformation has been nothing short of exceptional, achieved while also consistently delivering outstanding financial results quarter after quarter, setting a new benchmark for banking.

We unified, refocused, and galvanized all our people around one single Vision, Strategy, and Culture. We restored trust and empowerment in our 13 banks and our people: all coming together as ONE Group.

We simplified and streamlined our organization, processes, and ways of working, transforming our efficiency while also investing in our people, digital and data, product factories and distribution channels to offer more to our clients.

We have lived by our Values and focused on our fundamental Purpose: to Empower Communities to Progress.

We continued to honor our ESG commitments with notable social investments, such as our €2.6bn "UniCredit for CEE" initiative and our new Edu-Fund platform, supporting programmes addressing educational deprivation in our communities.

Together this has firmly set out our proven blueprint for banking not only in terms of financial achievements but also in terms of how we should support the communities in which we operate and always attempt doing what is right driving necessary change. This is, we hope, the ambition and path we have set for our sector.

Record-breaking results

Our 2024 results were the very best in UniCredit's long history. The most recent quarter marks our 16th consecutive quarter of profitable growth.

11

€24.2bn

+4% FY/FY

17.7%

RoTE Target: 10%

UniCredit Bank 2024 Annual Report and Accounts

513%

Total Shareholder Return Beginning 2021-2024
3x greater than our European peers

>€26bn

FY21-FY24
Target: €16bn

€12.6bn

Organic capital generation

Our RoTE reached 17.7% notwithstanding the substantial excess capital we still carry, and is best-inclass when adjusted for such excess capital. Our stated net profit reached €9.7 billion (€10.3 billion underlying). Our organic capital generation of 444bps – equal to €12.6 billion - has allowed us to accrue €9.0 billion to be distributed, while maintaining a CET1 ratio of c.15.9% with c.€6.5 billion of excess capital vs our CET1 ratio target.

Our net revenue reached €24.2 billion up 4% year on year further reinforcing the quality of our top line as NII profitability remained best in class and our fees, driven by our rebuilt market leading product factories, reached a top tier 33% of total revenues.

Our operational and capital efficiency also improved further respectively with a CIR <38% and a Net Rev/ RWA ratio of 8.7% respectively.

We continued to build our lines of defense to protect and propel our future taking extraordinary charges of €1.3 billion. Over the last 4 years, we delivered Total Shareholder Return of 513%, outperforming our European peers by four times, with total cumulative distributions of €26 billion, more than 1.5 times our market cap at the beginning of the period. Our EPS and DPS growth (CAGR) respectively of 48% and 64% speaks for itself. We are the most shareholder-friendly bank in Europe.

Into a new era

The last four years have laid a firm foundation for our next phase of quality growth. We have prepared ourselves to take the essential next step. We will redouble our commitment to unlock more value from our bank and go beyond the benchmarks we have set. In summary we are now moving to the second phase of UniCredit Unlocked: **Acceleration**.

It will be our attractive geographical presence, client, and business mix, that protected by our unmatched lines of defense and leveraged upon by our team, will allow us to further positively differentiate ourselves from our peers and set a seven-year track record of superior performance through the cycle.

We are both excited about the opportunity we have in front of us and confident we will achieve it.

Our approach is showing the need to reform our single market so it functions as it should, empowering our European communities instead of stifling them.

We are showing the leadership Europe needs on this issue, to support our bloc's structural growth and bring an end to years of economic stagnation.

The power behind our model for banking are the people of UniCredit, united as ONE by a vision, a strategy and a culture we all believe in. who have made it a success. I am both grateful for their efforts and honored to lead them.

When we launched UniCredit Unlocked we were stepping into a new era for the bank. I believe that we are doing it again and in doing so we will improve even further. I believe that, together, we can Unlock our Acceleration!

Yours,

Andrea Orcel

Chief Executive Officer UniCredit S.p.A.



A unique investment proposition

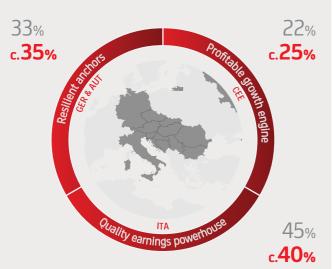
Delivering unrivalled shareholder value, while laying future foundations



Structural advantages

Attractive geographic mix 2024-2027 KPIs

Share of 2024 Net Profit¹ ● Share of 2027 Net Profit¹



Quality client mix

15m

Clients across Europe (+3.5m Alpha Bank) 60% SMEs, Private

SMEs, Private and Affluent, % of Revenue²

Superior business mix

#1
NII RoAC³

40% Fee-to-revenue ratio towards 40%⁴



Proven execution

Leading financial results

12/12

Financial targets exceeded⁵

Leader

In operating and capital efficiency and profitability⁶

Marked transformation

One

Vision, Strategy and Culture

Fully redesigned

and streamlined organisation

New sustainable run rate

5x

Net Profit since 2021⁷

3_x

RoTE since 2021⁷

- 1. Share of Net Profit computed as sum of Italy, Germany and Austria and CEE (excl. Russia); excl GCC.
- 2. SMEs including Micro Business.
- 3. Peer group: BBVA, BNP Paribas, Commerzbank, Credit Agricole S.A., Deutsche Bank, ING, Intesa San Paolo, Santander, Société Générale.
- 4. Fees including Net insurance results and excluding Vodeno and Aion.
- 5. UniCredit Unlocked 2024 targets.



With structural advantages – such as the unique geographic footprint, high quality client base and a superior business mix – we are uniquely positioned for success. **Our proven execution** delivers leading financial results and a sustainable run rate: we drive clear alpha initiatives, ensuring **outstanding returns and future growth**. A unique investment proposition, still accessible at an attractive valuation.



Strategically fortified

Clear alpha initiatives

+€1.4bn

High

Solid lines of defence

€1.7bn

Overlay Stock

€3.6bn

FY21-FY24

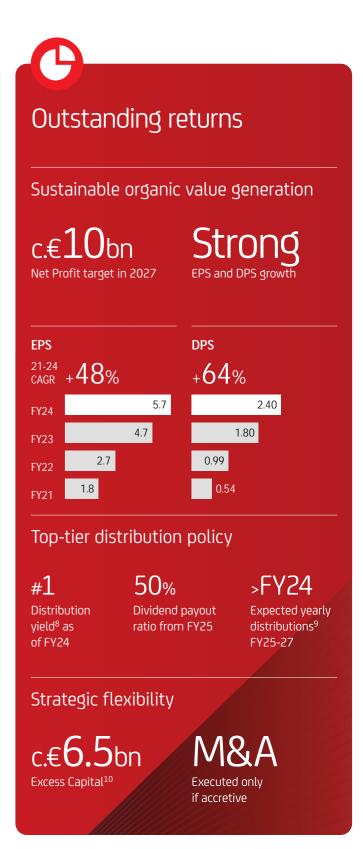
Long-term approach

Growth

From several strategic investments (e.g. **onemarkets**, Vodeno) c.€2.5bn

Incremental IT investments, 2025–2027

- 6. #1 among peer group FY24 Cost/Income, Net Revenue/RWA and RoTE@13%.
- 7. FY24 vs FY21; Stated Net Profit.
- 8. Total distribution as announced FY24 on average market cap 2024 for peer group as per footnote 3.
- 9. Subject to inorganic opportunities and delivery of financial ambitions 10. vs target CET1r 12.5-13%.





Driving industrial transformation, investing for the future

UniCredit Unlocked is our unique **Strategy** tailored to our inherent strengths and flexible enough to adapt to a changing environment.

Over the past few years, we were committed to **Unlocking trapped potential** and laying the foundations of **a fully transformed UniCredit**.

Today, we have one Group with one Vision, Culture and Strategy and clear direction to harmonise and leverage scale and scope — best-in-class product factories, converging technology and operations. We also have a network of 13 local banks empowered to manage their own operations locally within a streamlined organisation capable to deliver operations locally within a streamlined organisation capable of delivery.

The **financial results** achieved to date are a testament of scale and progress made with the holistic top-to-bottom industrial transformation. We are not only delivering excellent results, but more importantly we are producing the right kind of results.

Results that show the discipline with which we are focusing on **quality profitable growth, operational and capital efficiency**, building lines of defence and continuing to invest in the business for the future.

Quality Growth

Focusing on capital-light growth and quality lending, while maintaining discipline in origination.

Operational Excellence

Simplification and streamlining to target efficiencies and optimisation, while continuing to invest in the future.

Capital Excellence

Considered capital allocation and active portfolio management to ensure sustainable, best-in-class organic capital generation.

Unlocked Potential

Laying the foundations of a fully transformed UniCredit: 2021 to 2024



>>> Empowerment and trust

13 Banks empowered by clear Principles and Values, cascading Group Strategy.

Investing, trusting and empowering our people with clear Principles and Values.



Simplification and streamlining

Leaner and **delayered** organisation, with decisions closer to the clients where it matters.

Simplified and harmonised processes.



Leveraging

 common strengths

 One Vision, One Culture,

 One Strategy.

Product factories, procurement and technology under common denominator leveraging scale and scope.

Unlocking Acceleration

2025 and beyond: Ushering in a new era of sustainable growth



Having laid the foundations and released our full potential, we're entering the next phase, where we'll evolve, not change, our Strategy.

UniCredit Unlocked will maintain the same unifying Vision, Culture and inspiring Purpose, while the focus of the Strategy will be on **Unlocking Acceleration** to unleash our full potential and widen the competitive gap further to herald a new era of sustainable growth.

In the rest of this report, we dive deeper into our progress against our UniCredit Unlocked Strategy.

Delivering excellence in 2024

Together, every change we make, every month of the year, throughout all our businesses across all our geographies, contributes to delivering excellence and reaching our ambitions



ESG Digital & Data UniCredit Foundation



UniCredit named Top Employer

Smoothing organisations' access

to online services

Bank iD launched in the Czech Republic

in Europe for the eighth year

Customers rate Bulbank Online #1 in internet banking

Launch of EmpoweringU UniCredit's first holistic approach to employee well-being

UniCredit included as an Equileap Top 100 gender equality company

UniCredit launches My Advisory Making our expertise easier to access for wealth management and private banking clients

UniCredit offers contactless services in the Czech Republic and Slovakia

Contactless ATMs

UniCredit's strategic support for German startups with GetYourGuide Continuing to set industry benchmarks by fostering growth in the tech sector

Ranked #2 in Italy for the third year in a row

January

February

America's Cup 2024 UniCredit becomes the event's Global Partner, exclusive Global Banking Partner, and is named





Women's financial advisory month

March

Leveraging on dedicated products and services to help women plan their finances



New Employer Value Proposition Unlocking a Better Tomorrow; for colleagues, clients and communities



Focusing on women in digital A series of initiatives to empower female employees' growth

April



Pre-approved loans for small-sized clients Advisors provide exclusive service for smaller businesses

UniCredit Bank 2024 Annual Report and Accounts 18 UniCredit Bank 2024 Annual Report and Accounts 19 UniCredit supports Education
Academy project in Austria
Free facility CAPE 10 helps children
and young people to learn



1Q24 Group Results
Record results, significant value ahead

UniCredit's online branch buddy becomes new official banking partner of the Davis Cup 2024



UniCredit supports Europe's largest liability management operation

TIM NetCo/KRR deal worth €5.5 billion

- UniCredit starts process of acquiring Vodeno and Aion Bank
- 2Q24 & 1H24 Group Results
 Record quarter and first half results;
 profitable growth and superior distribution trajectory continue
 - Net Zero targets set on Shipping and Commercial Real Estate sectors in addition to Steel sector disclosed in January

SmartBizz app now live
Accelerating loan approvals
for small businesses

May

May

July

August

Statement on Natural Capital and Biodiversity
UniCredit's first comprehensive framework to link biodiversity and climate

UniCredit in Germany hosts the third edition of our Culture Day



Basket Bond ESG: from UniCredit and CDP
Two new rounds for Italian
programme funding

>€143m



Zaba's AI virtual assistant enhanced Saving clients' and bankers' time



Digital Days reloaded

Showcasing our Digital team to the Group



Equity stake

Digital Strategy moves to Phase II Tech and talent transformation accelerates



Expansion of our onemarkets Fund



Second annual ESG Day tackles pressing concerns A challenged future: choosing the path ahead

4Q24 & FY24 Group Results Unlocking Acceleration: Record results crowning 16 consecutive quarters of quality growth

€8.3 million Financing Agroloop Kft with innovative greenfield investment Talento Diffuso project extended Enhancing employee talent in Italy



September

Launch of UNA App

Simplifying business processes

for employees and customers

October

UniCredit's €15 million social impact loan Provided to Nuova Assistenza Soc. Coop. Sociale ONLUS



Leading the way for digital corporate banking in Germany

€5 billion plafond Supporting Italian businesses that reduce energy consumption with "Transizione 5.0"

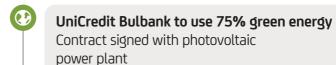


December



3Q24 & 9M24 Group Results

Record third-quarter and nine-month results, ushering in a new era of sustainable quality growth













Dear Readers,

Just like the previous year, 2024 will be remembered first and foremost for the challenges it presented to all of us, whether we look at the economic or the geopolitical scene. Nevertheless, we managed to end the year with good results again, starting the new year with a consolidated balance sheet total of HUF 5,194 billion and a profit after tax of HUF 80.3 billion.

In 2024, our bank placed a special focus on small and medium-sized enterprises and corporate clients. In line with our Group, in a successful marketing communication campaign we presented the

services and products we offer to support small and mediumsized enterprises through our "UniCredit for Businesses" initiative. In addition, to improve the competitiveness and stock market opportunities of mediumsized enterprises in Hungary, we entered into a cooperation agreement with the Budapest Stock Exchange under the name BÉT-UniCredit Lounge, to provide companies with professional knowledge, financial resources and a network of experts to help them enhance their capital market presence.

The altered yield environment makes active asset management



increasingly important, and we are partners to our clients in this respect as well. Actively managed by our Group and some of the best asset managers in the market, the onemarkets Fund service portfolio offers everyone the fund that best suits their needs — whether they are looking for foreign- or Hungary-focused funds.

Building on our stable performance, we will continue to sustain our position in the sector via our activities such as financing the green transition of the Hungarian energy sector and making power generation more sustainable, while also actively opening future opportunities

in other areas of business sustainability. We are striving to observe ESG considerations in our business and day-to-day operations, and we will continue working on developing digital customer journeys to deliver improved and more accessible services.

Not only do we look after the safety of our client's savings, but we also try to protect their financial transactions from anything that poses a threat to them. We keep up-to-date with the constantly evolving fraud techniques and use innovative tools to help our clients avoid the occurrence of damages.

We will go on with spreading our professional knowledge as widely as possible to support financial awareness. For this end, we continued the cooperation with our partners including higher education institutions, businesses, non-profit organisations, and chambers of commerce.

In 2024, we had the honour to have the opening ceremony of the fifth Banking Blood Donors' Month of GOOD DEED Bank of the Hungarian Banking Association at our headquarters. It is always a momentous occasion not only because we are able to effectively support the recovery of others, but also because it is a time when all the employees in the banking sector are working towards the

same goal. I am especially proud of my volunteer colleagues for their selfless help with the blood donations, and many other events, like the charity cooking, house renovations and tree planting, throughout the year.

I would also like to thank my colleagues and our clients most sincerely for the mutual trust that establishes the success of our work. Be it retail or corporate clients, we measure our success by their satisfaction, while our professional performance contributes to UniCredit Group's transformation from a leader to a champion of the banking industry and becoming the bank of Europe's future.

Tóth Balázs

Chairman and CEO UniCredit Bank Hungary Zrt.

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Financial highlights

UniCredit Group Hungary – IFRS consolidated

Profit figures

	2024	2023
Operating result	94,522	108,279
Profit before taxes	94,844	106,930
Profit after taxes	80,303	91,941

Balance Sheet figures

	2023	
Balance Sheet Total	5,194,313	5,102,858
Loans and Advances to customers	2,290,288	2,184,057
Deposits from customers	3,209,794	3,041,603
Shareholder Funds	485,396	478,556

Indicators

	2024	2023
Return on Equity before taxes (ROE)	19.68%	24.54%
Return on Equity (ROE) after tax	16.66%	21.10%
Return on Average Assets (ROA) before taxes	1.84%	2.11%
Return on Average Assets (ROA) after taxes	1.56%	1.81%
Cost Income Ratio*	59.42%	55.10%
Net fee income in percentage of Total Operating Income	30.46%	25.50%

Indicators prescribed by NBH

	2024	2023
Regulatory Capital	458,011	447,188
Risk Weighted Assets	1,872,013	1,795,304
Total Capital Ratios	24.47%	24.91%

Average headcount

	2023	
Average headcount	1,743.43	1,784.13
Number of locations	52	52
Number of branches	50	50

^{*} Based on standard of Consolidated Financial Statement.



Management report

Macroeconomic environment and the banking sector in 2024

The international economic and financial environment

The year 2024 was characterised by a search for direction amid a moderation of inflation that was characteristic of the previous two years. The key question that financial markets were facing this year was whether the global economy could escape inflation without a recession.

Central banks began their easing cycle in the second half of the year, in the wake of typically supportive inflation and labour market data. The Fed started its cycle of interest rate cuts in September, cutting its policy rate to 4.5% by December, while the ECB (European Central Bank), following weaker European economic data, started its easing cycle in June cutting interest rates to 3% by the end of the year. The Fed started its own interest rate cut with a bolder 50 basis point cut, which pushed interest rate expectations lower all around the world.

At the same time, the rise in some commodity prices and financial market expectations regarding Donald Trump's election victory partially froze previous expectations of interest rate cuts, pushing yield curves higher, especially on the long end. Elevated US yield expectations put pressure on emerging markets, in many cases causing spreads to widen or stall, or significantly slowing interest rate cutting cycles. Towards the end of the year, the Fed's hawkish communication, the upward shift in expectations for the US neutral interest rate and heightened geopolitical uncertainties backed markets that the generally high market interest rate environment would persist.

There is a clear divergence in terms of growth in the major global centres. The US could perform at or above potential output despite the high-interest rate environment. The private debt service ratio (source: BIS, Bank for International Settlements) remains only slightly above 15%, which is common by international standards and historically very low, and as a result the likelihood of a soft-landing scenario was high. In the case of the euro area, only the services sector was able to make a meaningful contribution to growth due to subdued global export demand, while the EU's traditionally faster-growing economies (post-socialist region) were slowed by strong cyclical internal adjustment pressures, alongside uncertain export prospects, and a higher risk premium due to the war in Ukraine.

Southern European countries were the regional growth centre, with Spain's growth being particularly notable. In the case of China, rising and relatively high private debt service ratios and collapsing consumer confidence due to imbalances in the property market weighed on economic growth. Meanwhile, the exporting industrial segment, which benefited from the diversion of public credit channels from the real estate sector to manufacturing, faced a sharp drop in export demand. China is particularly affected by the problem of global industrial overcapacity, which has been occurring to varying degrees around the world. The government and the central bank introduced stimulus packages to counteract it, in addition to significant deflationary pressures.

Apart from the spring-summer period, bond markets were characterised by rising yields. The US and Hungarian 10-year government bond each ended the year 70 basis points higher than where they opened, while the German bond ended the year roughly 34 basis points higher. Major stock markets managed to grow despite high-interest rate expectations and high interest rates, with CETOP, which brings together large companies in the Central European region, up by 7.2%, the German DAX up by 19% and S&P up by 23%.

Domestic macroeconomic developments

In 2024, the disinflation that started in the previous year continued. Core inflation fell from 6% at the start of the year to close to 4% in April, but from there the trend reversed partly due to base effects, partly to large service providers' repricing and partly to other cost-side items (wages, rising corporate overheads), and by September core inflation exceeded 4.75%. The Magyar Nemzeti Bank (CBH: Central Bank of Hungary) started easing from the 10.75% level at the beginning of the year, with the base rate falling to 6.5% by the end of the year. The high level of market expectations for the Hungarian real interest rate and yield premium did not allow the central bank to ease Hungarian monetary conditions further in the remaining meetings of the year.

Yields on 3-month discount treasury bills were in the range of 0–150 basis points lower than BUBOR rates of the same maturity. Spreads on swaps and government bonds ranged between 20–30 basis points for most of the year, but the main spread benchmarks turned negative by November, due to demand for government bonds from financial institutions for tax optimisation purposes. The forint's yield curve shifted from negative to positive slope in line with the prevailing interest rate cuts at the beginning of the year, but by the end of the year it became non-monotonic due to the uneven demand for government bonds on the maturity curve. The forint weakened by a total of 7.2% against the euro over the year, driven by higher domestic wages and inflation than in the euro area on the fundamental side, a narrowing of the Hungarian yield advantage on the financial market side, and a relatively unfavourable risk perception of the country.

From a macro-financial perspective, Hungary had a favourable year. The current account balance was in positive territory, and the country's net lending position was also in positive range at the end of the year, with a modest contribution from the capital account. Foreign direct investments also improved the country's foreign exchange balance. Increasing foreign exchange reserves also contributed to the reduction in the forint's vulnerability. The capital account's even greater contribution to financing and to real economy is hampered by the debate over EU funding. 5 milestones still need to be met to unlock additional funds, so that the inflow of funds in proportion to GDP, customary in the previous EU funding period, is only about half of what it was in the past. The central budget could be close to the revised EDP deficit target, but given the debt service expenditure, the budget could not support growth in 2024, while contributing positively to potential growth through indirect channels (slight improvement in international perceptions).

In 2024, the economy grew only modestly. On the production side, the weak performance was driven by the unfavourable base in agriculture, carried over from 2023, and demand challenges in industry. In addition to high interest rates, the lack of fiscal stimulus and the slowdown in the disbursement of EU funds were the main factors behind the weak performance of the construction sector. The number of new housing permits issued in Budapest is more than 30% below the 2023 figure. In a virtually stagnant economic environment, real household income remained high in positive territory, putting further pressure on GDP (corporate rationalisation pressures) and inflation. Households' financing capacity as a share of GDP was at a very high level, with savings patterns showing values typical of covid. The financing capacity of non-financial corporations remained stable. Overall, the ratio of private sector debt to income has been on a downward trend since mid-2023, while the country's net external debt increased only slightly and remained concentrated to the government and the central bank. Inflation was 3.7%, a significant easing from the 17.6% value of the previous year.

The performance of the Hungarian banking sector

Despite the impact of the extra-profit tax changes and transaction duty increase measures announced in the second half of 2024, the profitability of the Hungarian banking sector remained favourable. The profit after tax was partly due to one-off items, an increase in dividend income and a reduction in the extra profit tax recorded by credit institutions. Excluding one-off items, the sector is expected to report a profit before tax in 2024 equal to the previous year's profit before tax, boosted by higher non-interest income with interest earnings broadly unchanged.

Compared to 2023, interest earnings vis-à-vis the central bank narrowed significantly, in line with the falling base rate, but net interest income vis-à-vis other sectors increased, reflecting the expanding volumes. Impairment provisioning may have a larger negative impact on profit compared to 2023.

Net fee and commission income, which largely depends on real economic activity, lending and payment transactions, outperformed inflation. The increase in operating costs was in the single-digit range. The dividend balance was positive, while the trading balance had a negative contribution to the sector's earnings.

The increase in the transaction duty introduced from 1 August 2024 is expected to reduce the banking sector's results by HUF 85 billion, and the additional duty introduced from 1 October could be an additional HUF 7 billion on transactions involving conversion, which will be payable on top of the transaction duty on the transactions concerned.

Under the government's decision, banks may only reduce their liability to pay the extra profit tax in 2024 if they increase their total stock of

government bonds by buying government bonds maturing after 2027. The government stipulated that in order to benefit from the 50% tax credit, the nominal value of the total stock of government bonds must also increase, it is not enough to increase the nominal value of long-term government bonds, i.e. those maturing after 2027. Consequently, for the year 2024, the tax reduction will be calculated by taking into account both the increase in the total stock and the increase in the stock of government bonds maturing after 2027. In November, the government changed the way it calculates the tax burden for the following year, so that the larger of the 2023 or 2024 stocks will be considered when calculating the tax cut. The changes were designed to keep the banking sector's net government bond buying position in positive territory. The total extra profit tax for the banking sector in 2024 is planned to be HUF 260 billion, which could be reduced to HUF 130 billion with the 50 percent tax credit if the qualifying government bond purchases are completed.

The non-performing loans (NPL) ratio in the non-financial corporate segment remained stable over the past two years, at around 3–4% in 2024. The household non-performing loan portfolio rate continued to decline. The household sector's NPL ratio fell to 2.1% at the end of 2024 Q3. The improvement in the quality of the household loan portfolio was also supported by the banks' portfolio consolidation and the gradual inflation of fixed-rate repayments.

The growth rate of the corporate loan portfolio was 4.7% in 2024. The value of new corporate loan contracts declined year-on-year and the share of non-market-based loans in new issuance declined substantially as subsidised loan schemes expired, and their availability narrowed, and credit dynamics slowed down during the year due to the lack of a pick-up in investment loan demand.

Falling interest rates, intense banking competition, real estate investment demand and improving macroeconomic fundamentals pushed the annual growth rate of household loans over 9%. Loan growth was mainly supported by transactions in housing loans and personal loans.

Housing loans accounted for half of new contracts with households. The increase in the role of housing loans in new issuance is also due to the voluntary APR ceiling applied by most banks and the higher maximum loan amount available for CSOK+ subsidised loans from 1 January 2024, in addition to bank competition and the improvement in households' financial situation. Housing loan growth deflated by the house price index showed only a marginal increase in 2024, i.e. the segment was not able to generate any meaningful real economic impact despite the growing number of contracts.

The liquidity situation in the sector remains satisfactory at a high level. Deposit holdings (even with the strong competition of government securities and investment funds) continue to provide a stable source of funding for the banking system. The loan-to-deposit ratio continued to improve, reflecting the strong propensity of the population to save.

Operations of UniCredit Bank Hungary group

Quantitative and qualitative performance indicators

The balance sheet total of UniCredit Bank Hungary group at the end of 2024 amounts to HUF 5,194 billion; that amount represents an increase of HUF 91 billion (+1.8%) compared to the value at the end of 2023

Net receivables from customers amount to HUF 2,290 billion (+106 billion HUF y/y), up by 4.9% due to a growth in business activity. Net receivables from credit institutions amounted to HUF 1,666 billion, which represents an increase of more than 13% y/y.

The group's liabilities to customers were HUF 3,210 billion at the end of 2024 (+5.5%). The loan-to-deposit ratio at the end of the year was 71.4%, slightly below the 2023 level (71.8%).

The group's profit after tax for the year was HUF 80.3 billion, which is 12.7% lower compared to the previous year. The decrease in profit after tax profit can be attributed to the lower interest income caused by the changed interest rate environment and the development of the less favourable net impairment. Net fee and commission income grew at an annual rate of 21.6%, with trading profit lagging behind the previous year. The increase in operating costs is mainly driven by higher tax liabilities (increased extra profit special tax liability), the impact of high inflation, increase in property-related expenditures and IT costs (digitalisation).

The group's performance indicators (relative to profit after tax) were as follows:

 $ROA_{2024} = 1.56\%$ $ROE_{2024} = 16.66\%$ $ROA_{2023} = 1.81\%$ $ROE_{2023} = 21.10\%$

Return on assets and return on equity indicators closed 2024 at a lower level than in previous year, mainly due to decrease in profit after tax.

Lending risk

Retail

Lending to retail customers is implemented and executed under exhaustive lending governance framework based on respective ECB, UniCredit Group and local regulatory rules. In general, lending rules and processes ensure prudent approach in risk taking consistent with set Group risk appetite and credit risk strategy with strict monitoring of portfolio trends by number of risk KPIs for both, stock and new production, to enable early detection of any deviations from defined risk targets and timely implementation of mitigation measures.

In 2024 retail lending initiatives were focused on increasing automation and efficiency of lending processes and close monitoring of portfolio to ensure sustainable quality of new origination given the delay effects of 2023 macroeconomic situation.

Recovery management processes i.e. EWS (monitoring) and collection are implemented and regularly review and updated according to retail credit strategies and macroeconomic situation to support efficient recovery initiatives and prevent NPE inflows.

Corporates

In 2024, main objective for the corporate portfolio was to protect the quality of the existing portfolio. Regarding the corporate loan portfolio, the group's lending policy is differentiated by sectors, requiring a selective risk approach for new transactions with the most vulnerable sectors. The sectoral approach of the risk policy has been even more appreciated in the exceptional geopolitical situation, and our actions were also taken on a sectoral basis. Our monitoring activities were based on which sectors had been hardest hit by the spill-over effects of the geopolitical situation. Our lending activity continued to rely heavily on forward-looking analysis, with a particular focus on spill-over effects, energy and input price rises, volatile exchange rate risk, interest rate risk, inflation, trade linkages, supply chain issues, sectoral special taxes.

Our new lending activities were also selected based on the crisis sensitivity or resilience of each sector. Beside the individual assessments, we also prepared quarterly portfolio analyses on spill-over effects and industrial portfolio analyses on the construction and automotive sector to assess direct and indirect risks, identify problematic clients and carry out appropriate stage classifications.

Thanks to a prudent underwriting policy, the loan portfolio is balanced in terms of sectoral composition. Reflecting the industry-level economic challenges the construction, the agricultural sector and the automotive sector were outstanding in terms of clients that newly became subject to special treatment in 2024.

Market risk

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

The VaR values are broken down according to the 5 main risk factors: exchange rate, interest, unique interest premium, stock and option volatility factors. The value at risk at the end of 2024 was EUR 5.7 million, i.e. HUF 2.3 billion. The distribution of risk factors at the end of the year was as follows: HUF 4.0 billion is the unique risk of bonds, HUF 2.5 billion represents the interest rate risk, HUF 16 million represents the exchange rate risk, whereas volatility risk is HUF 35 million. The group did not have any equity exposure in 2024. The sum of the individual parts exceeds the total value at risk due to the diversification effect.

In addition to the VaR model used, limits on volume and loss warning levels also help reduce market risks.

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

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

BPV 31.12.2024 in EUR	0-3M	3M-1Y	1Y-3Y	3Y-10Y	10Y-	Total
CHF	-46	17	7	0	0	-22
EUR	-5,237	-13,224	-469	6,547	5,718	-6,665
GBP	-6	11	0	0	0	5
HUF	-9,141	-30,519	-91,046	-133,500	-1,329	-265,536
USD	197	376	377	129	3	1,082

Liquidity management

Liquidity means the bank's ability to finance and meet its growth in assets and maturing liabilities without incurring significant unplanned losses. Liquidity risks include maturity transformation for the sake of profitability (maturity risk), massive withdrawals of funds before maturity (drawdown risk), the renewability of funds, changes in the cost of funds (renewal risk), and uncertainties concerning environmental effects and the potential behaviour of other market participants. Liquidity risk management is an integral part of the bank's overall risk management structure. The bank is obliged to maintain a balance sheet structure that ensures its solvency at all times, to establish policies that quantify the bank's liquidity position, to identify structural liquidity risk and to prepare a sound financing plan.

According to the liquidity coverage ratio (LCR), credit institutions must maintain a sufficient liquidity buffer to cover the net liquidity outflow of a thirty-calendar-day stress period. The liquidity coverage ratio is regulated in EU law by Commission Delegated Regulation 2015/61/EU, which has been applicable since 1 October 2015. EU legislation provides that the liquidity indicator must be met to 100 per cent.

The group continuously monitors and manages the evolution of the LCR. At the end of 2024, the LCR value was 165.1%, i.e. the group met the regulatory requirement. During the year, the LCR moved in the range between 157% and 174%.

The indicator quantifying the adequacy of regulatory long-term funding (NSFR: Net Stable Funding Ratio) was in the range of 140%–152% in 2024, while its year-end value was 146.4%. The group thus complied with both the supervisory limits and its internal limits throughout the period.

The group has introduced a number of internal "management indicators" to measure and monitor liquidity risks. Similarly to regulatory indicators

(LCR, NSFR), those internal risk indicators reflect a stable and secure liquidity position of the bank.

The bank's loan to deposit ratio ranged from 70% to 77% during 2024, reaching 71.4% at the end of the year. The indicator increased by 0.2 percentage point on a year-on-year basis, due primarily to a gradual increase in loans.

The bank raised funds from supranational institutions in 2018 and again in 2022. At the end of 2024, the total loan volume drawn down from the EIB refinancing credit lines amounted to EUR 95 million. In addition to the above scheme, the central bank's Funding for Growth Scheme with a net decrease of HUF 30 billion, the value of the refinanced loan portfolio amounted to HUF 65 billion at the end of 2024. At the end of the year, the amount of refinancing loans provided by Magyar Export-Import Bank was HUF 169 billion (with an annual decrease of HUF 14 billion), while the MFB refinancing funds amounted to HUF 2.1 billion (with an annual decrease of HUF 0.2 billion).

UniCredit group's issued mortgage bonds amounted to HUF 202.85 billion at the end of 2024, a reduction of HUF 16.07 billion year over year. Moreover, the bank held MREL (Minimum Requirement for own funds and Eligible Liabilities) bonds of HUF 271.15 billion at the end of 2024 and HUF 56 billion of Tier2 capital was raised.

Employment policy

The set of values of UniCredit is based on Integrity, Ownership and Caring as sustainable conditions to transform profit into value for stakeholders. A simple guiding purpose to empower communities to progress ensures we live these values every day.

By upholding the standards of sustainable behaviours and values which drive the Group's purpose, the compensation strategy represents a key enabler to enhance and protect its reputation and to create long-term value for all Group stakeholders. Specifically, the remuneration policy contributes to the business strategy, long-term interests, and sustainability of UniCredit.

Now more than ever, sustainability forms a central part of everything UniCredit does and is fully integrated into the business and decision-making process: leading by example in UniCredit's business, helping clients through a just and sustainable transition, contributing to a better society. It is a key lever for the future business strategies and a critical component of the bank's success.

Through appropriate compensation mechanisms, UniCredit aims to create a best-in-class inclusive work environment, fostering and unlocking individual potential to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage for the Group. Individuals are rewarded based on merit and performance in terms of sustainable results, behaviours, and adherence to Group values.

Clear and transparent governance,

through efficient corporate and organizational governance structures, as well as clear and rigorous governance and rules.

Sustainable pay for sustainable performance,

by maintaining consistency between renumeration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and the means by which they are achieved.



Continuous monitoring of market trends and practices and awareness of international practies, aimed at sound formulation of competitive compensation as well as at transparency and internal equity.

Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.

Compliance with regulatory requirements and principles of good business conduct, by protecting and enhancing our company reputation, as well as avoiding or managing conflicts of interest between roles within the Group or vis-à-vis customers.

UniCredit believes in inclusion as a strategic business driver and is committed to creating an inclusive, positive, and barrier-free environment for its diverse workforce, where everyone has the opportunity to perform and grow. Employees are expected to contribute to creating and maintaining a work environment that is respectful, safe and inclusive, and where any difference, whether it is gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction, is embraced and promoted.

Relying on the governance model of UniCredit, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group.

Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, the Group effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Remuneration Policy.

Anti-bribery and anti-corruption programme

The Group Anti-Bribery and Anti-Corruption Programme consists of several components that altogether set a minimum standard for

UniCredit Group legal entities' anti-corruption programme. Main pillars are follows:

- anti-corruption risk assessment;
- · controls:
- policies and written procedures;
- · culture, training;
- · raising doubts or suspicions;
- management information and periodic reporting.

The corruption risk assessment shall be performed by each UniCredit Group company on a regular basis, at least every three years. Periodic reporting, at least once a year, to the CEO or/and to other relevant board members/committee on the effectiveness of the ABC Programme must be done.

In each legal entity an anti-bribery and anti-corruption training should be implemented. An employee should confirm the completion of the training by passing a test at the end of the training.

To increase the awareness of the employees on the importance of anti-bribery and anti-corruption topics, UniCredit top management periodically publishes alerts, which emphasize the importance of anti-corruption compliance, requesting employees to stay alerted to any possible wrongdoing, raise concerns where appropriate, etc.

Gifts and business hospitalities

G&BH may only be given or received where all the following requirements are satisfied:

- they are of appropriate/modest value and are offered or accepted in the course of common business practices;
- the value, nature and frequency are appropriate to the status and seniority of the recipient;
- they are in compliance with applicable local laws and the group company's internal regulations.

Cash or cash equivalents (e.g. gift cards, vouchers, coupons) are not acceptable.

All expenditures regarding G&BH must be accurately and completely recorded and disclosed in the Group's books and records.

Management of third party risk

The use of a third party can present one of the highest risks of being involved in acts of bribery and corruption. No third party should be retained unless the UniCredit legal entity has conducted the due diligence process.

Group legal entities should not use third parties known or suspected of paying bribes or having corruption issues. The business sponsor must evaluate the risk of bribery and corruption associated with the third party.

Charity, sponsorship, donation, and membership fees

Charitable contributions/donations, sponsorships and membership fees must be legal, in compliance with the applicable local laws and in line with the Group's internal rules.

In determining if a contribution can be given, it is important to consider the risk that a charitable contribution/donation, sponsorship or a membership fee might be perceived as a means of exerting influence to obtain some undue advantage and damages the Group's reputation. In general, the risks associated with these contributions are higher, if public officials are involved. Therefore, UniCredit legal entities shall minimize the number of charitable contributions/donations, sponsorships and membership fees associated with public officials.

Employment

Overriding principles – like competitive, fair and transparent process – are to be applied to each and every of employment related activities (hiring, transfers, promotions, specific trainings, compensation reviews).

M&A and significant investments

Corruption risk under such circumstances can occur inter alia where corruption has been, or continues to be, present in the target's business practices.

The due diligence process is designed to discover and determine the likelihood of both current and past corruption in the target company.

Whistleblowing - unacceptable conduct report

To promote a corporate culture based on ethical behaviour and good corporate governance, UniCredit provides its employees and third parties with adequate communication channels to report unacceptable conduct within the Group.

Research and development

The bank is not engaged in any kind of research and development activities.

Sustainability report

The content of the sustainability report is defined in Article 95/E of the Accounting Act and in more detail in the European Sustainability Reporting Standards (ESRS), published by the European Commission Regulation (Commission Regulation (EU) 2023/2772 OF 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards).

The Group applies the exemptions provided for in the legislation and is exempted from the obligation under Article 95/E (1) to (11) of the Accounting Law because the ultimate parent company (UniCredit S.p.A. head office: IT 20154 Milan, Piazza Gae Aulenti 3, Italy) includes the bank and its subsidiaries in its consolidated sustainability report prepared in accordance with the Sustainability Reporting Standards. The consolidated sustainability report is available on the website: https://www.unicreditgroup.eu/en/investors/financial-reporting/financial-reports.html

Events after the balance sheet date

After the balance sheet date, no material event or particularly significant process took place affecting the bank.

Report on the divisions

Report on the divisions

Corporates Division

2024 was a year for the Hungarian economy fundamentally defined by the gradually decreasing inflation which provided opportunity for the Central Bank of Hungary to continue its monetary easing cycle that also contributed to the HUF depreciation accelerating in 2024Q4.

Demand for investments and related lending remained subdued as a result of weaker than expected GDP growth, slowdown of external demand and lagging EU subsidies. In 2024, the Corporates Division managed to grow in loans, deposits and its client base, whilst maintaining a strong focus on asset quality and digitalization. With our 10.5% corporate loan and 11.7% corporate deposit market share, UniCredit Bank belongs to the leading banks for small, medium, and large corporates in Hungary. Corporates continues to be the leading pillar of the bank.

Awards received from prestigious forums and even more importantly, the feedback from our clients confirm our excellent reputation. In 2024, based on the customer satisfaction survey, it can be said that the Corporates Division of UniCredit Bank continued to be one of the leaders on the Hungarian market. Our bank effectively supports the international activities of customers and supports their further growth. Clients particularly indicated how pleased they are with their dedicated relationship manager in the Corporates Division.

UniCredit Bank remained a leader in financing the green transition in Hungary. In 2024, the Structured Finance Department continued to support our clients by providing them structured financing solutions tailored to their individual needs. With the phase out of the Feed-In-Tariff system, financing of renewable projects required new consideration. Leveraging on our expertise and deep market knowledge we were able to develop unique financing solutions and further increased our share in the renewable energy sector. Acting as Coordinator, Mandated Lead Arranger and providing agency services in several new deals, we also strengthened our leading market position in the field of corporate structured finance. In addition, we also financed several significant M&A transactions during the year. We managed to maintain our excellent portfolio quality.

Providing subsidized facilities to our clients remained important amidst the current interest rate environment, therefore UniCredit Bank successfully offered the Hungarian subsidised and refinanced lending schemes (Széchenyi programs, EXIM). Local guarantee schemes are important in the value proposition to our clients, among others Garantiqa and AVGHA. In 2024 we continued to include eligible loan transactions of our customers in the InvestEU risk sharing scheme, supplementing our local risk sharing offer and providing risk protection for innovative or sustainable investment loans to SME's or small-mid cap companies.

Agribusiness financing continued to be another key focus area in 2024, especially in the domestic small and medium segment. Our customers continued to request financing connected to development projects, supported by non-refundable grants.

In the field of cash management, important structural projects were launched with the aim to further develop international payment services and to increase the efficiency and transparency of cash management pricing processes. In parallel, on the acquiring side the e-commerce platform was replaced to provide higher service level to our clients. Migration of the merchants to the new platform was successfully executed in 2024.

We continued to grow in key areas of our Documentary and Guarantee business, meeting both the daily commercial needs of our clients and supporting their strategic projects and export-oriented initiatives. Our commitment to high-quality service in this area has been recognized by the international expert community. Supported by significant IT advancements in previous years, we further enhanced our digital offerings, particularly in receivables financing and factoring areas. We started to provide a fully automated end-to-end process with new value-added functionalities that set higher standards in service resilience, rapid straight-through processing, portfolio overview and real-time data availability for clients. The bank remains a member of the Hungarian Factoring Association and Factors Chain International (FCI), enabling us to offer up-to-date products and deliver best international practices to our clients.

In the field of Trade and Correspondent Banking, the bank closed a successful year in 2024. UniCredit Bank maintains a robust network of correspondent relationships, playing a key role in providing a wide range of foreign financial institutions with access to clearing and payment services in Hungary. We continue to be among market leaders in Correspondent Banking, offering complex clearing solutions such as Continuous Linked Settlement in HUF.

In the area of Custodian and depository bank services, the bank's Global Securities Services (GSS) department has seen substantial growth. After having finished new custodian platform implementation in 2023, in 2024 we focused on reviewing and improving other operational processes to maintain a best-in-class service model for our clients. These efforts led to acquiring new institutional clients, an increase in asset concentration and organic growth from existing clients. For several years running, we received the Global Finance Magazine award for Best Sub-Custodian Provider in Hungary, a testament to the reliability and quality of our services.

Corporate Treasury Sales Department had again a strong year in 2024. While the backbone of its service offering continued to be the foreign currency transactions, the share of foreign exchange derivatives showed an increasing trend supported also by a new FX hedging product (flexi forward). Our derivatives sales were boosted by interest rate hedging transactions and commodity hedging products. Similarly to previous years, a significant number of personal meetings and customer events took place, where the department presented — along with the current macroeconomic outlook — its exchange rate, interest rate and commodity market hedging solutions. We continued to promote digitalization among customers, thanks to which almost

two-thirds of foreign currency transactions were concluded through UCTrader (our online currency exchange platform).

With the assistance of its Advisory Department, UniCredit Bank was pleased to join the Budapest Stock Exchange initiative and has signed a strategic cooperation agreement. The two institutions combine their resources and expertise in the BSE—UniCredit Lounge initiative to support medium-sized companies in accessing the necessary knowledge, financial resources and expert network, thereby strengthening the companies' presence in the capital market and their sustainable growth.

At the end of 2024, UniCredit Leasing Zrt., a subsidiary of UniCredit Bank, was a significant player on the leasing market with a market

share of 4.21%. The company actively sold subsidized financing schemes available to customers (Széchenyi program). It also expanded its vendor network to ensure a more diversified sales channel mix and put special focus on strengthening its position in ESG-relevant market niches. Although 2024 was characterized by very strong price competition on the market, the company kept focusing on value accreditive deals, leveraging on its diversified sales channels and excellent relationships and full product set.

The main activity of UniCredit Jelzálogbank Zrt., a subsidiary of UniCredit Bank, is the issuance of mortgage bonds and the refinancing of commercial banks. In 2024, UniCredit Jelzálogbank Zrt., in addition to maintaining existing portfolios, significantly increased its refinancing portfolios of external partner banks.

Retail Division

In 2024, UniCredit Bank Hungary Zrt.'s Retail Division continued to place great emphasis on flexibly adapting to market changes and on customer satisfaction in an economic environment of constant challenges.

Our business policy continues to be centred around the establishment and development of long-term cooperation with customers, and on offering products and services built on customer needs. In addition to customer acquisition, our bank paid particular attention to customer retention and to increasing customer activity in digital channels in 2024, as well. By continuously updating our product range, we strive to satisfy customer needs as comprehensively as possible in the fields of daily banking transactions, savings, investments, and lending. The success of our efforts is confirmed by a steady annual increase in the number of retail customers whose income is regularly transferred to their UniCredit bank accounts, while a large number of small business customers also consider UniCredit Bank Hungary Zrt. as their primary bank.

In 2024, we continued to focus on digitalisation: we increased the number of E2E digitally processed account openings and further improved customer experience by incorporating lessons learned through experience into our processes, and we launched the option of digital account opening for our intermediary partners. It was a significant milestone in 2024Q3 to introduce a selfie-based identification method for our customers having an NFC chip identity card, further simplifying our online account opening process. We continuously adapted our range of bank accounts and conditions to market needs, exploiting the opportunities offered by our multichannel sales strategy, and thus managed to significantly exceed our account acquisition plans.

In 2024, we continued our bank-wide customer experience programme launched 2 years ago, which aims to continuously improve customer satisfaction at every point of contact with our customers. As part of that effort, we have been systematically collecting and analysing customer feedback, which has resulted in more than 70 improvement measures to date. We also regularly monitor key service and customer satisfaction indicators.

At the end of 2024, UniCredit Bank's recommendation index among its retail customers was significantly higher than in the previous year, which continues to place us at the forefront of Hungarian financial institutions (according to a survey by Kantar Market Research). According to surveys on the services provided at our branches, retail and micro enterprise customers continue to be satisfied with the service quality offered, UniCredit Bank advisors, the financial advice tailored to their financial needs, and consultations on the next steps to be taken. Satisfaction among individual customers is stable at a high level, while satisfaction among micro enterprises continued to increase. Satisfaction with the regularity of meetings increased in both target groups (branch TNPS: Transactional Net Promoter Score, internal research).

We continued the renovation of our branch network to further improve the quality of service. In 2024, we completely renewed our branches in Dunaújváros and Kecskemét, and we also renovated several of our branches to provide a more pleasant environment. To serve our customers and prospect customers even more conveniently, we significantly expanded the number of our personal bankers who provide advice and services outside the bank branch, with more than 80 members now across the country. Online appointment booking was introduced in all branches, enabling easier access for our customers to the services requiring personal attention. According to customer surveys, the willingness to recommend our bank remains high, with customers happy to recommend the institution to their acquaintances, family members and business partners. As a result, the bank now has more than 320,000 customers, of which 33,000 are micro enterprises and more than 2,000 are private banking customers.

In addition to maintaining a stable and prudent management of our business in a constantly changing environment, 2024 proved to be another outstanding year for lending, as we achieved significant growth in our market share for both personal loans and mortgages. Thanks to our competitive offers and customer-oriented administrative processes, the retail loan portfolio increased by more than 11% during the year. We continue to focus on the online channel for personal loan applications. We continued to improve our online personal loan process, in particular, the simplified, accelerated assessment process for our existing customers whose income is regularly transferred to their account. We supported sales with ongoing campaigning and promotions.

We renewed our credit card value propositions, broadened the range of card-related services and transformed our pricing structure.

In the area of mortgage lending, the CSOK+ product was introduced and the online MFL loan application facility was developed and prepared to be launched in January 2025. The third-party channel continues to play an important role in sales.

The micro enterprise loan portfolio grew by nearly 15% over the year, mainly driven by an increase in demand for overdraft and working capital loans. In 2024, the Széchenyi Card MAX+ Programme continued to be the flagship of micro enterprise lending.

The division's loan portfolio grew by nearly HUF 65 billion in total in 2024, closing the year at HUF 624 billion, and its market share in the retail segment was 5.4% at the end of November.

The savings portfolio of the Retail Division grew by HUF 195 billion in 2024, up 12% year-on-year, closing at HUF 1,812 billion at the end of the year. The bank's market share in deposits held by private individuals was 4.9% at the end of November 2024. The customer assets managed by the private banking segment exceeded HUF 473 billion. In 2024, the segment won the Euromoney — "Hungary's Best International Private Bank" and "Hungary's Best for Ultra-High-Net-Worth" Awards.

Within the savings portfolio, the investment funds portfolio grew significantly by more than 33%. In response to customer demand, we further expanded our range of investment products, with new onemarkets Fund investment products and regular certificate offerings. In October 2024, we launched the investments service on the mobile banking channel, so our customers can now buy their preferred investment funds, government securities and Budapest Stock Exchange shares via their mobile app.

Mindful of the significant changes in customer needs and habits, we paid special attention to the development of customer-focused digital solutions, whereby we create value for our customers. Nearly 1.4 million individual visitors visited the unicreditbank.hu website in 2024, with interest in opening accounts and applying for personal loans online growing steadily. We also started to publish updates on our digital channels to comply with requirements of European Union's accessibility legislation.

Over 90% of the customers of the Retail Division can still manage their finances via the telephone banking channel. The fact that the response rate to customer calls exceeded 87% by the end of the year played a significant role in improving the quality of customer service. The average waiting time was under 1.5 minutes.

The replacement of the call centre call handling system has started. We will also make new automated services available, including an instant blocking service for digital channels and cards from the IVR and mobile app to support fraud prevention effectively ("panic button").

With a focus on our customers' needs and on the development of our customers' financial culture, we continued to develop our mBanking mobile application for our retail private banking customers and our mBanking Business mobile application for the bank's small business customers, in line with the Mobile 2.0 strategy. We continued to promote these two digital channels and communicate their features widely to our customers.

Throughout 2024, we further promoted the possibility to distribute savings products through the eBanking internet banking platform and made the request-to-pay service available to our customers through the Spectra Internet Bank platform as well used by corporate and small business customers. More than 300,000 customers were eligible to use the eBanking and Spectra systems.

We launched the promotion of the Card+ Discount Programme, a loyalty programme available for both debit and credit cards, linked to the use of bank cards, among our customers using the mBanking app. The account opening and personal loan application processes for new customers via the app were launched with selfie identification. In addition, we made available to our existing customers the request-to-pay and "qvik" account-based payment solutions developed in cooperation with the CBH and GIRO Zrt. At the end of the year, we enabled customers using the mBanking application to manage their securities accounts and to trade, and to carry out buy and sell transactions.

The mBanking application continues to allow our individual retail customers to activate their new and renewed debit cards and place new standing transfer orders through the application, even after logging in with a biometric ID. They can also create payment requests and direct debit orders and manage existing ones. They can conveniently manage their credit card repayments and limits and check their reserved debit and credit card transactions. They can also register their cards in Google Pay and Apple Pay, view the PINs of their cards, and temporarily suspend/unblock their debit cards. They will also be able to re-enter their transfer orders once they were entered and booked and authenticate their transactions in HUF and EUR using biometric identification on their fingerprintenabled mobile devices.

Customers using the activated mBanking application can continue to receive push notifications of their debit and credit card transactions, account transactions, expiring deposits, rejected and cancelled account transactions and orders. The app allows our customers to categorise their expenses with just a few taps and use the cost analysis function to re-plan their expenses or apply for a personal loan from the app. In addition, the mToken service allows customers to authenticate their transactions initiated via the eBanking internet banking platform, even after receiving a push message, and to approve their online card purchases via push notification. The cardless cash withdrawal service (mCash) continues to be available in the mobile application, allowing for cash withdrawals from any local UniCredit ATM without the use of a bank card. The number of mBanking customers using the service at least once a month reached nearly 190,000.

We continued to promote the mBanking Business mobile application among our small business customers and made available to our existing customers the request-to-pay and "qvik" account-based payment solutions developed in cooperation with the CBH and GIRO Zrt. The mBanking Business app also enables our small business customers to activate their new and renewed debit cards and place new standing orders through the application, even after logging in with a biometric ID. They can also create payment requests and direct debit orders and manage existing ones. They can conveniently check their debit card limits and reserved debit transactions. They can also register their cards in Google Pay and Apple Pay and view the PINs of their cards. They will also be able to re-enter their transfer orders once they were entered and booked and authenticate their transactions in HUF and EUR using biometric identification, even with multiple signatures, on their fingerprint-enabled mobile devices. Our customers using the activated mBanking Business application can also receive push notifications of their debit card transactions, account transactions, expiring deposits, rejected and cancelled account transactions and orders based on their role and authorisation in the company. The number of customers using the mBanking Business service at least once a month exceeded 7.000.

To ensure that our customers can deposit cash at any time of the day regardless of the opening hours of the branch offices, we continuously maintained the number of ATMs suitable for cash deposits. At the

end of 2024, 84 ATMs were offering this convenience function. At the same time, we continued to replace existing ATMs; the new machines better meet customer needs. By the end of the year, 62 former cash deposit machines were replaced, with continuous communication.

Environmental protection is a priority for our bank, and an increasing number of customers are choosing e-statements instead of printed bank account statements. By the end of 2024, nearly 95% of our retail customers chose that option.

People&Culture

Strategy and values

The pillars of our People and Culture (P&C) strategy represents a key enabler to enhance and protect the reputation of UniCredit Bank Hungary Zrt. and UniCredit Group and to create long-term value for all stakeholders. P&C strategy contributes to the business strategy, long-term interests, and sustainability of UniCredit with its remuneration policy, reinforcing a positive working environment and accelerate people growth.

The P&C department supports the bank with solutions that are innovative, sustainable over the long-term and focused on effective recruitment and selection processes. Improving our employee experience is a key priority with strong focus on encouraging equal opportunities, providing flexible ways of working, building a strong succession pipeline and outstanding talent management, as well as providing competitive compensation packages and excellent HR services for employees.

UniCredit believes that a diversified workforce encourages sustainable growth, fosters innovation, and contributes to an engaging working environment. UniCredit is therefore committed to building an organization that makes full use of its talents, skills, experiences, and different cultural perspectives in which individuals feel they are respected and valued and can fulfil their potential. In addressing the need for diversity, UniCredit takes a multi-stakeholder approach that accounts for the differing needs of our customers, employees, and communities.

Supporting business processes

The P&C strategic partner model focuses on the understanding and the client-centred support of specific business areas and activities in the bank in terms of attraction, acquisition, onboarding, assessment and development, engagement, and retention, and offboarding. The P&C strategic partners, as contact points for each business area, are responsible for understanding business needs (business acumen), for supporting the organization in change management activities, and for partnering with the business leaders in taking decisions with a data-driven approach.

The flexible approach of the P&C department also supports the allocation of resources, consistent with short-term priorities and different market challenges.

Recruitment and selection

Since UniCredit Bank Hungary Zrt. continues to pay special attention to employees' mobility in the organization and to the utilization of their expertise on both national and international levels, the management considers first the internal applications by colleagues for any vacancies or newly opened positions, prior to evaluating any external applications.

The selection of our employees is assisted by a wide range of tools supporting in-depth assessment; examples include competence-based and behavioural interviews, professional assignments, as well as work

attitude tests. We are applying tailor-made sourcing and selection strategy depending on the needs of business areas, to provide the most effective way of attracting and hiring the best candidates.

In 2024, the bank hired 183 new FTEs (Full-time Equivalents) without leased workforce and colleagues from abroad; the annual bank turnover was 10.2 per cent. Apart from improving our recruiting process, several initiatives were launched to boost sourcing and employer branding activities: we introduced our new Career Portal, we continued the employee referral program, further strengthened cooperation with universities, and launched a graduates' programs in further areas. Relationships with universities and investments in young students allowed us to provide over 150 trainees with the opportunity to gather experience in our bank during the year.

Onboarding and integration

We believe that nurturing the engagement of our employees starts from the first moments, therefore in 2024 we further improved our onboarding process, aiming to provide a simple process, easy-to-access information, and regular check-up points for the newcomers. The first 3–6 months of the new joiners are supported by P&C generalists. Our structured integration process has been extended to trainees and colleagues returning from long term absence.

Employee satisfaction and retention

Employee satisfaction surveys and the implementation of subsequent action plans are of key importance not only for the Group but for UniCredit Bank Hungary Zrt. as well. Based on the reflections P&C is continuously developing the services and the benefits.

Employee surveys

The bank is constantly looking for "listening moments" with all the colleagues, as UniCredit cares about employee's engagement and satisfaction. In 2024 we continued to collect feedback from the employees at different stages of the employee lifecycle. We continued to have an onboarding survey, an offboarding survey, and in 2024 we conducted a wellbeing survey, too.

Our bank continued to monitor the experience of the newly joined colleagues. Through the survey we are able to follow-up the trends of new joiners' engagement and satisfaction. This experience survey, an anonymous, voluntary online questionnaire, covers overall onboarding experience (working environment, team, support from manager, tasks), attraction (employer branding), recruitment & selection process, onboarding, performance, and engagement (mentoring).

To improve our organization and the processes, it is important to understand the reasons why our colleagues decide to leave the company. In 2024 we continued to use a comprehensive questionnaire to understand the most important factors for the employees at a workplace in terms of satisfaction and engagement. The survey covers company culture, IT support, work environment (office space, furniture), compensation, work-life balance, career opportunities, trainings, education, professional improvement, colleagues, team spirit, the line

manager, the top management, the company strategy, moderated stress-level, flexible working, and meaningful job/job content.

Training and development, talent management

The goal of the People&Culture area is to achieve excellent results in learning and development, ensuring that learning becomes an integral part of the company culture. In addition to continuously keeping the knowledge within the organization up-to-date, our Learning & Development (L&D) team is strongly focused on meeting high business expectations. In 2024, supporting cultural transformation remained a key focus in alignment with the strategic leadership of UniCredit Group. Developing corporate culture and changing our values and associated behaviours continue to be part of the leadership development programs related to corporate culture transformation. In 2024, the focus of the Culture Day was on further developing a learning culture.

The L&D team regularly measures the effectiveness of training and maintains continuous communication about training opportunities, ensuring the commitment to learning. In 2024, we reintroduced bottom-up training planning processes to support more efficient resource allocation and better utilization of development investments. We organized several employee workshops to familiarize our colleagues with the available training opportunities. We measure the effectiveness of our development initiatives through surveys.

One of the main elements of UniCredit Group's strategy regarding employees and corporate culture is talent management at both Group and local level. Talent management aims to identify employees with exceptional potential, skills, and expertise within the organization and support the realization of their career plans both domestically and internationally. In 2024, we placed increased emphasis on employees with outstanding potential, promoting knowledge sharing within the organization, ensuring further development, and creating new opportunities to enhance their skills and preparedness.

In the context of leadership succession planning, there was a demand to develop the presentation skills of key personnel. As a response, we launched the "Speak Academy" initiative, focusing on public speaking and presentation skills. Investing in leadership capabilities and improving leadership skills continues to be a key pillar of the People&Culture team's activities to support employee engagement and the transformation of corporate culture. In 2024, we continued our leadership development programs: "Conscious Leadership" for newly appointed leaders and the "Strength-Based Leadership" program for experienced leaders. Focusing on business leaders, we provided leadership development opportunities for retail branch managers as a part of the Retail Branch Manager development framework, through training and workshops. In the Risk Management Division, we launched the "Adaptive Leadership" program, focused on improving adaptation to changing circumstances and leadership resilience. Our internal trainers conducted numerous sessions on topics such as assertive communication, project management, conflict resolution, etc.

Digital learning

In 2024, we continued to offer our colleagues access to the Coursera learning platform and MyLearning PLUS, which provides over 30,000 e-learning materials on various topics. In the first quarter of 2024, we conducted a comprehensive survey to assess the digital maturity of our colleagues. The results on digital competencies, digital confidence, digital habits, and digital curiosity were analysed by divisions, resulting in division-level digital action plans.

Equal opportunities

After Hungary joined the international Gender Balance program in 2013, we introduced our gender balance policy. The aim of the policy is to ensure equal treatment in all areas, from employee selection to promotion and work-life balance. We continue to monitor nationwide changes under this policy at the international level, and senior management regularly receives reports based on group-level indicators. The policy was reviewed in 2021 and further adopted without changes. In terms of equal pay, our bank has achieved significant results, reducing the pay gap for the same positions to nearly zero (1.2%).

In 2024, we established our internal DE&I group, which includes colleagues from across the company in addition to People&Culture. Initiatives aimed at promoting diversity, equity, and inclusion include:

- Monitoring pay levels for the same positions to eliminate pay disparities and ensure gender equality in remuneration.
- Ensuring that talent and succession planning is gender-balanced and diverse.
- Creating opportunities for candidates of diverse gender identities in recruitment processes.
- Continuously promoting the values of diversity, equity, and inclusion in our internal P&C newsletter.
- Celebrating diversity-related world days with various events.

UniverZ Program

For our Generation Z colleagues, we launched the UniverZ program, which began with a survey to assess their needs. Based on the results, we offered various training and community-building events. Additionally, several colleagues had the opportunity to participate in the Group-level GenZ-AI initiative, where they tested the Copilot application.

Career support for women

- The composition of the board, including department heads and competency group leaders, is exceptionally balanced, with 62% female representation.
- In 2024, we continued the EmpowHer program, aimed at supporting women's careers. The program provides various development opportunities and leadership support, with selected mentors from among the company's female leaders guiding participants. The program is open to all female applicants.

Return from maternity leave

In 2019, our bank introduced a unique employment model for colleagues on maternity leave, allowing mothers to return to work in part-time, remote positions. This initiative helps female colleagues stay connected with work during maternity leave while balancing their personal lives, and it also provides additional workforce for the respective business areas. Originally introduced in the Retail and Corporates Divisions, this program has now been expanded across the entire organization.

Wisdom Programme

Our Wisdom programme addresses age diversity, specifically targeting colleagues over 55 years old. These senior employees mentor their colleagues, and the bank offers various learning opportunities tailored to their needs. Based on positive feedback, we placed greater emphasis on this mentorship aspect, expanded the pool of potential mentees, and provided training for mentors to prepare them for their new role. To enhance the prestige of the program, we organized a mentor workshop exclusively for Wisdom mentors. The program received attention from the entire Group and was extended to Central and

Eastern Europe in 2024, allowing mentees to have mentors from other countries, as well.

Performance evaluation

As part of reinforcing the feedback culture and succession planning, the L&D team is responsible for the annual performance evaluations of all employees. The three UniCredit Values remain integral parts of the performance evaluation process, and we continued to support leaders in the preparation phase of the performance cycle.

360-degree feedback

In 2024, we continued 360-degree evaluations. At the end of the year, we conducted another 360-degree feedback for board members and B-1 level leaders as part of the group-level evaluation.

ESG

As ESG is a key priority for our company, we held several local trainings for employees and leaders on ESG, in addition to group-level and Central and Eastern European development initiatives.

Report on the divisions (CONTINUED)

UniCredit Bank supports sustainable solutions

UniCredit has provided a development loan of €8.3 million to Agroloop, a Hungarian business that produces animal feed components using insect farm technology.

Part of an investment signed with the European Investment Fund's InvestEU Sustainability guarantee, the innovative greenfield finance totals €28 million and includes a bank guarantee of €1.5 million.

Agroloop is one of the SMEs supported by UniCredit Bank Hungary as part of our UniCredit for Enterprises service. The funds will be used to develop Agroloop's technology and expand production at the region's most significant insect farming and processing facility

on the outskirts of Budapest. Approximately 60 tonnes of feedstock is processed here daily.

Agroloop's approach to sustainable animal feed production is a sustainable, circular model, using food industry by-products in the form of organic waste from the bottom of the feed value chain. It creates high value-added, premium quality feed protein, feed oil and soil improver compost that minimises emissions and has a reduced environmental impact.

The process uses black soldier fly larvae to recycle feed-grade food industry by-products with minimal water and soil use. It can use 30% of the world's food production, which would otherwise go to waste, and is pioneering sustainable animal feed production in the Hungarian market.



Report on UniCredit Jelzálogbank Zrt.

Report on UniCredit Jelzálogbank Zrt.

A mortgage bank operating as a specialised credit institution, UniCredit Jelzálogbank Zrt. was established by Bayerische Vereinsbank AG on 8 June 1998, with a registered capital of HUF 3 billion. Since 22 December 2006, the sole shareholder of UniCredit Jelzálogbank Zrt. has been UniCredit Bank Hungary Zrt.

The core activity of UniCredit Jelzálogbank Zrt. is the issue of mortgage bonds and refinancing of commercial banks. Mortgage loans are primarily secured by first-ranked mortgages, independent liens or seceded liens registered on the financed property located in the territory of Hungary.

To improve efficiency, UniCredit Jelzálogbank Zrt. has gradually outsourced some of its support activities to UniCredit Bank Hungary Zrt. since 2008.

Since 1 April 2009, the tasks of specific business areas of UniCredit Jelzálogbank Zrt. have also been performed by UniCredit Bank Hungary Zrt. as outsourced activities under agency contracts. Accordingly, UniCredit Bank Hungary Zrt. serves all administration financing home buyers' private individuals, estate development, and land financing. The issuing of mortgage bonds and unsecured bonds serving as the basis for the lending and refinancing activities has remained the responsibility of UniCredit Jelzálogbank Zrt.

In line with its past practices, UniCredit Jelzálogbank Zrt. relies on long-term HUF and foreign exchange financial sources from the capital market, obtains typically medium- and long-term funding for its own and refinanced loan portfolios by issuing mortgage bonds and money-market and long-term borrowing. Issuing mortgage bonds and unsecured bonds typically occur as part of an offering programme. In this context, UniCredit Jelzálogbank Zrt. raises long-term HUF and foreign exchange funds from the capital market.

In the current business and market environment, the frequency and volume of mortgage bond issues depend primarily on the structure of

the bank's assets and liabilities, the composition of the collateral book, the maturity structure of mortgage bonds and the developments in the market yield environment and the regulatory environment. Mortgage bonds and unsecured bonds can be issued in several ways. The form of the issuance and the instruments to be issued are specified in the prevailing base prospectus.

In 2017, UniCredit Jelzálogbank Zrt. commissioned international credit rating agency Moody's Investors Service to rate its mortgage bonds. Since 29 September 2021, the mortgage bonds issued by UniCredit Jelzálogbank Zrt. have had a long-term credit rating of A1, which is in the investment category according to the rating agency's methodology.

UniCredit Jelzálogbank Zrt. joined the UniCredit Group's ESG and Green Framework in 2021. Green mortgage bonds issued under the framework support the implementation of the green strategy of the bank and its parent company. The green-based use of the amount from the issuance of green bonds is reported in an annual ESG report, verified by an external independent auditor. UniCredit Jelzálogbank Zrt. has issued several mortgage bonds with a green rating. Low-cost funding allows customers to take out green loans at more favourable rates.

To expand the range of products for retail customers, UniCredit Jelzálogbank Zrt. launched the issuance of retail bonds in 2023 in cooperation with UniCredit Bank Hungary Zrt.

In 2024, UniCredit Jelzálogbank Zrt. significantly increased the refinancing portfolio with external banking partners, while maintaining the existing portfolios.

Based on its balance sheet drawn up according to the International Financial Reporting Standards (IFRS), UniCredit Jelzálogbank Zrt. closed the fiscal year 2024 with a balance sheet total of HUF 413 billion and profits after tax of HUF 4.1 billion.



Independent Auditor's Report



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Independent Auditors' Report

To the shareholder of UniCredit Bank Hungary Zrt.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the 2024 consolidated financial statements of UniCredit Bank Hungary Zrt. and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, with total assets of MHUF 5,194,313, the consolidated statement of profit or loss and other comprehensive income, with profit for the year of MHUF 80,303, and the consolidated statements of changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRSs) and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing consolidated annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary (Act on Accounting).

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group for the purposes of our audit of the consolidated financial statements, as provided in applicable laws in force in Hungary, the policy on rules of conduct (ethics) of the audit profession and on disciplinary procedures of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) translated into Hungarian and published on the website of the Chamber of Hungarian Auditors and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

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

Expected credit losses on loans and advances to customers, loan commitments and financial quarantees

As at 31 December 2024, loans and advances to customers (gross): HUF 2,215,048 million and related loss allowance: HUF 44,969 million, loan commitments and financial guarantees: HUF 1,608,829 million and related provision: HUF 13,161 million, and, for the year then ended, impairment and provision net release: HUF 2,426 million

See Note 44 Exposure to credit risk

Key audit matter

Impairment allowances and provisions, respectively, for loans and advances to customers and for loan commitments and financial guarantees (collectively, "loans", "exposures") represent the Group's best estimate of expected credit losses ("ECL") associated with these exposures at the reporting date. Measurement thereof requires the Group to make complex and significant judgements and assumptions.

ECLs on individually significant non-performing loans are based on the Group's estimates of the present value of expected future cash flows on a given loan, which are inherently uncertain. The present value of such expected future cash flows is often influenced by, among others, the estimated realizable value of the collateral and the applied discount factor thereon, the length of the recovery process, the cost of liquidation or sale process and the probability weight of each loan recovery scenario.

Collective ECLs on performing exposures (classified as Stage 1 and Stage 2 exposures), and on individually not significant Stage 3 (non-performing) exposures, are determined by modelling techniques relying on key parameters such as the client rating, probability of default ("PD") and loss given default ("LGD"). These modelling techniques consider historical experience, identification of exposures with a significant increase in credit risk ("SICR"),

Our response

Our audit procedures in this area, performed, where applicable, with the assistance from our own financial risk management and information technology (IT) audit specialists, included the following, among other things:

- We inspected the Group's ECL methods and models including current period changes and assessed their compliance with the relevant requirements of the financial reporting framework. As part of the above, we challenged the Group on whether the level of the methodology's sophistication continues to be appropriate based on an assessment of entity-level factors, and also inspected the model validation reports by the Group's Internal Validation function, as part of our assessment of their ability to produce accurate and consistent ECL estimates;
- We tested the design, implementation and operating effectiveness of selected controls over recognition of loans, recording and re-valuation of collaterals, client ratings, and periodic monitoring. We also tested selected IT-based controls over the days past due calculation and automated daily loan monitoring;
- We assessed the relevance and reliability of data used in ECL estimates, such as data for loan terms, loan collateral, days past due, etc.;
- We assessed whether the relevant standards' definitions of SICR and default, and loan staging

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forward-looking information and other areas of judgement.

In light of the spill-over effect of the Russo-Ukrainian conflict and the resulting energy crisis, the identification of SICR and exposures at default is associated with an increased estimation uncertainty. Since 2022 and 2023, management has applied two distinct overlays to account for increased estimation uncertainty in identifying SICR and exposures at default. The first geopolitical overlay was driven by the spill-over effects of the Russo-Ukrainian conflict and the resulting energy crisis, and the second by the heightened uncertainties in the real estate market, which may not be fully captured by collective models.

In the wake of the above factors and complexities, we considered impairment of loans and advances to customers and provision for loan commitments and financial guarantees to be associated with a significant risk of material misstatement in the consolidated financial statements, which required our increased attention in the audit and as such was determined to be a key audit matter.

criteria, were appropriately and consistently applied;

— We evaluated whether in its ECL measurement the Group appropriately considered the effects of the current market disruption and volatility. As part of the procedure, we also challenged the relevant forward-looking information and macroeconomic projections used in the ECL assessment, by reference to the European Central Bank and Hungarian National Bank forecasts.

For ECLs calculated individually:

- For a risk-based sample of exposures, we inspected the borrower loan files and challenged the key assumptions within the Group's estimates of the present value of expected future cash flows from the borrower, as follows:
- future debt recovery scenarios by reference to credit committee proposals and decisions, history of the exposure and our experience with the borrower industry and current economic conditions;
- collateral values by reference to asset valuations by experts engaged by the Group, whose competence, capabilities, and objectivity we independently assessed.

For ECLs calculated collectively, we:

- reassessed the underlying model set-up and reperformed the calculation of its output based on the Group's data and assumptions, including reperformance of staging;
- challenged the collective LGD and PD parameters used by the Group, by reference to its historical loan experience, such as that in respect of past default occurrence and realized losses thereon, and also considering any required adjustments to reflect expected changes in circumstances.
- assessed the appropriateness of any postmodel adjustments to account for risks and uncertainties not captured by the Group's ECL models. As part of the procedure, we evaluated the appropriateness of the method-model and corresponding key assumptions applied to

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estimating the geopolitical overlay and real estate overlay, and also tested the underlying data and the model's application.

For all loans in totality:

We examined whether the Group's expected credit loss and credit risk-related disclosures in the consolidated financial statements

appropriately address the relevant quantitative and qualitative information requirements of the applicable financial reporting framework.

Financial instruments - Level 2 and Level 3 fair value measurements and hedge accounting

As at 31 December 2024, financial instruments carried at fair value:

- financial assets using Level 2 fair value measurements: HUF 272,005 million, including hedging derivatives.
- financial assets using Level 3 fair value measurements: HUF 128,481 million,
- financial liabilities using Level 2 fair value measurements: HUF 208,349 million, including hedging derivatives.
- financial liabilities using Level 3 fair value measurements: HUF 54 million

As at 31 December 2024, the hedge accounting-related amounts:

- accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of hedged items: HUF 43,818 million,
- cash-flow hedge reserve (loss) in the other comprehensive income, net of tax: HUF 8,993 million

See Note 18 Financial instruments held for trading, Note 19 Hedging derivative instruments and Note 40-42 Derivative financial instruments held for Trading, Derivative financial instruments held for Hedging purposes, Fair valuation hierarchy respectively

Key audit matter

The Group applies Level 2 and Level 3 fair value measurements (as defined by IFRS 13 Fair value measurement) for certain derivatives, including hedging instruments, and also for certain securities and loans failing the solely payments of principal and interest (SPPI) test.

The instruments' fair values are determined through the application of complex valuation techniques.

Level 2 fair value measurements are based primarily on the observable pricing inputs derived from financial instruments comparable to the target instrument subject to the valuation,

Our response

Our audit procedures in this area, performed, where applicable, with the assistance from our own financial instruments valuation, financial risk management, accounting advisory and IT audit specialists, included the following, among other things:

— We tested the design, implementation and operating effectiveness of selected controls over the recognition of the relevant financial instruments, end-of-day reconciliations, fair value measurement and designation of hedge relationships.

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often with valuation adjustments required to account for any differences in terms of the target and comparable instrument. Level 3 fair value measurements are generally based on the discounted cash-flow (DCF) models, with observable and unobservable inputs and assumptions, such as, primarily, contractual cash flows, risk free interest rate and credit spread.

Significant management judgement is involved in determination of the appropriate valuation method and model assumptions and inputs. In addition, comprehensive models tend to be more susceptible to the risk of management bias, error and inconsistent application. As a result, more attention is required during the audit process in assessing the relevance and reliability of the sources used in developing the assumptions and their consistent application.

Further, for a significant portion of the financial instruments, the Group applies fair value or cash flow hedge accounting. Significant judgment and complex assumptions are required in the assessment of and accounting for the hedging relationships pursuant to the requirements of IAS 39 Financial instruments: Recognition and measurement.

In the wake of the above factors, coupled with increased estimation uncertainty stemming from the current volatile economic environment, we considered the area to be associated with a significant risk of material misstatement in the consolidated financial statements, which required our increased attention in the audit and as such was determined to be a key audit matter.

- We tested selected IT-based controls over related interfaces, automated foreign currency revaluations and automated hedging derivatives interest calculation:
- We assessed the Group's fair value methods and models against the financial reporting requirements and the market practice;
- We tested the reporting-date fair value measurements for Level 2 and Level 3 financial instruments, other than loans not meeting the SPPI criterion, by developing our own independent fair value expectations. As part of the procedure, we, among other things:
- assessed the relevance and reliability of the data to be used in the valuations;
- for Level 2 measurements applied our own models and input parameters derived from comparable bonds and markets;
- for Level 3 measurements, developed the key DCF model inputs as follows:
 - Contractual cash flows by reference to our inspection of the underlying contractual provisions;
 - Risk-free interest rate by reference to benchmark risk-free yield curves; and
 - Credit spread by reference to the comparable securities approach or market curve approach, as considered relevant.
- For loans failing the SPPI test, we inspected the product-related specific features and challenged the input data and assumptions applied by the Group (such as those for expected cash-flows, risk-free yield curves and credit-spread curve used for discounting purposes, by reference to benchmark yield curves and contractual provisions);
- In order to assess the appropriateness of the Group's hedge accounting, we:
- challenged the appropriateness of methods related to fair value and cash flow hedge

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- accounting for both portfolio- and micro hedging relationships;
- assessed whether the established hedging relationships are appropriate in light of the risk to be addressed and whether all of the hedge accounting criteria of IAS 39 are met;
- challenged both the retrospective and prospective hedge effectiveness tests performed by the Group. As part of the procedure, we independently compared the actual change in fair value of the hedged asset or liability or in cash flows with respect to the hedged risk with the change in the fair value of the hedging instrument.
- For fair value and hedge-related disclosures, we examined whether they appropriately addressed the relevant quantitative and qualitative requirements by the applicable financial reporting framework.

Other Information

The other information comprises the 2024 consolidated business report of the Group. Management is responsible for the preparation of the consolidated business report in accordance with the Act on Accounting and other applicable legal requirements, if any.

Our opinion on the consolidated financial statements expressed in the Opinion section of our report does not cover the consolidated business report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Act on Accounting, we are also responsible for assessing whether the consolidated business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements and expressing an opinion on this and whether the consolidated business report is consistent with the consolidated financial statements.

With respect to the consolidated business report, based on the Act on Accounting, we are also responsible for checking whether the consolidated business report includes the consolidated sustainability statement specified in Chapter VI/C of the Act on Accounting.

In our opinion the 2024 consolidated business report of the Group is consistent, in all material respects, with its 2024 consolidated financial statements and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the consolidated business report, therefore, we do not express an opinion in this respect.

We confirm that the consolidated sustainability statement specified in Chapter VI/C of the Act on Accounting has not been provided in the consolidated business report based on the exemption set out in Section 134/I § (7) of the Act on Accounting.

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In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated business report, and if so, the nature of such misstatement. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with EU IFRSs and for the preparation of the consolidated financial statements in accordance with provisions applicable to entities preparing consolidated annual financial statements in accordance with EU IFRSs of the Act on Accounting and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Hungarian National Standards on Auditing and applicable laws and regulations in Hungary 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 consolidated financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

We were appointed by the shareholder on 4 March 2024 to audit the consolidated financial statements of the Group for the financial year ended 31 December 2024. Our total uninterrupted period of engagement is three years, covering the periods ending 31 December 2022 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Group dated 4 March 2025:
- we have not provided to the Group prohibited non-audit services (NASs) as set out by Article 5(1) of Regulation (EU) No 537/2014 and in terms of the member state derogations by the Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors in force in Hungary. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is the signatory of this report.

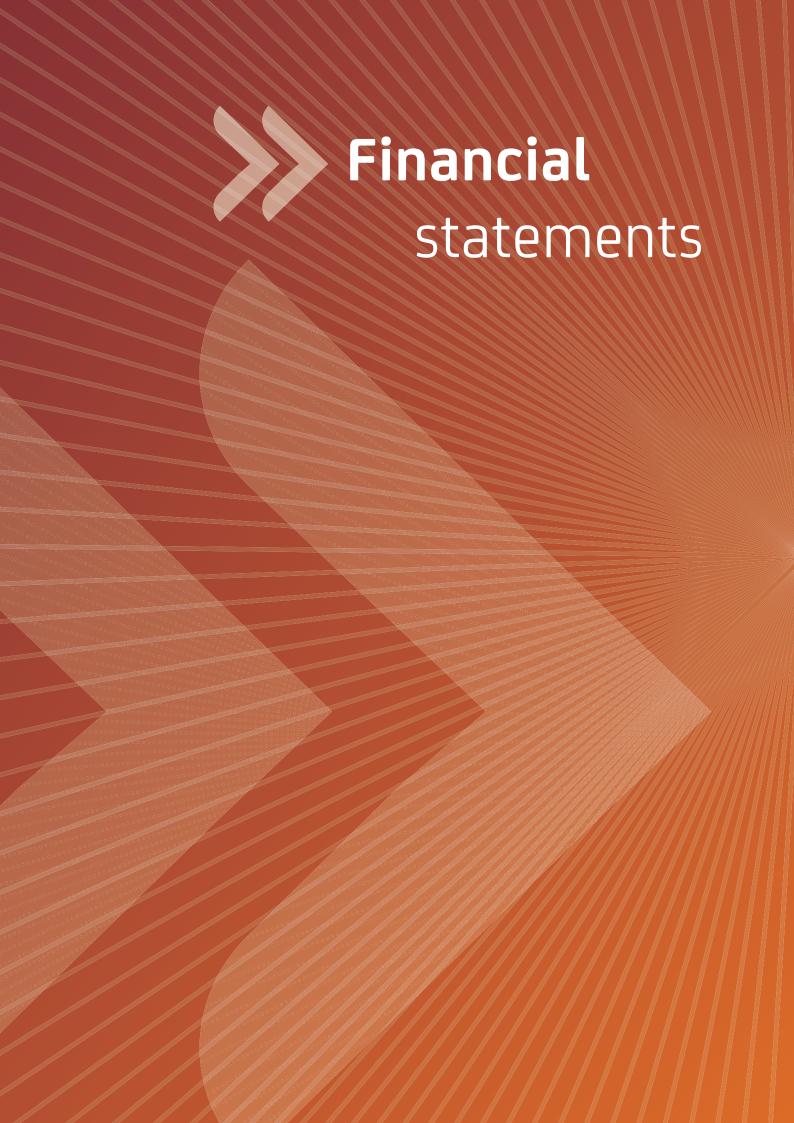
Budapest, 11 March 2025

KPMG Hungária Kft.

Registration number: 000202

Zsuzsanna Csáki
Partner, Professional Accountant
Registration number: 007448

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Financial statements

Consolidated statement of financial position – 31 December 2024

Assets

	NOTE	31 DECEMBER 2024	31 DECEMBER 2023
Cash and cash equivalents	17	1,130,267	461,931
Financial assets held for trading	18	591	2,756
Trading derivative assets	18	76,081	128,527
Hedging derivative assets	19	83,789	79,412
Loans and advances to banks	20	570,038	1,029,319
Loans and advances to customers	21	2,290,288	2,184,057
Investment securities	22	934,808	1,109,553
Investment properties	24	7,965	7,416
Property, plant and equipment	25	25,848	24,289
Intangible assets	26	18,945	19,494
Current tax assets	16	1,123	16
Deferred tax assets	16	569	903
Other assets	27	54,001	55,185
Total Assets		5,194,313	5,102,858
Liabilities			
Deposits from banks	28	680,711	717,093
Deposits from customers	29	3,209,794	3,041,603
Issued debt securities	30	473,998	440,229
Trading derivative liabilities	18	73,562	117,775
Financial liabilities held for trading	18	201	_
Hedging derivative liabilites	19	134,640	170,723
Other provisions	35	15,540	16,825
Current tax liabilities	16	432	3,377
Deferred tax liability	16	75	10
Other liabilities	31, 32	64,117	64,498
Subordinated liabilities	30	55,795	52,116
Total Liabilities		4,708,865	4,624,249
Equity			
Share capital	33	24,118	24,118
Share premium	34	3,900	3,900
Retained earnings		289,665	284,301
Statutory reserves	34	84,069	75,705
Valuation reserves		3,345	(1,408)
Net profit for the year		80,299	91,940
Total Equity attributable to the equity holder of the Bank		485,396	478,556
Total Equity attributable to the equity holder of the balls		400,000	470,330
Minority interest		52	53
Total Equity		485,448	478,609
Total Liabilities and Equity		5,194,313	5,102,858
iotai Liabilities and Equity		0,134,010	3,102,030

Consolidated statement of profit or loss and other comprehensive income – 31 December 2024

	NOTE	2024	2023
Interest income calculated using the effective interest method	7	294,294	366,383
Other interest and similar income	7	176,469	224,519
Interest expense and similar charges	7	(331,354)	(434,415)
Net interest income		139,409	156,487
Fee and commission income	8	83,095	72,127
Fee and commission expense	8	(12,839)	(14,349)
Net fee and commission income		70,256	57,778
Dividend income	9	10	5
Net trading income	10	1,791	2,770
Net gain and loss on hedge accounting	11	310	(1,997)
Net gain and loss on non-trading financial instruments	12	(2,644)	(557)
Foreign exchange result	10	22,001	12,469
Operating income		231,133	226,955
Impairment and losses on credit products	44	909	6,535
Personnel expenses	13	(29,873)	(27,886)
General operating expenses	14	(99,505)	(88,524)
Depreciation on property, plant and equipments	25	(2,980)	(2,510)
Amortization and impairment on intangible assets	26	(4,714)	(5,915)
Operating costs		(137,072)	(124,835)
Other income	15	2,674	4,320
Other expense	15	(3,122)	(4,696)
Other results		(448)	(376)
Gain / (losses) on investment properties		322	(1,349)
Profit before tax		94,844	106,930
Income tax expense	16	(14,541)	(14,989)
Net profit for the year		80,303	91,941
Attributable to:			
Shareholder of the Group		80,299	91,940
Minority interests		4	1

Consolidated statement of profit or loss and other comprehensive income – 31 December 2024

	NOTE	2024	2023
Profit for the period		80 303	91 941
Items that are may be reclassified subsequently to profit or loss			
Movement in fair value reserve of debt investments measured at fair value through other comprehensive income		2 732	(4 443)
Deferred income tax on movement of fair value reserve of debt investments measured at fair value through other comprehensive income	16	(350)	390
Net movement in fair value reserve of debt investments measured at fair value throung other comprehensive income		2 382	(4 053)
Movement in cash flow hedge reserves		(1 103)	48 266
Deferred income tax on movement in cash flow hedge reserves	16	332	(4 344)
Net change in cash flow hedge reserves		(771)	43 922
Items that will not be reclassified to profit or loss			
Movement in fair value reserve of equity investments measured at fair value through other comprehensive income	22	2 259	4 530
Deferred income tax on movement of fair value reserve of equity investments measured at fair value through other comprehensive income	16	-	(78)
Net movement in fair value reserves of equity investments measured at fair value through other comprehensive income		2 259	4 452
Revaluation on property		899	123
Deferred income tax on revaluation on property	16	(79)	(8)
Net movement in property revaluation		820	115
Other comprehensive income, net of tax		4 690	44 436
Total comprehensive income		84 993	136 377
Attributable to:			
Shareholder of the Group		84 989	136 376
Minority interests		4	1

Consolidated statement of changes in Shareholder's equity - 31 December 2024

	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	STATUTORY RESERVES	,	/ALUATION RESER	eves	NET PROFIT	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
						FAIR VALUE RESERVE	HEDGING RESERVE	ASSET REVALUATION SURPLUS				
Balance as at 1 January 2023		24,118	3,900	259,483	66,502	5,330	(52,144)	1,001	84,840	393,030	85	393,115
Not profit for the provious year				04.040					(0.4.0.40)			
Net profit for the previous year Net profit for the current year				84,840					(84,840)	91,940		91,941
Net movement in fair value reserve of financial instruments measured at fair value through other comprehensive income	22					(4,053)			-	(4,053)		(4,053)
Net movement in fair value reserves of equity investments measured at fair value through other comprehensive income	22	-	-	-	-	4,452	-	_	-	4,452	_	4,452
Net movement in cash flow hedge reserves		_	_	_	_	_	43,922	_	_	43,922	_	43,922
Net movement in asset revaluation surplus	24	_	_	_	_	_	_	115	_	115	_	115
Change of non-controlling interest		_	_	_	_	_	_	_	_	_	(33)	(33)
Total comprehensive income for the year		_	_	_	_	399	43,922	115	91,940	136,376	(32)	136,344
Transfers to statutory reserves	34			(9,203)	9,203					_		_
Transfer of realised revaluation differences on real estate to retained earnings	24			31				(31)		-		-
Total transfers between components of equity		-	-	(9,172)	9,203	-	-	(31)	-	-	_	-
Dividend to equity holder				(50,850)	_	-	-	_	-	(50,850)		(50,850)
Total transfers to equity holders		_	_	(50,850)	_	_	_	_	_	(50,850)	_	(50,850)
Balance as at 31 December 2023		24,118	3,900	284,301	75,705	5,729	(8,222)	1,085	91,940	478,556	53	478,609
Balance as at 1 January 2024		24,118	3,900	284,301	75,705	5,729	(8,222)	1,085	91,940	478,556	53	478,609
Not profit for the gravious year				01.040					(01.040)			
Net profit for the previous year		_		91,940	_	_	_		(91,940)			
Net profit for the current year					_		_		80,299	80,299	4	80,303
Net movement in fair value reserve of financial instruments measured at fair value through other comprehensive income	22	_	_	_	_	2,382	_	_	_	2,382	_	2,382
Net movement in fair value reserves of equity investments measured at fair value through other comprehensive income	22	-	_	-	_	2,259	_	_	_	2,259	_	2,259
Net movement in cash flow hedge reserves		_	_	_	_	_	(771)			(771)		(771)
Net movement in asset revaluation surplus	24	_	_	_	_	_	_	820	_	820		820
Change of non-controlling interest		_	_	_	_	_	_	_	_		(5)	(5)
Total comprehensive income for the year		_	_	91,940		4,641	(771)	820	80,299	84,989	(1)	84,988
Transfers to statutory reserves	34	-	_	(8,364)	8,364	_	_	_	_	_	_	_
Transfer of realised revaluation differences on real estate to retained earnings	24	_	_	20	_	_	_	(20)	_	_	_	_
Transfer of deferred tax impact of fair value reserves of equity instruments measured at fair value through other comprehensive income		_	-	(83)	-	83	_	_	-	_	_	_
Total transfers between components of equity		_	_	(8,427)	8,364	83	_	(20)	_	_	_	_
Dividend to equity holder		_	_	(78,149)	_	_	_	_	_	(78,149)	_	(78,149)
Total transfers to equity holders		_	_	(78,149)	_	_	_	-	-	(78,149)	_	(78,149)
Balance as at 31 December 2024		24,118	3,900	289,665	84,069	10,453	(8,993)	1,885	80,299	485,396	52	485,448

Consolidated statement of cash flows - 31 December 2024

Cash flows from operating activities

	NOTE	2024	2023
Net profit for the year		80,303	91,941
Adjustments for:			
Depreciation and amortisation	25, 26	7,694	8,42
Profit on disposal of property, plant and equipment	25, 26	(54)	13
Net loss/gain from cash flow hedging assets	41	(41,563)	4,10
Net impairment and losses in credit products	44	297	(7,545
Fair value change of fixed assets (real estates)	25	(123)	20
Fair value change of investment properties	24	(549)	1,30
Fair value change and foreign exchange loss/(gain) of non-operating cash flows	22, 30	33,556	(99,092
Other adjusting items not involving a cash flow	24	(415)	
Net gain on investment securities at FVTPL	12	(19)	(22
Net loss on sale of financial assets measured at amortised cost	12	3,276	2,82
Net gain on sale of investment securities measured at Fair value through other comprehensive	12	(240)	(44
Net interest income	7	(139,409)	(156,04
Dividens on equity securities at FVTPL	9	(10)	((
Business combination		(1.5)	
Tax expense	16	14,541	14,98
Change in financial assets held for trading	18	54,592	147,10
Change in other assets	27	1,596	(18,57
Change in other assets Change in deferred tax assets	16	1,090	(10,01
Change in other liabilities	31	1,003	21,34
Change in loans and advances to customers	21	(113,399)	(116,94
	20		
Change in loans and advances to banks Change in deposits from customers	29	459,371 168,555	(99,76 153,95
• •			
Change in deposits from banks	28	(35,995)	(42,01
Change in financial liabilities held for trading	18	(44,012)	(161,78
Interest received	7	462,792	590,45
Interest paid	7	(331,393)	(434,41
Dividends received	9	10	
Income tax paid	16	(18,293)	(18,11
Net cash (used in)/from operating activities		562,112	(118,17
eash flows from investing activities			
Proceed on sale of property, plant and equipment	25	79	12
Addition of property, plant and equipment	25	(3,542)	(2,64
Proceeds from the sale of fixed assets held for sale	25	(3,342)	(2,04
		(4.105)	/4.00
Addition of intangible assets	26 22	(4,165)	(4,20
Acquisitions of investment securities		(12,047,828)	(3,812,23
Proceeds from sale of investment securities	22	12,223,194	3,631,79
Observation and another Historical		-	(3
Change in non-controlling interest		407 700	(40= 40)
<u> </u>		167,738	(187,18
Net cash used in investing activities		167,738	(187,18
Net cash used in investing activities Cash flows from financing activities	30		
Net cash used in investing activities Eash flows from financing activities Proceeds from issue of debt securities	30	38 019	151 50
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities	30	38 019 (20 000)	151 50 (50 20
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities Dividend paid	30 34	38 019 (20 000) (78 149)	151 50 (50 20 (50 85
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities Dividend paid Payments of lease liabilities	30 34 32	38 019 (20 000)	151 50 (50 20 (50 85 (1 28
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities Dividend paid Payments of lease liabilities Proceeds from issue of subordinated liablities	30 34	38 019 (20 000) (78 149) (1 384)	151 50 (50 20 (50 85 (1 28
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities Dividend paid Payments of lease liabilities Proceeds from issue of subordinated liablities Net cash from financing activities	30 34 32	38 019 (20 000) (78 149) (1 384) — (61 514)	151 50 (50 20 (50 85 (1 28 50 98
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities Dividend paid Payments of lease liabilities Proceeds from issue of subordinated liablities Net cash from financing activities Net (decrease)/increase in cash**	30 34 32	38 019 (20 000) (78 149) (1 384) ————————————————————————————————————	151 50 (50 20) (50 85) (1 28 50 98 100 14 (205 21)
Net cash used in investing activities Cash flows from financing activities Proceeds from issue of debt securities Repayment of debt securities Dividend paid Payments of lease liabilities	30 34 32	38 019 (20 000) (78 149) (1 384) — (61 514)	(187,184 151 50 (50 20) (50 85) (1 28 50 98 100 14 (205 21) 4 58 667 14

Notes to the financial statements

1 General

UniCredit Bank Hungary Zrt. ("UniCredit" or "Bank") is registered as a joint-stock company under Hungarian law and is licensed to conduct universal banking activities in Hungary.

The address of the registered head office is H-1054 Budapest, Szabadság tér 5-6. Bank's website is available at http://www.unicreditbank.hu.

The bank is a wholly owned subsidiary of UniCredit S.p.A., its location is IT 20154 Milan, Piazza Gae Aulenti 3., Italy.

Transactions with members of the UniCredit Group include credit relationships, where the related parties are borrowers, guarantors or depositors. Such transactions are conducted under substantially the same terms and conditions as applied to third parties, unless otherwise stated.

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

The financial statements are signed by Balázs Tóth, CEO (address: 2120 Dunakeszi, Déli utca 2.) and Matteo Consalvi, CFO (address: AT-1010 Vienna, Rosenbursen Strasse 8. Apt. 9)

The responsible chief accountant is András Tornay-Csomor, IFRS chartered accountant (registration number: 202785).

The consolidated financial statements were approved by the Supervisory Board on the 11 March 2025.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared with taking advantage of the opportunity provided by the Hungarian Accounting act in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU.

2.2 Basis of measurement

The consolidated financial statements are presented in Hungarian Forint (HUF) that is the group's functional currency. The functional currency is the currency of the primary economic environment in which the group operates. The accounting records of the group are also maintained in this currency. Unless otherwise indicated, financial information presented in Hungarian Forint has been rounded to the nearest million. The consolidated financial statements have been prepared on a fair value basis for derivative financial instruments, trading financial assets and liabilities, loans to customers at fair value through profit or loss, securities at fair value through profit or loss and financial assets at fair value through other comprehensive income, except those for which a reliable measurement of fair value is not available. The latter items are stated at either amortised or historical cost. Other financial assets and liabilities are stated at amortised cost or historical cost.

The consolidated financial statements consolidate the accounts of the following entities: UniCredit Bank Hungary Zrt., UniCredit Jelzálogbank Zrt. (Mortgage Bank), UniCredit Leasing Hungary Zrt., as subsidiaries and Europa Investment Fund as a special purpose vehicle (together the "group").

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These principles have been applied consistently for all the years concerned, with any exceptions indicated.

3 Significant accounting policies

3.1 Restatement of prior year financial statatements

In 2024, there were no accounting policy changes that require restatement of comparative figures in the consolidated financial statements for the previous year.

3.2 Consolidation principles

All entities that considered significant directly or indirectly controlled by the group have been consolidated into the consolidated financial statements. These consolidated financial statements are based on the stand-alone reporting packages of the consolidated subsidiaries, which have also been prepared in accordance with IFRS Investments in shares in companies, which are not consolidated are classified as available for sale investments and recognised at their fair value is reliably measurable.

Subsidiaries that are not considered significant are carried at cost less impairment. All investments in other non-consolidated entities are classified as financial assets at fair value through other comprehensive income or at fair value through profit or loss and are carried at fair value, with changes in fair value recognised directly in the consolidated statement of comprehensive income. In the event of impairment, the loss is recognised in the consolidated income statement. Once the circumstances that led to the impairment cease to exist, the loss is reversed.

3.3. Consolidation procedures

When a subsidiary or associated company is acquired, the acquirer determines the related goodwill, which is recognised in the statement of financial position. Subsequently, goodwill is measured at cost less accumulated impairment losses.

The consolidation of subsidiaries begins when the group obtains control and ceases when the group loses control.

Intra-group balances, income and expenses arising from intra-group transactions are eliminated in the consolidated financial statements.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash, unrestricted nostro accounts with the Central Bank of Hungary (CBH) and other credit institutions, and overnight deposits, which are subject to an insignificant risk of changes in fair value and which the group uses to meet its short-term obligations. Cash and cash equivalents are carried on the balance sheet at amortised cost.

The amount of cash in the statement of cash flows is equal to the cash on hand from statement of financial position item Cash and unrestricted nostros with the Central Bank (see Note 17).

3.5 Financial instruments

3.5.1 Classification

Financial assets

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

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

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

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

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

In the assessment of the SPPI criteria's the group analyses whether the contractual cash flows of loan commitments and other debt assets contain solely payments of principal and interest, so the principal based on contract and the related interest payments are consistent with the base contract. In the base contracts the time value of money and credit risk are the most important elements of interest. In addition, the interest may also include the consideration for the principal lending risks associated with holding the financial instrument for a certain period of time, or a profit margin.

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

Financial assets at amortised cost:

The group measures at amortised cost those financial assets which were classified under HTC business model, furthermore the contractual terms give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Such assets comprise mainly loans and advances to customers and other banks, furthermore debt securities, cash and cash equivalents and accounts receivables.

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

The group measures at fair value through other comprehensive income those financial assets which were classified under HTCS business model, furthermore the contractual terms give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The group classifies those securities which comply with the above terms, furthermore those equity instruments under IFRS 9 which have been designated irrevocably as FVOCI at transition by the group. There are such investments in Fundamenta Lakáskassza Lakás-takarékpénztár Zrt. and Garantiqa Hitelgarancia Zrt.

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

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

Furthermore the group measures those equity instruments under IFRS 9 as Other category which were not designated by the group as FVOCI.

Based on Other business model the group principally holds shares, bonds and derivative contracts that are not designated as effective hedging instruments. All non-hedge derivatives in a net receivable position (positive fair value), are classified as financial assets, held for trading. All trading derivatives in a net payable position (negative fair value), are classified as financial liabilities, held for trading. The group decided not to use the possibility of the optional, irrevocable classification of its financial instruments as financial instruments at fair value though profit or loss.

Hedging instruments:

These are financial instruments used by the group to hedge interest rate risk and currency exposures associated with its transactions in the financial markets.

The group's hedge accounting policy has been adopted in accordance with the hedge accounting part of IAS 39 in force.

At the inception of a hedging transaction, the group formally documents the relationship between the hedging instruments and the hedged items, the risk management objective and strategy followed in entering into the transaction, and the method used to measure the effectiveness of the hedging relationship. The group assesses, both at inception of the hedging relationship and on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged items over the period for which the hedge is designated and whether the actual results of each hedge fall within the range of 80-125 per cent.

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

There are certain derivatives that are designated as hedging instruments in cash flow hedges. They serve as hedges against the variability of cash flows within the framework of the group's asset-liability management activities.

Variable-rate interest receivables, payments on variable-rate assets and liabilities are swapped for fixed-rate interest payments, primarily by means of interest rate swaps. Interest rate swaps are also used to hedge the exposure to changes in the fair values of fixed rate securities at fair value through other comprehensive income attributable to changes in market interest rates.

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

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

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

The accounting for derivative financial instruments held for hedging purposes, hedged instruments and hedge ineffectiveness is presented in Supplementary Note 41.

Financial liabilities

The group measures financial liabilities at amortised cost, except for those financial liabilities which are valued at fair value through profit and loss. The latter comprises financial liabilities held for trading, derivative financial liabilities.

The group decided not to use the possibility of the optional, irrevocable classification of its financial liabilities as financial liabilities at fair value though profit or loss.

3.5.2 Recognition and de-recognition

The group recognises financial assets and liabilities using settlement date accounting. On initial recognition, the group measures financial instruments at fair value, plus or minus transaction costs that are directly attributable to the issue or acquisition of the financial asset or financial liability.

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

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

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

3.5.3 Measurement

Initial measurement

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

If the group determines that the fair value at initial recognition differs from the transaction price (for example, loans disbursed or borrowed at below-market interest rates, so-called off-market loans), the group applies the following accounting treatment at initial recognition of the financial instrument:

- If the fair value of the financial instrument is evidenced by a quoted price in an active market (i.e. a Level 1 fair value input) or if the fair value measurement is based on a valuation technique that uses inputs from observable markets only, the Bank recognises the difference between the fair value and the transaction price as a gain or loss on initial recognition and immediately recognises it in profit or loss.
- In all other cases, recognition of the difference between the initial fair value and the transaction price at initial recognition through profit or loss is deferred and the calculated initial fair value difference (i.e. the first day loss) is deferred by the Bank with reference to IFRS 9 B5.1.2A (b). This means that, at inception, the initial fair value difference is separated from the receivable or payable arising from the underlying loan transaction and, at the same time, an accrual is created (as other receivable or other payable, depending on the nature of the transaction) that reverses over the life of the loan, in parallel with the amortisation of the financial instrument using the effective interest method, which means that the net result of reversing the accrual and amortising the financial instrument is zero in subsequent periods.

Subsequent measurement

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

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

Fair value measurement principles

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

Gains and losses on subsequent measurement of FVTPL and FVOCI assets

Gains and losses arising from a change in the fair value of trading financial assets and financial liabilities are recognised in the statement of profit or loss. Gains and losses arising from a change in the fair value of financial assets at fair value through other comprehensive income are recognised in the Fair value reserve, except for those designated as hedged items in qualifying fair value hedge relationships, where changes in fair value attributable to the risk being hedged are recognised in statement of profit or loss. Gains and losses arising from a change in the fair value of derivatives, designated as effective hedging instruments in a cash flow hedge relationship are recognised in the Cash flow hedge reserve. Any impairment loss on financial assets at fair value through other comprehensive income is recognised in the statement of profit or loss.

At derecognition the cumulated balance in the revaluation reserve needs to be transferred. In case of debt instruments the transfer needs to happen against the statement of profit or loss, and in case of the equity instruments designated as FVOCI, the cumulated revaluation is transferred to retained earnings.

3.5.4 Changes to financial assets and liabilities

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

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

- Inclusion of a factor in the contract that violates SPPI criteria in the contract;
- Contract modification due to intervention by government authorities, or contract modification due to a natural disaster. These types of modifications are assessed by the Bank on a case-by-case basis to determine whether they are significant and thus require derecognition of the original exposure. The assessment of government actions for 2023-2024 is presented in Supplementary Note 6;
- Change in the currency of the financial instrument;
- · Change in the debtor's identity;
- Change in the type of interest rate (fixed/variable);
- Change from non-revolving to revolving loan or vice versa;

Commercial reason modifications, which change the basic parameters of financial instruments (e.g. maturity) by applying market conditions for customers
who are not in financial difficulty and the contracts are to modify the cash flow of the contracts primarily to avoid the loss of existing customers of
existing customers.

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

Contract amendments due to changes in credit risk:

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

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

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

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

- Contract modification due to intervention of governmental authorities or contract modification due to natural disaster These types of adjustments are assessed by the Bank on a case-by-case basis to determine whether they are significant and thus require derecognition of the original exposure. The assessment of government measures for 2023-2024 is presented in Supplementary Note 6;
- Change in the currency denomination of a financial liability;
- · Exchange of debt instruments;
- A significant change in the maturity of the liability compared to the total maturity;
- Significant change in interest rate terms (e.g. fixed/variable).

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

3.6 Transactions in foreign currency

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

3.7 Property, plant and equipment

The group applies the revaluation model for buildings and land owned and used by the group (together referred to as "Properties"). The group revaluates the Properties at least every six months and carries them at a revalued amount equal to their fair value less any subsequent accumulated depreciation and any subsequent negative fair value losses.

At each revaluation date, the accumulated depreciation recorded is remeasured in proportion to the change in the gross carrying amount of the asset so that, following the revaluation, the carrying amount equals the revalued amount. The amount of the adjustment arising on the restatement or derecognition of accumulated depreciation forms part of the increase or decrease in the carrying amount.

For machinery and equipment that is not property, plant and equipment, the group measures its property, plant and equipment using the cost model, and such property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

3.8 Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are reviewed periodically and items which are considered to have no further value are impaired in full. The group has no intangible assets with an indefinite useful life.

3.9 Depreciation and amortisation

The depreciation of property, plant and equipment and intangible assets is determined on a straight-line basis, taking into account the expected useful life and the residual value.

For real estate, depreciation is based on the revalued gross value.

The annual rates of depreciation used are as follows:

	Depreciation Rate (%)
Buildings	2 – 6
Property rights	10
Office equipment	14.5 – 33
Hardware	25
Motor vehicles	20
Rental rights	10
Licenses	10
Software	20

The estimate of the useful life and residual value is reviewed each year at the balance sheet date and adjusted if necessary, and if there is an indication that they have changed.

3.10 Investment properties

The group's investment properties are buildings held for rental or capital appreciation, or both. The group carries investment property at fair value. Investment properties are valued periodically by an independent property valuation company in accordance with the applicable legislation. The valuation method used by the property valuation company complies with IFRS 13.

3.11 Impairment of non-financial assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If there is an indication of impairment that a non-financial asset (property, plant and equipment or intangible asset) is impaired, the asset's carrying amount is compared with its recoverable amount (the higher of the fair value less costs to sell and its value in use, being the net present value of estimated future cash flows expected to arise from the asset). The difference between the two comparisons is recognised in profit or loss. If circumstances no longer exist that indicate impairment and, as a result, the impairment loss is reversed, the increased carrying amount shall not exceed the amount at which the asset was carried before the impairment loss was recognised.

3.12 Loans and advances

Loans granted by the group are included in financial assets at amortised cost and financial assets at fair value through profit or loss. Purchased loans that the group has the intent and ability to hold to maturity and that meet the SPPI criteria are classified as financial assets at amortised cost.

The group's exposures that do not meet the SPPI test and are required to be recognised as financial assets at fair value through profit or loss include the following:

- State subsidised loan types under the Family Home Loan Facility, where the contractual interest rate is quantified by adding a risk premium to a specified percentage of the average yields of the ÁKK other than one hundred percent. The group has classified the multiplier applied to the ÁKK average yield as leverage that is inconsistent with a core lending arrangement, and therefore the cash flows for these loan facilities are not classified by the group as interest-only payments on principal outstanding.
- Baby Support Loans have been introduced as part of the Hungarian Government's Family Support Action Plan under Government Decree 44/2019 (III.12) on Baby Support. According to the regulatory framework, couples can get a state-subsidised loan of up to HUF 10 million under the scheme on condition that they have at least one child within five years. They will receive additional state support in the form of loan debt relief after the birth of the second child (30% relief) and the entire loan debt will be forgiven after the birth of the third child. The loan is interest-free for the borrower during the period of the interest subsidy, and individuals pay only a principal repayment and a guarantee fee to the budget. For the period of the State interest subsidy, the commercial interest rate to be paid by the central budget is the monthly weighted arithmetic average of the 5-year nominal government bond auction yields published monthly by the ÁKK, plus 110 % of the average of the weighted average of the 5-year nominal government bond auctions held in the three calendar months preceding the publication, plus a fixed percentage point. The group has classified the multiplier applied to the average yield as leverage that is inconsistent with a core lending arrangement, and therefore the cash flows on the Baby Support Loans are not classified by the group as interest-only payments on principal outstanding.
- The group also has exposures that were originated under the Hungarian Development Bank's program for small and medium-sized enterprises. For these facilities, the currency of the loan is not denominated in the same currency as the benchmark interest rate of the loan and therefore these special condition loans do not meet the SPPI test.

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

Purchased or originated impaired financial assets (POCI assets) are impaired on initial recognition. The initial recognition date of POCI assets is the date on which the contractual terms of the financial asset become binding on the group. The POCI classification remains on the group's books from initial recognition until derecognition, and no impairment stages are identified for these assets. For a more detailed description of the Stage classification, see Additional information 4.

The effective interest method is used to determine the income earned on loans and receivables measured at amortised cost during the financial year. The effective interest rate is determined for all loans and receivables individually. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability. All contractual cash flows, including fees and commission income, are taken into account in the calculation of the

effective interest rate, as are potential premiums and discounts. Estimated future losses are not included in the calculation until the asset becomes impaired (Stage 3). Once impaired, the interest calculation is based on the gross carrying amount less the recognised losses. For POCI financial assets, interest income is determined using the loan adjusted effective interest rate. The result of this calculation is recognised in the income statement.

3.13 Provisions for impairment and loan losses

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

3.14 Leasing

In accordance with the requirements of IFRS 16 Leases, the group assesses at the inception of each contract whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party transfers to the other party, for consideration, the right to control the use of an identified asset for a period of time. In determining whether the group has the right to control the use of an identified asset under a contract, it applies the requirements of IFRS 16. The group adopted the EU endorsed IFRS 16 from 1 January 2019. Upon first application of the provisions of IFRS 16, the group has elected the modified retrospective application to its leases.

The group as lessor

Leases are classified as finance leases, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant, periodic rate of return on the group's net investment outstanding in respect of the leases.

In the event of non-performance of the lease or other termination of the lease for other reasons, the repossessed assets are recorded in the books at the fair value of the underlying receivable and any impairment is recognised in the light of the market value of the asset. The group's inventory (including repossessed assets) is not significant.

For the lessors the recognition and measurement requirements of IFRS 16 are similar, as they were stated in IAS 17. The leases shall be classified as finance and operating leases according to IFRS 16 as well. The new leasing standard has no significant impact on the group as a lessor other than increased disclosure requirements.

The group as lessee

As a lessee, the group takes advantage of the option provided by the standard not to separate non-lease components from lease components but to account for each lease component and the related non-lease components as a single lease component.

The group, as lessee, recognises an asset right and a lease liability at the commencement of the lease term.

Recognition of right-to-use assets

The right to use an asset is recognised at cost, which comprises the following items:

- The initial recognition of the lease liability;
- Lease payments made on or before the commencement date, less any lease incentives received;
- · Initial direct costs;
- Estimated costs associated with the dismantling, removal and restoration of the underlying asset to its original condition or to the condition required by
 the lease terms, unless those costs were incurred to produce inventories.

The group measures the right to use the asset after initial recognition using the IAS 16 cost model. Accordingly, it depreciates the right to use the asset over the lease term and recognises an impairment loss, if necessary, and adjusts it by remeasuring the lease liability.

The depreciation of asset-use rights is in line with the accounting rules presented for tangible fixed assets (see Supplementary Note 3.9)

The group presents rights to use assets on the same line item as it would present the underlying assets if it owned them.

The group, as a lessee, applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and to recognise any identified impairment loss.

The group uses the following practical expedients provided by the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Adjusts the right-of-use asset at the date of initial application by the amount of the provision recognised in the statement of financial position for the leases with an adverse effect immediately before the date of initial application;
- Applies a simplified method for contracts maturing within 12 months;
- Excludes initial direct costs from the measurement of the right to use the asset;
- Applies a retrospective approach, for example, in determining the lease term if the contract contains an option to extend or terminate the lease.

Recognition of lease obligations

At the inception of the lease, the group measures the lease liability as the present value of the unpaid lease payments up to that date.

The lease payments included in the lease liability at the commencement date consist of the following amounts due for the right to use the underlying asset during the lease term that have not been paid by the commencement date:

- · Fixed charges less lease incentives due;
- Variable lease payments, which are dependent on an index or rate, with an initial valuation based on the index or rate at the commencement date;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of the call option if the lessee is reasonably certain to exercise the option;
- Termination penalties if the lease term reflects the exercise by the lessee of a lease termination option.

As the implicit interest rate on transactions cannot be determined, the group uses the incremental interest rate allowed by the standard for discounting purposes, which is based on the group's FTP (funds transfer price) and represents, for practical purposes, the group's cost of funds at each date, and is therefore applied to the individual contract maturity dates without further transformation. The FTP faithfully reflects the group's cost of funds in each currency at each date, and the cost of funds is equivalent to the interest rate that the group would pay in a similar economic environment, for a similar term and with similar collateral, to borrow the funds that would be required to acquire an asset of similar value to its right-of-use asset.

In subsequently measuring the lease liability, the initial measurement shall be increased by the amount of interest earned on the liability and decreased by the amount of lease payments made (plus or minus) the amount recognised in remeasuring the liability.

The group presents lease liabilities under other liabilities.

The group applies the recognition exceptions set in the standard, so that lease payments related to leases with a short term (less than 12 months) and low value (less than EUR 5,000, HUF 2 million at the balance sheet date exchange rate, HUF 2 million for contracts denominated in HUF) underlying assets (such as office equipment, telephones and other business administration equipment used in the group's operations) are recognised directly in profit or loss over the term of the lease.

In the statement of cash flows, payments relating to the principal and interest portions of the lease liability are classified as financing activities, and payments relating to short-term leases, leases of low-value assets and variable lease payments not included in the valuation of the lease liability are classified as operating activities.

3.15 Deposits from banks and customers

Deposits are cash amounts, accepted by the group from other banks and its customers, and they serve as funds to the active side of the business. Deposits are initially measured at fair value, and subsequently at their amortised cost. The group does not classify or designate any deposits as financial liability at fair value through profit and loss.

3.16 Issued debt securities and subordinated liabilities

The group classifies its financial liabilities measured at amortised cost as bonds and subordinated liabilities issued, which are initially measured at issue value less transaction costs attributable to the transaction and subsequently measured at amortised cost using the effective interest method.

In the statement of financial position, the group presents issued bonds and subordinated liabilities as separate line items within liabilities.

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

The group has issued senior non-preferred (SNP) unsecured bonds with special features to meet the MREL (minimum requirements of own funds and eligible liabilities) requirements, starting from November 2021. The bonds have not been admitted to trading on a regulated market. The SNP bonds issued in 2022 and 2023 had the same issue value and face value.

On 29 November 2023, the group issued a Tier 2 bond with a nominal value of EUR 135 million, which qualifies as an additional Tier 2 capital instrument under Article 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR Regulation).

Details of the bonds issued and subordinated liabilities are disclosed in Note 30.

3.17 Equity elements

3.17.1 Statutory reserves

General reserve

In accordance with Section 83 of Hungarian Act No. CCXXXVII of 2013, a general reserve equal to 10% of the net post tax income is required to be made in the Hungarian statutory accounts. The general reserve is set aside to offset potential future losses according to Hungarian Accounting and Banking Rules. Increases in the general reserve are treated as appropriations from retained earnings and are not charged against income.

3.17.2 Revaluation reserves

Valuation reserves are part of equity. In accordance with IFRS principles, valuation reserves include only cash flow hedge reserves, reserves for assets measured at fair value through other comprehensive income and assets accounted for using the revaluation model, less deferred taxes.

3.18 Derivative financial instruments

The group uses the following derivative financial instruments: futures, interest rate swaps, options, forward rate agreements and spot and forward foreign exchange contracts to manage its exposure to foreign exchange, interest rate and market risks arising from operational, financing and investment activities.

The recognition of income/expenses relating to non-hedge derivative transactions are on a mark-to-market basis, and changes in value are immediately recognised in the statement of profit or loss.

Quantitative information on the hedging derivatives is presented under Note 41.

The identification of embedded derivatives always originates from a non-derivative host contract. A derivative embedded in a complex instrument (hybrid contract) is said to be embedded when part of the cash flows of the host contract behaves in a manner similar to stand-alone derivatives. This is because the embedded derivative makes (part of) the cash flows from the host contract dependent on underlying variables.

The group accounts for the embedded derivative separately from the host contract in the following cases:

- the host contract is not an instrument within the scope of IFRS 9;
- the host contract itself is not carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if it were a separate contract;
- and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

There are currently structured deposits on the group's books that include embedded derivatives. The group carries its deposits at amortised cost and the embedded derivative is separated from the deposit. The group measures embedded derivatives at fair value and changes in fair value recognised in the income statement.

3.19 Financial Guarantees

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss that incurs because a specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The group normally issues either short-term guarantees, with an initial payment, or long-term guarantees, for which it receives regular fee income. Financial guarantees are reviewed monthly, and a provision is created in the amount of any expected payment. These provisions are included within liabilities in the line Provisions (details of the expected loss model are described in note 4).

3.20 Interest receivable calculated using the effective interest method, other interest and other interest-related income, interest payable

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

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

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

The group recognises other interest and similar income and interest expense on interest rate swaps (IRS, CIRS) designated as hedges of the risks directly associated with its activities and on its financial instruments (trading securities and loans designated at fair value through profit or loss).

The group also distinguishes between its derivative financial instruments (hereafter referred to as liquidity hedging FX swap derivatives) that are entered into to hedge short-term foreign exchange liquidity needs arising from financial instruments in the group's books but are not designated as hedging instruments. For these derivative financial instruments, a portion of the change in fair value recognised in profit or loss (the effect on the foreign currency swapped of the difference between the spot rate at the time of the transaction and the forward rate fixed in the transaction) is recognised separately from the change in fair value of the FX swap derivatives held for trading, as determined by the group, in line Other interest and similar income and Interest expense and similar charges, depending on its sign, in line Interest expense and similar charges, as well as Interest expense and similar charges, as determined by the group. The reason for treating this exchange rate difference as interest is that it is recorded on a pro rata basis over the life of the transaction in Other interest and similar charges.

The portion of the change in the fair value of FX swap derivatives for liquidity hedging purposes that the group does not recognise in the income statement in the same line as trading FX derivatives in the same line as other interest and similar income or in the same line as interest expense and similar charges is recognised in the income statement in the foreign exchange result.

Interest expenses also include interest recognised in relation to IFRS 16 leasing transactions.

3.21 Dividend income

Dividend income is recognised in the statement of profit or loss on the date that the group's right to receive payment has been established.

3.22 Commission income and expenses

Commission income and expenses that are not part of the calculation of the effective interest rate on financial instruments carried at amortised cost are accounted for in accordance with IFRS 15.

Commission income includes the income from fee and commission-based services, and commission expenses include the commission and fee expenses for third-party services related to the group's fee-based services.

The group recognises fee and commission income when the performance obligation for the service has been satisfied, the service has been rendered, the customer has obtained control of the asset and the consideration for the service has been received or is probable to be received. For services where the group transfers control of the asset on an ongoing basis and thereby satisfies the performance obligation on an ongoing basis, revenue is recognised on an accruals basis. Fees and commissions charged by the group typically relate to payment services, account management, investment services, custody services and documentary services and are detailed in note 8.

3.23 Foreign exchange result and Net result on financial assets held for trading

The group includes foreign exchange gains and losses arising from the settlement of foreign currency denominated transactions and from the revaluation of financial assets and liabilities denominated in foreign currencies in the foreign exchange result. Net foreign exchange result and net result on financial assets held for trading also include the net results of interest rate swaps not designated as hedges, forward rate agreements and gains and losses on sales and changes in fair value of financial instruments held for trading carried at fair value, except for FX swap derivatives designated as liquidity hedges - included in the item 3.20 – recognised in Other interest and similar income or Interest expense and similar charges.

3.24 Net result on hedge accounting

The group includes in the net results of hedge accounting the gains and losses arising from changes in the fair value of derivative contracts designated as hedges to hedge exposure to changes in the fair value of assets or liabilities and gains and losses arising from changes in the fair value of hedged transactions that are designated as hedged risk.

3.25 Result on non-trading financial instruments

Net result on non-trading financial assets includes the gains and losses realised on the derecognition of non-trading assets and equity investments, as well as gains and losses on the sale and changes in the fair value of financial instruments designated at fair value through profit or loss.

3.26 Taxation

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

The group classifies corporate income tax, local business tax and innovation contribution as income tax in accordance with IAS 12.

Current tax liabilities (tax assets) for the current and prior periods are measured at the amount expected to be payable to (or recoverable from) the tax authority, using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The profit for the year is adjusted according to the relevant tax regulations to calculate the taxable income.

The corporate income tax base is different from the local business tax and the innovation contribution.

The group applies a temporary mandatory exemption from the deferred tax effect of the additional tax regulated under the global minimum tax regime, recognising the additional tax as current tax in the year in which it is incurred.

Deferred tax is provided using the balance sheet method, in respect of which temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes are recognised in full. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the difference between the carrying amounts of assets and liabilities in the IFRS statement of financial position and in the balance sheet for local tax purposes.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The group offsets its deferred tax assets and deferred tax liabilities against each other only if it has a legally enforceable right to set off its current tax assets against its current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority and on the same taxpayer.

3.27 Share-based payments

The group is part of several incentive programmes operated by UniCredit S.p.A., applying the requirements of IFRS 2 "Share-based Payment", stock options not provided.

The group provides a share-based payment to certain of its employees, which is accounted as cash-settled share-based payment as it is not provided from its own funds and instead from the parent company.

The fair value of a cash-settled share-based payment, the services acquired, and the liability incurred are measured at the fair value of the liability.

The fair value of the liability, as long as it has not been settled, is revalued on each balance sheet date, and all changes in the fair value are recorded in the income statement. The result of the revaluation is recognised in the income statement under personnel expenses.

The share-based payments are not material in group's accounts.

3.28 Events after the reporting date

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

All adjusting events after reporting date have been taken into account in the preparation of the consolidated financial statements of the group. Events after the balance sheet date are disclosed in note 50.

3.29 New standards and interpretations

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

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

- Amendments to IAS 1 Presentation of Financial Statements Classification of Current and Non-current Liabilities (effective for annual periods beginning on or after 1 January 2024),
- IFRS 16 "Leases" Lease Obligations in a Leaseback Transaction issued by the IASB on 22 September 2022 (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments" Vendor Financing Arrangements (effective for reporting periods beginning on or after 1 January 2024).

The group believes that the adoption of these standards and amendments to existing standards does not have a material impact on the group's consolidated financial statements.

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

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

- IAS 21 "The Effects of Changes in Foreign Exchange Rates." Amendments to IAS 21 Non-convertibility and Estimation of Spot Exchange Rates (effective for annual periods beginning on or after 1 January 2025),
- Amendments to IFRS 9 and IFRS 7 Financial Instruments and Financial Instruments: Disclosures Amendments to Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026),
- "Annual improvements to IFRS Accounting Standards Volume 11" Modifies five standards (IFRS1, IFRS 9, IFRS 10 and IAS 7) as a result of the annual improvement project of the IASB (effective for annual periods beginning on or after 1 January 2026)
- IFRS 18 'Presentation and disclosure in financial statements' will replace IAS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2027).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures which aims to simplify disclosures by certain subsidiaries (effective for annual periods beginning on or after 1 January 2027).

The impact of the implementation on the group's consolidated financial statements of IFRS 18 is currently being assessed considering the effective date of the standard and its EU endorsement status. The implementation of amendments and new standards and interpretations other than IFRS 18 would not have a material impact on the group's consolidated financial statements.

4 Risk Management Policies

4.1 Risk strategy and risk management policies

The group elaborated risk strategy, risk management principles and policies in line with prudential requirements. As member of UniCredit Group the group applied UniCredit Group's risk management-principles and implemented into group's processes. The risk principles and strategies are approved by the Management Board. The Management Board receives regular reports on the risk composition and evolution of the Bank's portfolio, on the basis of which it assesses the implementation of the risk strategy.

Based on the risk strategy group elaborates yearly "Risk appetite" documentation for next year in line with UniCredit Group's framework, in which target figures are identified for several risk types. group elaborated risk management processes (identification, measurements and strict monitoring of risks) based on risk strategy and principles, in order to identify, measure, monitor, manage and mitigate risk.

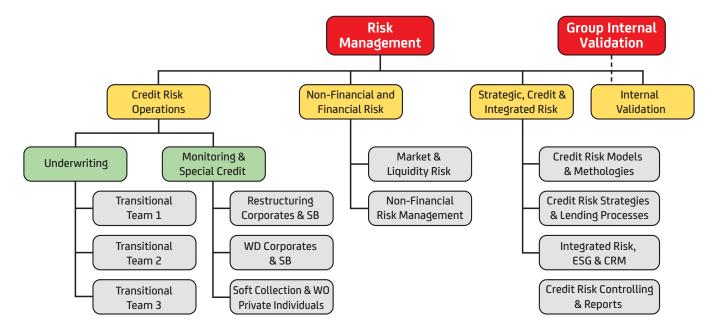
The group has also established risk committees to monitor, manage and take decisions on risks:

- Operational Credit Committee (meets regularly, twice a week)
- CEO Credit Committee (meets regularly, twice a week)
- Financial Risk Committee (FRC), which deals with ALM, liquidity and market risk (meets regularly, once a month)
- Non-Financial Risk & Control Committee (NFRCC), which deals with operational and reputational risk, the internal control system operated by Compliance
 and Internal Audit, as well as ICT, cyber security and business continuity issues (meets regularly, quarterly)
- Risk Underwriting and Risk Management Committee (meets as required, but at least quarterly).

The permanent members of the Risk Committees are the managers at the appropriate level in the areas concerned, who are thus directly informed of risks, i.e. the group's risks are continuously monitored, assessed and, where necessary, intervened by senior management.

4.2 Risk Management Division

The group's risk management processes cover all the group's organisational units; and within this, the Risk Management Division plays a key role. The Division is organisationally completely separate from the business areas, the Head of the Division is a member of the Management Board and reports directly to the CEO. The structure of the Risk Management Division is shown in the figure below:



The main tasks and responsibilities of each area of the Risk Management Division are:

Underwriting is responsible for preparing risk statements for standard and watch list rated corporate and retail clients, reviewing credit referrals, making decisions on credit referrals within its competence, monitoring credit decisions within its business competence, assessing early warning signs and recommending reclassifications. Through these activities, Underwriting continuously and timely identifies and proposes to address risks at the client or client group level. It provides input to the development of the risk management strategy and contributes to the implementation of the underwriting strategy and policy. It will provide input to the development of risk management for the introduction of new products and services and modifications to existing products and will also play a proactive role in projects and initiatives aimed at simplifying the credit process.

The **Monitoring and Special Credit** area is responsible for reducing the risk and potential loss of the performing loan portfolio by early detection and proactive management of credit deterioration, and for the management of problematic receivables. It develops and implements an action plan to manage loans and minimise losses through restructuring and work-out activities. Provides input to the development of risk management plans for the introduction of new products, services and processes and for modifications to existing products and processes.

Stragetic, Credit & Integrated Risks is responsible for providing regular, ad hoc internal and external information on the portfolio, as well as coordinating the provisioning and impairment accounting and the preparation of related reports on a monthly and quarterly basis. The area is responsible for credit risk governance framework, credit risk strategies, lending rules and processes, ensuring compliance with the Basel rules in the area of credit risk, developing local models for estimating risk parameters and coordinating the implementation of group-wide models. The department is also responsible for the overall tasks related to the group's internal capital adequacy and the valuation of real estates and credit risk control framework i.e 2nd level controls for credit risk processes.

Internal Validation is responsible for preparing independent validation activities in accordance with group policies and external regulations according to the validation plan in the following areas: model validation, IT validation, data validation, process validation, validation of reporting systems (reports), validation of risk mitigation techniques (CRM).

Non-Financial Risk Management ensures compliance with legal and group-wide rules on operational and reputational risks and coordinates the work of operational risk network. Application Fraud Management activity for retail and small business clients is also performed.

Financial risk management tasks include the continuous monitoring of market, liquidity and counterparty risks, the preparation of related risk reports and their submission to decision-making forums.

The group's most significant business risks are credit risk, liquidity risk, market risk (including interest rate and foreign exchange risk) and operational risk.

4.3 Credit risk

Credit risk is the risk of financial loss occurring as a result of a default by counterparty in their contractual obligation to the group. Credit regulations including the approval process, portfolio limit concentration guidelines, approval of discretionary limits, formulation of standards for the measurement of credit exposures and the risk rating of clients based on the assessment of management quality and financial statements, are submitted, as well as the definition of eligible collaterals and the rules of their valuation by the Credit Risk Officer and approved in general by the Management Board, in details by the Chief Executive Officer. The main elements of credit risk mitigation are the understanding and prudent management of the counterparties involved in a financial transaction, the collateral they provide, and the risks of the transaction.

4.3.1 Debtor rating

Before establishing of lending relationship group prepares a debtor rating, while group knows client (group) credibility in a detailed way. Clients are classified at least yearly based on a rating system, which incorporates qualitative and quantitative factors, watching signs and external ratings. In case of retail clients, the classification is done at the time of loan application and afterwards on a monthly basis based on scorecards.

The group applies a rating master-scale consisting of 26 notches within 10 rating classes, thereof three notches serve for the defaulted customers, the others for the performing ones. Ratings refer to the probability of default (PD) according to the master-scale, which is in case of defaulted clients 100%.

4.3.2 Collateral

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

General principle is that the collateral:

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

The group accepts and registers in its system the following types of collateral:

- financial collateral held at own bank,
- financial collateral held with other institutions,
- insurance.
- personal collateral direct,
- personal collateral indirect,
- · credit derivatives,
- · real estate collateral,
- assignment of revenue,
- assignment of receivables, pledge on receivables,
- movable property collateral,
- other collateral.

According to Hpt. 99§ group does not accept

- a) self-issued securities representing membership rights, including shares in cooperatives;
- b) securities representing membership rights that have been issued by an enterprise with close links to the credit institution, including shares in cooperatives;
- c) the shares of a limited company that is controlled by an enterprise holding a qualified majority as defined in the Civil Code with close links to a credit institution that is subject to supervision on a consolidated basis.

The group generally does not accept securities issued by client or member of client group as collateral with value.

Collateral has to be connected to deals per contract. As general rule group connects every collateral to every deals.

Base value for collateral valuation could be:

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

Market value:

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

In case of other collateral type market value is:

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

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

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

The correlation between collateral value and debtor rating mustn't be high. The correlation is high if it is more than 50%.

The group is continuously monitoring existence, value and enforceability of collaterals, frequency of monitoring is based on type of the collateral. The value of real estate shall be reviewed regularly, in compliance with the legal provisions: at least once a year for non-residential real estate and once every 3 years for residential real estate. In case of residential real estate, the group applies statistical revaluation.

The price/value of financial collateral is updated daily in the collateral system.

Eligibility of guarantees and surety is subject to proper evaluation of the guarantor according to the respective internal rules.

4.3.3 Loan classification, Impairment

Since 1 January 2018 the loan-loss provision calculation is based on the IFRS 9 standards in case of those financial instruments where credit risk could be occurred.

According to the accounting and the regulatory requirements the provision calculation is based on the expected credit loss approach. At the reporting date the financial instrument should be evaluated with the 12 months expected credit loss if significant increase in the credit risk of the unit cannot be observed since the initial recognition. If the credit risk increases significantly full lifetime expected credit loss recognized in the profit and loss calculation and in case of the purchased or originated credit impaired assets (POCI) as well. Mathematical/Statistical approach defined for the lifetime parameter estimations considering the characteristics of different sub-portfolios and the changes of the observed default rates. In line with the UniCredit Group approach the lifetime probability of default curves is segmented based on the rating grades — the rating grade profile derived from the internal rating scales used by the UniCredit Hungary.

According to the IFRS 9 standards the current and expected macroeconomic trends are taken into account as well, meaning that the first several years of the lifetime PD profiles are adjusted with the forward-looking information. This PIT rescaling factor — delivered by the UniCredit Group — is denoted the forward default rates and utilized to adjust the estimated TTC PD curves in order to reflect the short-term macroeconomic impacts. After the PIT adjustment the so-called punctual PD curves are calculated on transaction level combining with the regulatory/managerial probability of defaults.

According to the IFRS 9 standards the group monthly evaluates whether the credit risk has significantly increased since the initial recognition or not in case of financial assets where credit risk is relevant. Based on the UniCredit Group Guidelines both quantitative and qualitative triggers could take into account during the valuation. The quantitative approach is based on the comparison of the one-year IFRS 9 probability of defaults related to the origination date and the current one: if the probability of default of the financial asset is higher than the PD threshold — estimated by a statistical model — than significant increase is assessed. The sub-portfolio characteristics are considered as well, when the statistical parameters are estimated.

Not only this approach but qualitative information is taken into account as well. With reference to the quantitative component of the stage allocation model, the group has adopted a statistic approach, whose goal is to define a threshold in terms of maximum variation acceptable between the PD measure at the disbursement and the one at the reference date. In this regard, in the context of the revision of IFRS9 framework, a new staging framework, aiming to make staging and provisioning more consistent with economic expectations, has been implemented during first half of 2024 which overall did not have a significant LLP impact.

According to the UniCredit Group approach and the recommendations of the Central Bank of Hungary the following qualitative triggers are considered:

- 30 days past due
- Restructuring: Restructuring is to be considered distressed (and thus resulting in a default event) in case of restructuring of principal and interest which
 is necessary because of the client's poor financial situation, and which results in a certain degree of debt forgiveness (that of principal, interests or fees,
 deferred payments), i.e. if the net present value of the loan is negatively affected by the restructuring, and if without the restructuring the customer would
 have got defaulted with high probability. Restructuring or re-aging for business considerations (e.g., the adjustment of the repayment schedule to the
 cash flow of the client) does not constitute a default signal.
- · Clients on watch list. Regulation on monitoring activities cover early warning signals of increase of credit risk published by Central Bank of Hungary.
- Special treatment on performing clients.
- According to the recommendation of the Central Bank of Hungary those commitments have to be considered as well where the loan to value (LTV) is higher than 95% and the loan start day is after 1st January 2015.

With the consideration of the significant increase of the credit risk the group is classifying the performing portfolio into three stages in terms of risk and performance/non-performance:

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

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

For those financial instruments where the group was not able to identify a significant increase in credit risk on the basis of existing quantitative information, the group considered whether the financial product was in the recommended or not recommended category on the basis of the rating scale when determining the stage 1-2 rating.

4.3.4 Non-performing exposure

Non-performing exposures are those that satisfy either or both of the following criteria:

- The group believes that it is probable that the counterparty will not fully discharge its credit obligations to the group's parent or a subsidiary unless the group recovers the collateral by way of a clawback;
- The counterparty has a significant credit obligation to the group, its parent or any of its subsidiaries that is past due for more than 90 days. The group has determined the extent of a significant obligation as follows:
- For retail customers and micro-enterprises: an amount equal to EUR 100 (fixed limit) and 1% of the higher of the group's gross receivables from the customer calculated on the balance sheet excluding exposures to which the group has an ownership interest
- For small, medium and large corporate customers: the higher of EUR 500 (fixed limit) and 1% of the group's gross exposures to the customer calculated on the balance sheet excluding exposures to which the group has a participation (relative limit).

Calculating days overdue

From a default point of view, the counting of days past due starts when the amount of overdue debt (due in respect of the principal amount of the loan, interest payable or any other type of fee due), according to the current, possibly modified, maturity schedule, exceeds the above thresholds. If, within 90 days prior to the occurrence of the 90-day default event, the amount of arrears falls below the materiality thresholds set out above, the counting of days past due shall stop and be reset. The counting of default days shall restart if the amount of overdue debt subsequently exceeds the materiality thresholds again. A 90-day overdue default event is considered to have occurred once the number of days overdue exceeds 90 days without interruption.

In the practice of the group non-performing, default and stage 3 definition are the same.

The IFRS 9 loss given default (LGD) parameters are derived from the managerial LGD parameters combined with the following adjustments to suit the IFRS 9 standards:

- Removing the downturn components.
- Removing the indirect costs.
- · Removing the margin of conservativism add-ons.
- · PIT adjustments have to be considered as well.
- Considering all the available collateral.
- The discounted value based on the effective interest rate (EIR).

With respect to the modelling of the exposure at default (EAD), a differentiation is made between products with and without contractual cash flows.

The EAD for products with contractual cash flow in based on the managerial EAD parameters with the following adjustment with respect to the IFRS 9 standards:

- removing the downturn components,
- removing the margin of conservativism.

The EAD for products without contractual cash flow is determined by the managerial EAD parameters extended to a multi-year horizon - Lifetime Credit Conversion Factor (LCCF) is calculated.

On the other hand, several factors affecting the cash flow which ones are taken into account, for example the prepayment risk.

4.3.5 Incorporation of forward-looking information

According to the IFRS 9 standards the forward-looking macroeconomic information was considered in the loan-loss provision calculation. The group incorporates forward-looking information in the IFRS 9 PD and LGD parameters using so-called delta parameters. The delta parameters are calculated centrally by UniCredit Group using so-called Satellite models and are applied locally, the resulting delta parameters are applied to the underlying default rate for the PD parameter and to the underlying rate of return for the LGD parameter. The ratio indicators provided by UniCredit Group ensure the weighting of the scenarios in the expected loss calculation. The group uses a total of three scenarios for which the weights are determined centrally by UniCredit Group (baseline 60%, negative 35%, positive 5%). From the end of 2023 in case of adverse scenario PD floor was implemented for both the local business and residential segments, derived from TTC PD level. The effect of economic scenarios on impairment can be found in additional note of 44.7.

4.3.6 Geopolitical and commercial real estate finance (CREF) overlay

As of December 2024, geopolitical overlay amount to HUF 7.9 billion (2023: 11.5 billion) and is broken-down according to the following components:

- Corporate energy-intensive industry sectors prone to be more affected by spill-over effects linked to Russia—Ukraine crisis, specifically impacting the energy supply and related price soaring;
- Retail clients, for: (i) floating rate mortgages (not having overdue instalments), given the sensitiveness in this context of increasing interest rate/inflation,
 and (ii) at least 1 unpaid instalment on their exposures, considered a perimeter with already difficulties in payments and as such particularly vulnerable in
 this specific contingency.

In the overlay calculation introduced at the end of 2022, credit exposures in the above categories are identified according to their industry specificities. On this basis, each satellite model is run using a multi-year business plan projected along macroeconomic assumptions, in a recessionary scenario, in order to determine the adjustment to be applied to the default rate. This adjusted default rate is then applied to the appropriate categories to estimate the expected new inflows of non-performing exposures, for which an impairment loss is then calculated on the basis of the average coverage ratio applied to the exposures classified as Unlikely to pay. During 2024, the overlay is adjusted in proportion to the change in the exposure value of the industries concerned and the overlays previously created on the defaulted exposures are deducted, following the group methodology.

The effect of geopolitical and CREF overlay on provision can be found in additional note of 44.6.

A so-called commercial real estate finance overlay was introduced at the end of 2023 to cover the increased risks observed in the sector:

- default risk due to the impact on debt repayment capacity due to higher interest rates, which also affects the refinancing of loans;
- · risk of default due to lower property values.

The overlay calculation logic is the same as for the geopolitical overlay, i.e. an adjusted default rate is first determined for the exposures observed in the industry in order to estimate the expected new inflow of defaulting exposures, on which an impairment loss is then calculated based on the average coverage ratio applied to the exposures rated Unlikely to pay.

The current level of the overlay is HUF 3.6 billion (2023: HUF 4.2 billion).

4.3.7 Write-off policy

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

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

4.3.8 Current tendencies in lending

4.3.8.1 Retail lending

Lending to Retail customers is implemented and executed under exhaustive lending governance framework based on respective ECB, UC group and local Regulatory regulations. In general, lending rules and processes ensure prudent approach in risk taking consistent with set group Risk Appetite and Credit Risk Strategy with strict monitoring of portfolio trends by number of Risk KPls for both, stock and new production, to enable early detection of any deviations from defined risk targets and timely implementation of mitigation measures.

In 2024 retail lending initiatives were focused on increasing automation and efficiency of lending processes and close monitoring of portfolio to ensure sustainable quality of new origination given the delay effects of 2023 macroeconomic situation.

Recovery management processes i.e. EWS (Monitoring) and Collection are implemented and regularly review and updated according to retail credit strategies and macroeconomic situation to support efficient recovery initiatives and prevent NPE inflows.

4.3.8.2 Corporate lending

In 2024, main objective for the corporate portfolio was to protect the quality of the existing portfolio. Regarding the corporate loan portfolio, the group's lending policy is differentiated by sectors, requiring a selective risk approach for new transactions with the most vulnerable sectors. The sectoral approach of the risk policy has been even more appreciated in the exceptional geopolitical situation, and our actions were also taken on a sectoral basis. Our monitoring activities have also been based on which sectors have been hardest hit by the spill-over effects of the geopolitical situation. Our lending activity continued to rely heavily on forward-looking analysis, with a particular focus on spill-over effects, energy and input price rises, volatile exchange rate risk, interest rate risk, inflation, trade linkages, supply chain issues, sectoral special taxes.

Our new lending activities were also selected based on the crisis sensitivity or resilience of each sector. Beside the individual assessments, we have also prepared quarterly portfolio analyses on spill-over effects and industrial portfolio analyses on the construction and automotive sector to assess direct and indirect risks, identify problematic clients and carry out appropriate stage classifications.

Thanks to a prudent underwriting policy, the loan portfolio is balanced in terms of sectoral composition. Reflecting the industry level economic challenges the construction, and the automotive sector were outstanding in terms of clients that newly became subject to special treatment in 2024.

4.4 Liquidity risk

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

The objective of prudential liquidity management is to ensure that the group has the ability to generate sufficient funds to meet all cash flow obligations as these fall due. Effective liquidity management is gaining importance in recent years ensuring market confidence and protect the capital base while permitting effective growth. UniCredit Group operates internal short term and structural liquidity models in line with regulatory authorities' expectations. The group takes into account also the local legal requirements of foreign funding adequacy and mortgage funding adequacy ratio limitations and monitors the Basel III liquidity ratios besides its own internal regulations in managing liquidity.

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

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

Short-term and structural liquidity limits of the group were observed continuously in 2024. The degree to which accumulated liquidity outflows are covered by accumulated inflows within the following month and year are determined on an ongoing basis. It was used as a key figure in managing the group's liquidity and funding. Beyond the limits on ratios, absolute gap limits are in place to decrease central funding and liquidity dependency.

The liquidity structure of statement of financial positions for 2023 and 2024 are represented in Note 38 and the maturity analyses of derivative financial instruments are represented in Notes 40 and 41.

4.5 Market risk

4.5.1 Overview of the market risk management process

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the group's income or the fair value of its holdings of financial instruments.

Market risk management encompasses all activities in connection with group's Markets/Treasury and Asset Liability Management (ALM) operations and management of the balance sheet structure. Risk positions are aggregated at least daily, analysed by the independent risk management unit and compared with the risk limits set by the Management Board and the FRC designated by the Management Board. At the group market risk management includes ongoing reporting on the risk position, limit utilisation, and the daily reporting of results to the related departments.

The group uses the risk management procedures of UniCredit Group's internal standards. These procedures provide aggregate data and make available the major risk parameters for the various trading operations daily. Besides Value at Risk (VaR), other factors of equal importance are stress-oriented volume and position limits. Additional elements of the limit system are loss-warning level limits and options-related limits applied to trading and positioning in non-linear products.

Internal risk model is used for computing economic capital, but the Pillar 1 capital requirement is calculated by the regulatory standard method. The economic capital model comprises all relevant risk categories. The VaR position of the group is presented in Note 46.

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

In addition to the risk model results, income data from market risk activities are also calculated and communicated on a daily basis. Such data are compared with current budget figures. Reporting includes marking to market of all investment positions regardless of their treatment/classification in the IFRS-based financial statements ("total return"). The results are reported directly to the Hungarian group's trading and risk management units, and also via web application consolidated on UniCredit Group level.

The group reviews comprehensively and systematically the market conformity of its transactions.

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

In the interest rate risks, for example, basis point limits per currency and re-pricing band, basis point totals per currency and/or per re-pricing segment (total of absolute Basis Point Values - BPV) are used for risk management. By analogy to the detailed presentation of basis point positions in the interest rate sector, daily reporting presents details of credit spread by issue and re-pricing band. The BPV and credit spread points analysis are presented in Note 47. The interest rate re-pricing analysis is presented in Note 45.

Moreover, the group treats the preparation and compliance with new Banking Book requirements (IRRBB, CSRBB) with high priority.

4.5.2 Asset Liability Management

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

Products for which the material interest-rate and capital maturity is not defined, such as variable-rate sight and savings deposits, are modelled in respect of investment period and interest rate sensitivity by means of analyses of historical time series and taken into account in the group's overall risk position.

Interest rate sensitivities are determined and taken into account in hedging activities, which results in a positive contribution to profits from customer business.

4.5.3 Foreign exchange rate risk

The group has assets and liabilities (on and off-balance sheet) denominated in several foreign currencies, and it is therefore exposed to foreign exchange rate risk. Foreign exchange rate risk arises when a mismatch occurs in the spot and forward asset/liability structure within a currency.

The statement of foreign exchange exposures (currency structure of assets and liabilities) is presented in Note 37.

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4.6 Operational risk

Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems, or caused by external events.

Operational risk events are those resulting from inadequate or failed internal processes, personnel and systems or from systemic and other external events: internal or external fraud, employment practices and workplace safety, clients, products and business practices, fines due to regulation breaches, damage to physical assets, business disruption and system failures, human mistake due to execution, delivery and process management.

Strategic risk, and reputational risk are different from operational risk, whereas legal, conduct, and compliance risk are included in the operational risk definition.

UniCredit Bank Hungary is permitted and has used the Advanced Measurement Approach (AMA) since 1st July 2009, complying with all quantitative and qualitative requirements set by laws and regulations, the supervisor or even by internal group rules.

The group's Management Board is responsible for the effective oversight over operational risk exposure. The operational risk office (i.e. Operational and Reputational Risk Management) notifies the Management Board (partly via the Non-Financial Risks & Controls Committee, a.k.a. NFRCC) about considerable operational risks, their changes as well as relevant breaches to policies and limits. The Management Board shall have an overall understanding of the operational risk control framework and of how operational risk affects the group.

The group's Management Board ensures that:

- the operational risk control process is sound and fully communicated and implemented in specific policies process and procedures within the business units taking into account the appropriateness and effectiveness:
- Operational Risk Managers should be appointed within each area of the group and should be adequately supported in their duties;
- The relevant committees, with the support of Non-Financial Risk Management, should be informed of changes in risk profiles and risk exposures.

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

In the group, the Non-Financial Risks & Controls Committee and Permanent Workgroup shall act as a decision-making body for issues arising from and connected with operational and reputational risks.

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

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

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

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

The Non-Financial Risk Management area conducts an annual self-assessment of the compliance of the group's operational risk management and control system with UniCredit Group-wide standards and internal policies, which is also assessed by an independent validation area (UniCredit Group Internal Validation) and by Internal Audit. The self-assessment is eventually approved by the Bank's Management Board at a Management Board meeting.

These disclosures serve to complete the presentation of the risk management policy.

5 Use of estimates and judgements

5.1 Fair value measurement

Regarding the prices and techniques used for financial instruments, the group applies a three-level fair value hierarchy, reflecting the significance of the inputs used in determining fair values, and includes the following three levels:

- Level 1 quoted prices (unadjusted) in active markets for identical financial assets or liabilities;
- Level 2 unquoted prices that are observable for the asset or liability either directly (e.g. prices observed in markets that are not active) or indirectly
 (e.g. derived from prices observed for similar assets or liabilities);
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of financial instruments is described in Additional Information 43.

The fair value measurement is supplemented by a fair value adjustment to cover the widened bid-ask spread and the deteriorated liquidity situation for the relevant securities.

In accordance with IFRS requirements, the group records a CVA/DVA (Credit/Debit Valuation Adjustment) and FuVA (Funding Valuation Adjustment) as a fair value adjustment on its OTC derivative transactions. Both CVA/DVA and FuVA calculations are performed centrally by UniCredit Holding.

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5.2 Principles of fair value measurement

The fair value of financial assets is based on the quoted market price at the balance sheet date, without deducting transaction costs. A market is considered to be active if quoted prices are readily and regularly available and represent genuine, frequently recurring, arms-length transactions. If a quoted market price is not available, fair value is estimated using pricing models or discounted cash flow techniques.

When discounted cash flow techniques are used, the estimated future cash flows are based on the best estimate and the discount rate used is the market rate for assets with similar characteristics at the balance sheet date. When pricing models are used, the source data are based on market observable values at the balance sheet date.

The fair value of unlisted derivatives is the value that the group would realize at the balance sheet date under normal business conditions, taking into account current market conditions and the creditworthiness of the counterparties.

The group recognises a fair value adjustment arising from foreclosure and liquidity costs. Assets measured at fair value through trading and other comprehensive income have been adjusted for fair value adjustments.

The group basically applies the fair values calculated by the central system (Fair Value Engine) in case of the performing and non-performing loans which are failed the SPPI test. For specific retail products (e.g. Babywaiting loans, CSOK/CSOK+) dedicated model has been developed which appropriately reflects the portfolio behavioral characteristics.

Valuation techniques and key inputs are used when determining the fair value of financial instruments are described in Additional Information 43.

The group is not involved in any securitisation transactions and does not hold any credit derivatives or structured OTC products (e.g. CDO, SIV).

6 Impact of economic safeguards on the financial statement

The Hungarian Government maintained most of its regulations with the aim of protecting the economy throughout 2024. The most relevant of these measures from the group's perspective were

- extension of interest rate freeze:
- · modification of extra profit tax.

6.1 Payment moratoria on loans

The general moratorium on payments originally introduced in 2020 was not extended further, so it also ended on 31 December 2022 for customers participating in Moratorium 4 (the Government extended the moratorium for another six months, until 31 December 2022, by Government Decree 216/2022 (VI.17).

The moratorium on payments on investment and working capital loans to companies operating in the agricultural sector (the Agricultural Moratorium), introduced in the summer of 2022, also ended on 31 December 2023.

Based on the above, as of 31 December 2024, none of the group's loans were subject to a general or targeted payment moratorium imposed by the authorities (excluding product-specific moratoria, also based on legislation).

In accordance with the group's general practice in the event of payment moratoria, the group has, in accordance with the Regulation, completed the setting of the payment moratorium in the base systems for all the loans concerned, the collection of repayment instalments has therefore been suspended, but interest accrual on the loans remains in force, but this interest has not become part of the principal in accordance with the Regulation but is recorded as a separate interest receivable in the bank's records.

The net interest income in the profit and loss accounts therefore includes the interest due on loans from debtors under moratorium but not collected because of the moratorium. The statement of financial position includes the same amount of interest as part of the gross amount of customer receivables.

The group has treated contract modifications made in respect of loans disbursed under the moratorium as a contract modification event under IFRS 9.

The income statement does not include any amounts recognized under a significant estimation model related to payment moratoria in 2023. And the income statement for 2024 does not include any model-based contract modification losses related to payment moratoria due to the closure of payment moratoria.

Contract modification losses not yet amortised at the end of the periods presented in the cash flow statements are included in the statement of financial position as a reduction of the carrying amount of customer receivables and are included in the income statement as contract modification losses in the impairment losses. The calculated contract modification loss is not accrued between years as this is not allowed under IFRS 9. The contract modification loss is reversed as part of the increased interest income over the remaining life of the loans, calculated using the effective interest method.

6.2 Interest rate freeze

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

Government Decree 374/2024 (XII.2.), which entered into force on 3 December 2024, extended the duration of the interest rate freeze until 30 June 2025.

Essential elements of the Interest rate freeze:

- The legislation maximised the reference interest rate applied at the rate in force on 27 October 2021.
- In the case of mortgage loans with an interest rate linked to the reference rate, which are subject to the Regulation, the Regulation stipulates that the reference rate shall be fixed at the rate applicable on the day of the end of 2022. 1 January 2022 to 30 June 2025, it shall not be higher than the contractual reference rate in force on 27 October 2021, the date of entry into force of the Regulation, i.e. the date on or before 1 January 2022.
- In the case of non-subsidized mortgage loans granted at a fixed interest rate for a maximum period of five years, the interest payable by the customer shall be determined at the interest rate turnaround date for the period from 1 November 2022 to 30 June 2025, if the reference rate in the contractual interest rate variation index on the interest rate turnaround date is higher than the rate on 27 October 2021, the lower reference rate on 27 October 2021 shall be used for the calculation instead of the higher rate.

The group regards the temporary reduction of the reference rate by regulation as a change in the interest cash flow of the loan, which results in a renegotiation or modification of the contractual cash flow of the financial instrument. In accordance with the above, the group determined the net present value of the affected loans by taking into account the cash flows under the regulations and recorded the difference between the recalculated net present value and the unadjusted value as a loss on contract modification. Loss amounts are presented within the statement of profit or loss under line item Impairment and losses on credit products - every financial year starting from the financial year 2021. In calculating the original unadjusted net present value, the group made assumptions about the evolution of the benchmark interest rate over the period of the interest rate freeze.

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

6.3 Impact of loan moratoria and interest rate freeze regulations on the group's income statement

ITEM DESCRIPTION	2024	2023
Modification losses recognised on loans in connection with interest rate freeze and agricultural moratorium	(1,825)	(4,440)
Total	(1,825)	(4,440)

6.4 Special taxes introduced in the context of the epidemic and the post-epidemic economic situation

6.4.1 Epidemic tax

Government Decree 108/2020 (IV.14.) required credit institutions to pay a special tax to replenish the Epidemic Fund. The basis of the special epidemiological tax is the part of the tax base for the tax year 2020 determined in accordance with Section 4/A(4)(1) of Act LIX of 2006 (Special Tax Act) exceeding HUF 50 billion, at a rate of 0.19 per cent.

According to the original legislation, the amount of the special epidemic tax paid by credit institutions in 2020 will reduce the amount of the special tax on financial institutions in the form of tax withholding for the next 5 years, up to an annual maximum of 20% of the special epidemiological tax for 2020.

Considering the recoverability, the group has recognised the discounted future recoverable amount as an asset in 2020, with an annual discount effect of HUF 38 million of revenue recognised as the discount effect of the epidemic tax in 2023, while the future offset receivable was recognised as an asset of HUF 1,872 million in the statement of financial position at the end of 2023.

In Government Decree No. 52/2024 (III.4.), the Government amended the above-mentioned legal provisions in such a way that the reduction under Section 4/A(20) of the Special Tax Act may be applied by credit institutions in the first, second, third, fifth and sixth tax years following the tax year 2020, in an amount not exceeding 20% of the liability of credit institutions to the special epidemic tax for the tax year 2020, with the proviso that the credit institution may not apply the reduction for the tax year 2024. In accordance with the change in legislation, the group has quantified the impact on the maturity of its asset recorded as a future offsetting receivable, taking into account the incremental impact of the increased yield environment, and, based on the calculations performed, has recognised an incremental special tax expense of HUF 76 million in general operating expenses in 2024, along with the tax asset adjustment. As a result of the effect of the accounting entries, the group recognises an asset of HUF 1,795 million as a receivable to be offset in the future in the statement of financial position at the end of 2024.

6.4.2 Extra profit tax

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

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

Government Decree 144/2023 (IV.24.) amended the base and the rate of the extra profit tax for the second half of 2023.

Accordingly, for 2023, two methods of tax assessment were in force. Accordingly to Local Tax Act in the first half of the year, the taxable amount was 50% of the net turnover in 2022, on which the tax liability was set at 8%, while in the second half of the year, the tax base was 50% of the pre-tax profit determined on the basis of the 2022 annual accounts, with a graduated tax rate of 13% for the part not exceeding HUF 10 billion and 30% for the part exceeding HUF 10 billion.

The detailed rules for the extra profit tax payable in 2024 were laid down by the Government in Government Decrees 206/2023 (V.31.) and 183/2024 (VII.8.). In 2024 the tax base remains the pre-tax profit of 2022, while the tax rate is 13% for the part of the tax base not exceeding HUF 20 billion and 30% for the amount above this. According to the decree, if the average daily stock of Hungarian government bonds held by a credit institution maturing after 1 January 2027 increases in comparison with the average daily stock of Hungarian government bonds maturing after 1 January 2027 between 1 January 2023 and 30 April 2023, calculated taking into account the nominal values, the credit institution may reduce its liability to pay the special tax due until 10 December 2024, up to the limits set out in the decree. The reduction may take into account the increase in the nominal value of the holdings of government securities up to the amount by which the credit institution increases the average daily holdings of all the government securities held by it, also calculated taking into account the nominal values, as determined for the above periods. Based on these legal provisions, the group shall be entitled to receive HUF 29,865 million in 2024. (2023: HUF 28,610 million), which is recognised in general operating expenses.

Government Decree 356/2024 (XI.21.) also regulated the extra profit tax payment obligation for 2025, which determines the tax base in the pre-tax profit determined on the basis of the annual accounts for 2023, while the rate was changed to 7% for the part of the tax base not exceeding HUF 20 billion and to 18% for the amount above this. According to the decree, the credit institution must calculate the tax on the average daily stock of Hungarian government bonds maturing after 1 January 2029 in relation to the average daily stock of Hungarian government bonds held by it between 1 September 2024 and 30 November 2024 (or, if the average daily stock between 1 January 2023 and 30 April 2023 is higher, then in relation to the average daily stock between 1 January 2025 and 30 April 2025). 30 November 2025, may reduce its liability to pay the special levy due up to 10 December 2025 up to the limits laid down in the Regulation, provided that the average daily holdings of all government securities held by the credit institution, also calculated by reference to their nominal values, as determined for the above periods, increase.

6.5. Deposit interest coupon

In the framework of Government Decree 471/2022 (XI.21.), the Government introduced an interest rate cap on deposits with banks of institutional investors and retail customers with a maximum maturity of one year and demand deposits of HUF 20 million and above. According to this, the group cannot pay interest on deposits of these customers at a rate higher than the average auction rate of the 3-month discount Treasury bill. The Decree extended the deadline several times in 2023, with an amendment effective from 1 December 2023, according to which the interest rate cap applies to deposit contracts in forint concluded until 1 April 2024. No extension was made, so the deposit interest coupon was phased out from 1 April 2024. The Government measure did not have a material impact on the financial statements.

7 Net interest income

INTEREST AND SIMILAR INCOME	2024	2023
Interest income from Central Bank	62,721	119,066
Interest income from banks	25,236	39,714
Interest income from customers	138,880	143,621
Interest income on securities at amorised cost	37,346	43,169
Interest income on securities at fair value through other comprehensive income	29,650	20,605
Negative interest on financial liabilities	340	_
Other interest income with EIR method*	121	208
Total	294,294	366,383
Other interest income	2024	2023
Interest income Interest income on customer loans at fair value through P&L	9.451	7,189
Interest income on rading financial assets	103	447
Interest income on hedge derivatives	160.237	210.363
Interest income from leasing contracts	6.678	6.520
Total	176,469	224,519
Total interest income	470,763	590,902
Total Intersect modifie	11 0,1 00	000,002
Interest expense and similar charges	2024	2023
Interest expense to Central Bank	(2,881)	(4,907)
Interest expense to banks	(9,406)	(11,213)
Interest expense related to hedge derivatives	(193,645)	(257,651)
Liquidity hedging FX swap derivatives interest expense	(14,846)	(25,063)
Interest expense to customers	(74,635)	(114,661)
Interest expense on issued bonds	(30,083)	(20,097)
Interest expense on subordinated loans	(5,703)	(507)
Other provision discount breakdown	(106)	(276)
Lease liability interest expense	(47)	(39)
Other financial fees and commissions	(2)	(1)
Total interest expense	331,354	434,415
Net interest income	139,409	156,487

* Other interest income contains incomes from government grants, which related to both HIRS (cross-currency IRS linked to credit activity) and those preferential deposits that meets the condition of credit activity as part of PHP Program disclosed by MNB. The total amount of it was HUF 60 million in 2024 and HUF 99 million in 2023. The group meets all the criteria. The group accounts for government-related grants as income in the average periods of loans in which the criteria are met. This amount also contains unconditional grants relating to MIRS (cross-currency IRS which has monetary political aim) that is qualified as a grant from accounting point of view based on IAS 20 in the amount of HUF 70 million in the Financial Statements in 2024 (2023: HUF 67 million).

8 Net fee and commission income

Fees and commission income	2024	2023
Payment transaction fees	64,554	54,534
Financial guarantee fees	3,180	3,030
Custody service fees	6,455	5,026
Investment service fees	5,833	6,625
Factoring service fees	320	_
Other financial services fees and commissions	2,753	2,912
Total	83,095	72,127
Fees and commission expense	2024	2023
Payment transaction fees	(8,001)	(8,714)
Financial guarantee fees	(165)	(189)
Custody service fees	(1,475)	(1,195)
Investment service fees	(78)	(1,948)
Other financial services fees and commissions	(3,120)	(2,303)
Total	(12,839)	(14,349)
Net fee and commission income	70,256	57,778

A short summary of the nature and timing of the performance obligations of the group pursuant to contracts with customers which result in the recognition of fee and commission income is provided in the following:

TYPE OF SERVICE PROVIDED	NATURE OF PERFORMANCE OBLIGATION, SIGNIFICANT PAYMENT CONDITIONS	ACCOUNTING FOR REVENUES ACCORDING TO IFRS 15
Payment service fees	The group provides account management services to clients. Fees and charges related to account management services are determined on a client group and account type level and are published to the public in its list of conditions. Fees are revised periodically. In case of services that are continuously performed, such as account management services, fees are typically fixed and charged on a monthly basis in arrears. In case of services relating to transaction-based orders that involve cash transfers, fees such as transfer fees, collection fees, cash withdrawal fees are charged along with the performance of the specific service. Such fees and charges are typically determined as a percentage of the transaction amount. Fees related to other, occasionally provided services such as account opening fees, certification fees, postage fees, collateral certification fees are charged along with the performance of the service.	Fees related to services provided continuously over time are recognised as fee income over the time the services are provided proportionately with the time elapsed, usually with monthly regularity. Fee income related to specific transactions is recognised when the transactions is concluded or in arrears on a monthly basis.
Financial guarantee fees	The group charges two types of fees for issuing guarantees: one-off fees, which mainly compensate the bank for management services related to the issuance of the guarantee, and guarantee fees, which are payable pro rata until the maturity of the guarantee and charged in advance at the beginning.	One-time fees related to specific services are recognised when the service is performed, while the pro rata guarantee fees are recognised on a straight-line basis over the life of the guarantee.
Custodian service fees	Fees charged related to custodian services are typically charged in arrears in the respective period that they refer to on a monthly basis.	Fees related to services provided continuously over time are recognised as fee income over the time the services are provided proportionately with the time elapsed.
Investment service fees	The group provides securities account management services to client in the scope of its investment services. Fees are charged to clients in connection with the management of the securities account and transactional fees are charged in connection with client orders executed on the accounts. In case of services that are continously performed (such as account management services), fees are typically fixed and are charged on a monthly basis in arrears. Transactional fees related to securities orders are charged when the orders are executed.	Fees related to services provided continuously over time are recognised as fee income over the time the services are provided proportionately with the time elapsed, while transactional fees are recognised when the service is performed
Other financial services	The group charges fees for continously performed services in the period that they are performed, and charges one-off transactions fees when the transactions are concluded.	Fees related to services provided continuously over time are recognised as fee income over the time the services are provided proportionately with the time elapsed, while transactional fees are recognised when the service is performed.

9 Dividend income

	2024	2023
Dividends on investments	10	5
Total	10	5

10 Foreign exchange result and Net trading results

10.1 Foreign exchange result

	2024	2023
Gain/(Loss) on foreign exchange	22,001	12,469
Total	22,001	12,469

10.2 Net trading results

	2024	2023
Gain/(Loss) on trading interest rate swaps, net	1,717	2,311
Gain/(Loss) on debt securities, net	(65)	(264)
Gain/(Loss) on equities, net	_	1
Gain/(Loss) on trading FRA's, net	20	343
Other trading income	119	379
Total	1,791	2,770

11 Net results of hedge accounting

	2024	2023
Net result on hedging IRS transactions and changes in fair value of hedged instruments	323	(1,041)
Hedging derivative transactions CVA, DVA, FuVA, FVA results	(13)	(956)
Total	310	(1,997)

12 Net gain and loss on non-trading financial assets

	2024	2023
Gain		
Investment securities at amortised cost	_	1,510
Investment securities at fair value through other comprehensive income	2,102	15,569
Gain on sales on investments at fair value through profit and loss	19	227
Revaluation gain on investments at fair value through profit and loss	36	60
Loans at fair value through profit and loss	335	1,542
Gain on repurchased issued Mortgage Bonds	3	1
Total	2,495	18,909
Loss		
Investment securities at amortised cost	(3,277)	(4,342)
Investment securities at fair value through other comprehensive income	(1,862)	(15,124)
Total	(5,139)	(19,466)
Net gain from other financial investments	(2,644)	(557)

13 Personnel expenses

	2024	2023
Wages and personal payments	(24,483)	(22,989)
Employer's social-security contributions	(3,101)	(2,862)
Other employee allocations/benefits	(1,960)	(1,739)
Other employer's contributions	(329)	(296)
Total	(29,873)	(27,886)

The average number of employees was 1,743.43 in 2024 (2023: 1,784.13).

14 General operating expenses

	2024	2023
Tax expense (transaction tax, bank levies, property tax, motor vehicle tax, other taxes)	(46,985)	(36,818)
Extraprofit tax*	(29,865)	(28,610)
Fees to authorities	(2,051)	(3,528)
Renting costs and operating expenses of property	(2,710)	(2,674)
Advertising costs	(684)	(786)
Information technology costs	(12,966)	(12,602)
Material and office equipment costs	(325)	(322)
SLA services costs	(258)	-
Other administrative costs	(3,661)	(3,184)
Total	(99,505)	(88,524)

^{*} Further details on extraprofit tax and OBA extraordinary contribution are disclosed in Note 6.4.2.

The following services were provided by KPMG to the group (fees are in net amounts):

- audit services (audit fee) of HUF 144.8 million in 2024 (2023: HUF 114 million);
- other assurance services (audit related fee) of HUF 59.9 million in 2024 (2023: HUF 46 million);
- permitted non-audit services (other fees) were not provided in 2023 and 2022.

15 Other income and other expense

	2024	2023
Other income		
SLA services revenue	593	620
Revenue from services supplied by third parties	614	645
Rental income received	796	798
Compensation received	35	26
Recovery of the OBA extraordinary payment*	_	1,358
Recovery cost	84	61
Revaluation gains on revaluation model properties reversing revaluation losses previously recognised in profit or loss	123	_
Net gain on sale of tangible fixed assets	54	124
Net gain on sale of non-current assets held for sale	-	5
Other	375	683
Total	2,674	4,320
Other expenses		
Expenditure on damages	(54)	(59)
Compensation paid to customers for various operational risk events	(564)	(737)
Retail campaign costs	(925)	_
Deposit breaking fee	(635)	(1,470)
Cost of Workout	(120)	(103)
Fine	(157)	(74)
Expenditure on services supplied by third parties	(480)	(452)
Revaluation loss on properties measured using the revaluation model	_	(200)
Integration cost	(20)	(744)
Provisions for litigation	26	(309)
Provisions for legal risks	193	(328)
Other	(386)	(220)
Total	(3,122)	(4,696)
Other results	(448)	(376)

^{*} The Central Bank of Hungary revoked the operating licence of Sberbank Hungary Zrt. in 2022. The compensation of the credit institution's customers was carried out by the National Deposit Insurance Fund (OBA). For the compensation, the OBA required a one-off payment to the member credit institutions, which the OBA undertook to reimburse to the member institutions. The one-off payment was recognised by the Bank in the profit and loss account for the year 2022 under general operating expenses, as its recovery was uncertain at the time of Sberbank's liquidation. In December 2022, after the completion of the liquidation, the one-off payment was partially reimbursed, while the remaining HUF 1,358 million was repaid in 2023 and recognised in other income.

16 Taxation

The tax charge for the year is based on the profit for the year according to the statutory accounts of the group as adjusted for relevant taxation regulations. In 2024, the corporate income tax rate will be 9 percent of the tax base (9 % in 2023), the local business tax rate is 2 % (2 % in 2023), and the innovation contribution is 0.3 % of the tax base (0.3 % in 2023). For details on actual and deferred taxation, see additional note 3.26.

The Bank's income tax expense for 2024 and 2023 is as follows:

16.1 Tax liability for the year

	2024	2023
Current corporate tax expense	7,919	9,006
Adjustments for prior years	241,	(42)
Withholding tax paid abroad	53,	-
Current local business tax	5,240	5,641,
Current innovation contribution	788	852
Total current tax	14,241,	15,457
Deferred tax charge	300	(468)
Total income tax expense in statement of profit or loss	14,541	14,989

16.2 Reconciliation of effective tax rate

	202	4	202	3
	%		%	
Profit before tax		94,844		106,930
Expected tax calculated at tax rates considered as income tax	11.6	10,991	11.3	12,083
Impact of different tax bases for local business tax and innovation contribution	4.0	3,791	3.8	4,034
Adjustments for prior years	0.2	144	0.0	(41)
Tax base correction items	(0.3)	(288)	0.0	15
Tax differential due to group corporate tax	(0.1)	(53)	(0.1)	(101)
Local business tax, innovation contribution - Profit before tax correction	(0.6)	(537)	(0.7)	(636)
Withholding tax paid abroad	0.1	53	0.0	_
Deferred tax on local business tax and innovation contribution on securities at fair value through profit or loss	0.2	227	0.0	_
Other	0.2	213	(0.3)	(365)
Total	15.3	14,541	14.0	14,989

16.3 Balances associated with taxation

	2024			2023		
	ASSETS	LIABILITIES	NET	ASSETS	LIABILITIES	NET
Current tax assets/liabilities	1,123	(432)	691	16	(3,377)	(3,361)
Deferred income tax						
Securities at fair value through other comprehensive income	(6)	(383)	(389)	(104)	(122)	(226)
Cash flow hedges	912	_	912	813	_	813
Asset revaluation surplus	-	(186)	(186)	_	(107)	(107)
Property, plant and equipment	104	(412)	(308)	125	(393)	(268)
Provision	214	_	214	217	_	217
Accrued losses from previous years	69	-	69	(36)	_	(36)
Impairment	-	-	-	2	_	2
Other (accruals increasing the tax base)	308	_	308	267	_	267
Netting effect	(1,032)	1,014	(18)	(381)	622	241
Deferred tax assets / (liabilities) – Corporate income tax	569	33	602	903	_	903
Deferred tax assets / (liabilities) – Local business tax, innovation contribution						
Securities at fair value through other comprehensive income	-	(114)	(114)	_	(10)	(10)
CFH deals	233	-	233	_	_	_
Securities at fair value through profit or loss	_	(227)	(227)	_	_	-
Netting effect	(233)	233	-	_	_	_
Total deferred tax assets / (liabilities) – Local business tax, innovation contribution	-	(108)	(108)	_	(10)	(10)
Total tax assets/(liabilities) – Corporate income tax, local business tax, innovation contribution	1,692	(507)	1,185	919	(3,387)	(2,468)

16.4 Movements in temporary differences during the year 2024

	OPENING BALANCE	RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS	RECOGNISED IN OCI	CLOSING BALANCE
Securities at fair value through other comprehensive income	(236)	83	(350)	(503)
Cash flow hedges	813	-	332	1,145
Securities at fair value through profit or loss	-	(227)	-	(227)
Asset revaluation surplus	(107)	-	(79)	(186)
Property and equipment	(268)	(40)	_	(308)
Items affecting retained earnings due to changes in consolidation scope	2	-	_	-
Effect of items, increasing / (decreasing) tax base	689	(116)	_	573
Total deferred tax assets / (liabilities)	893	(300)	(97)	494

16.5 Movements in temporary differences during the year 2023

	OPENING BALANCE	RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS	RECOGNISED IN OCI	CLOSING BALANCE
Securities at fair value through other comprehensive income	(548)	_	312	(236)
Cash flow hedges	5,157	_	(4,344)	813
Asset revaluation surplus	(99)	_	(8)	(107)
Property and equipment	(210)	(58)	_	(268)
Effect of items, increasing / (decreasing) tax base	165	526	-	691
Total deferred tax assets/(liabilities)	4,465	468	(4,040)	893

The group is subject to the global minimum top-up tax under Pillar II tax legislation. The additional tax applies to the group's activities in Hungary, where the corporate tax rate is 9 percent, the local business tax rate is capped at 2 percent and the innovation contribution at 0.3 percent, which are considered covered taxes under Hungarian legislation. The base for local business tax and the innovation contribution is significantly higher than the corporate tax base, therefore the effective tax rate calculated under the global minimum tax system for UniCredit entities operating in Hungary is above 15 percent and therefore the group's profits relating to its Hungarian operations for the year ended 31 December 2024 are not subject to the additional tax.

17 Cash and cash equivalent

	2024	2023
Cash on hand	34,084	23,161
Unrestricted balance with the Central Bank	997,534	349,363
Nostro account balances with other banks	16,322	17,307
Overnight deposits with the Central Bank	_	_
Overnight deposits with the other banks	82,338	72,102
Impairment on cash and cash equivalents	(11)	(2)
Total	1,130,267	461,931

18 Financial instruments held for trading

	202	4 2023
State treasury bills	58	6 2,730
State bonds		4 –
Other bonds		1 26
Financial assets held for trading total	59	1 2,756
Interest rate derivatives	59,24	0 109,255
Interest rate & FX derivatives (CCIRS)	3,26	6 1,932
FX derivatives	10,99	7 8,409
Commodity derivatives	3,40	2 10,252
Adjustments (FVA, CVA, FuVA)	(82	4) (1,321)
Trading derivative assets total	76,08	1 128,527
Interest rate derivatives	54,54	1 98,019
Interest rate & FX derivatives	3,25	5 1,916
FX derivatives	12,44	4 7,666
Commodity derivatives	3,40	2 10,249
Adjustments (FVA, DVA, FuVA)	8)) (75)
Trading derivative liabilities total	73,56	2 117,775

The group classifies the financial instruments held for trading at fair value through profit and loss. The group at initial recognition, or later on has not identified any financial assets or liabilities measured at fair through profit and loss according to IFRS 9 paragraph 6.7.1. Further details on trading derivatives are disclosed in Note 40.

19 Hedging derivative instruments

	2024	2023
Derivative assets held for risk management purposes		
Interest rate derivatives	83,505	77,380
Interest rate & FX derivatives	908	2,860
Adjustments (FVA, CVA, FuVA)	(624)	(828)
Total	83,789	79,412
Derivative liabilities held for risk management purposes		
Interest rate derivatives	132,196	169,209
Interest rate & FX derivatives	2,441	1,704
Adjustments (FVA, DVA, FuVA)	3	(190)
Total	134,640	170,723

Further details on hedging derivatives are disclosed in Note 41.

The group applies the possibilities of IFRS 9 according to paragraph 7.2.21, based on which the group applies IAS 39 going forward in case of hedge accounting.

20 Placements with, and loans and advances to banks

	2024	2023
Placements with Central Bank	315,457	360,855
Loans and advance to other banks	254,968	668,640
Impairment on loans and advance to banks	(387)	(176)
Total	570,038	1,029,319

21 Loans and advances to customers

	2024	2023
Amounts receivable from leases	89,763	97,844
Loans and advances to customers at amortized cost	2,124,923	2,023,593
Provision for impairment and losses on credit products	(44,969)	(44,895)
Loans and advances to customers at fair value through profit and loss	120,571	107,515
Total	2,290,288	2,184,057

The group classifies the loans and advances to customers at amortised costs.

Those loans and advances to customers are classified at fair value through profit and loss which failed the SPPI test (further details in Note 3.12).

21.1 Analysis by industrial sector

	2024		202	3
		%		%
Private clients	597,924	25.60	539,884	24.22
Real estate finance	392,399	16.79	366,582	16.44
Machine industry	162,077	6.94	176,665	7.93
Trade	199,800	8.55	210,105	9.43
Transportation	62,321	2.67	76,822	3.45
Energy stockpiling	136,305	5.84	121,392	5.45
Financial activities	114,887	4.92	134,853	6.05
Food processing	56,412	2.42	62,161	2.79
Metallurgy	104,998	4.50	78,296	3.51
Construction	73,805	3.16	76,624	3.44
Chemicals/Pharmaceutical	42,481	1.82	43,941	1.97
Agriculture	60,720	2.60	68,684	3.08
Electric energy industry	127,769	5.47	123,916	5.56
Community	21,611	0.93	23,865	1.07
Light industry	22,666	0.97	22,687	1.02
Catering trade	8,756	0.37	9,430	0.42
Communication	8,637	0.37	8,485	0.38
Mining	702	0.03	2,066	0.09
Other	141,349	6.05	82,494	3.70
Total	2,335,619	100.00	2,228,952	100.00

The analysis of industrial sector shows gross amounts excluding impairments and cumulative fair value hedge accounting differences - value of HUF 362 million in 2024 - included in the carrying amount of hedged instruments. (In the 2023 comparative figures, the cumulative fair value hedge accounting differences included in the carrying amount of hedged instruments - HUF 10,657 million - have not been deducted from the gross amount of the analysis of industrial sector as shown above.)

Loans and advances to customers are presented in more details in Note 44.

21.2 Amounts receivable under finance lease

Amounts receivable under finance lease in Hungarian Forint were mainly affected by the following factors in 2024:

- · a significant decrease in new business in the Retail Car business;
- the suspension of capital and interest payment obligations in the agricultural segment due to the moratorium;
- using a selective pricing strategy in new deals.

The average term of finance leases entered into is 4.76 years. Generally, these lease contracts do not include options for renewal or termination.

	2024	2023
Less than 1 year	44,092	46,781
1-2 years	21,368	23,361
2-3 years	15,972	17,521
3-4 years	9,746	10,589
4-5 years	4,229	5,648
Onwards	1,790	1,688
Lease payments	97,197	105,588
Unguaranteed residual values	-	-
Gross investment in the lease	97,197	105,588
Less: unearned finance income	(8,678)	(10,288)
Present value of minimum lease payments receivable	88,519	95,300
Impairment losses	(1,713)	(1,701)
Net investment in the lease	86,806	93,599

	2024	2023
Items recognised in the income statement in respect of finance leases		
Results of sales	88	121
Financial income from net investment in leases	6,248	5,752
Income related to variable lease payments not included in the valuation of the net investment in leases	_	-

The group's finance lease arrangements do not include variable payments.

The average effective interest rate contracted is approximately 7.09% per annum.

22 Investment securities

	2024	2023
Investment securities at fair value through other comprehensive income		
Treasury bills	95,097	229,862
State bonds	178,536	144,085
Other bonds	20,678	29,537
Equities*	7,160	4,901
Total	301,471	408,385

^{*} Investment in Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt. and Garantiqa Hitelgarancia Zrt. are included in the Investments at fair value through other comprehensive income that group has designated as Investments at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9.

In 2023, the group, taking into account the ongoing change in the extent of its interest in Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt. and the available information about its ownership structure, concluded that cost is no longer a reasonable approximation of fair value. Consequently, the investment was remeasured during the year to fair value on an equity method using the Fundamenta group's most recent publicly available consolidated financial statements, while in the year 2024 the fair value of the investment was determined on the basis of an independent valuation expert's opinion.

	2024	2023
Investment securities at fair value through profit and loss		
Equities	265	419
Total	265	419
Investment securities at amortized cost		
State bonds	493,853	535,858
Other bonds	140,302	166,422
Impairment	(1,083)	(1,531)
Total	633,072	700,749
Investment securities total	934,808	1,109,553

The classification of the securities presented above in the fair value hierarchy and the fair values at the balance sheet date are disclosed in Supplementary Note 42. Sales of investment securities both in 2024 and 2023 were insignificant in value and frequency.

23 Equity investments

As of 31 December 2024 and 2023 Equity investments in subsidiaries were as follows:

EQUITY INVESTMENTS	LOCATION
UniCredit Jelzálogbank Zrt.	1054 Budapest, Szabadság tér 5-6.
UniCredit Leasing Hungary Zrt.	1054 Budapest, Szabadság tér 5-6.
UniCredit Operatív Lízing Kft.	1054 Budapest, Szabadság tér 5-6.
UniCredit Biztosításközvetítő Kft.	1054 Budapest, Szabadság tér 5-6.

All the above-mentioned equity investments are in companies incorporated in Hungary, in which the Bank has 100 percentage ownership and 100 percentage voting rights. In addition to the above investments, the group owns a majority stake in a special purpose entity (Europe Investment Fund). The Fund is consolidated, given the group's ability to manage the Fund and its exposure to volatility in returns.

24 Investment properties

	2024	2023
Investment property in usage	7,965	7,416
	2024	2023
Opening on 1 January	7,416	8,725
Increases (purchase)	_	-
Decreases (sale)	-	-
Change in fair value	549	(1,309)
Closing on 31 December	7,965	7,416

The group's investment properties are held within Europa Investment Fund, of which, 99,77% (2023: 99,75%) of the units is owned by the group.

The investment properties are regularly valued by an independent real estate appraiser company, as required by the respective law. The valuation methods, applied by the appraiser company are compliant with the regulations in IFRS 13.

The investment properties, in usage are valued at fair market value. These properties earned HUF 698 million rental income in 2024 (2023: HUF 659 million).

25 Property, plant and equipment

	COST AT THE BEGINNING OF THE YEAR	ACCUMULATED DEPRECIATION AT THE BEGINNING OF THE YEAR	BUSINESS COMBINATION	ADDITIONS	DISPOSALS NET	REVALUATION ADJUSTMENT	OTHER MOVEMENT (*)	DEPRECIATION & AMORTIZATION	CARRYING AMOUNT AT THE END OF THE YEAR
2024									
Property and connected equipment	22,588	(4,716)	-	732	-	1,022	-	(858)	18,768
Office equipment	8,327	(6,861)	_	1,084	(3)	_	_	(700)	1,847
Motor vehicles	943	(564)	_	179	(22)	_	_	(137)	399
Investments	74	_	_	3,563	(3,547)	_	_	_	90
Right-of-use asset*	8,841	(4,343)	_	1,550	(1)	_	(18)	(1,285)	4,744
Total	40,773	(16,484)	_	7,108	(3,573)	1,022	(18)	(2,980)	25,848
2023									
Property and connected equipment	22,278	(4,125)	-	466	-	(79)	-	(668)	17,872
Office equipment	7,902	(6,569)	_	667	(1)	_	_	(533)	1,466
Motor vehicles	926	(569)	_	151	(9)	_	_	(120)	379
Investments	431	_	-	2,765	(2,918)	_	(204)	_	74
Right-of-use asset *	7,365	(3,190)	_	1,512	_	_	_	(1,189)	4,498
Total	38,902	(14,453)	-	5,561	(2,928)	(79)	(204)	(2,510)	24,289

^{*} Rights-of-use assets include leased assets in the group of property, plant and equipment, typically leased bank branches, offices, parking lots and warehouses. The group's property, plant and equipment is not subject to any restrictions on ownership, the group has no pledges or contractual commitments to purchase property, plant and equipment.

Impairment losses recognised on property, plant and equipment carried at cost amounted to HUF 447 million in 2024 (2023: HUF 112 million), while other impairment losses of HUF 204 million were recognised on investments during 2023.

The valuation of the group's properties recorded in the revaluation model was performed on 30 November 2024 (30 November in 2023 as well) using independent valuer documentation. At the end of December 2024 and 2023, it was determined that the November values were correct, with no changes that would justify a change in the values.

The net value of the properties at the end of 2024 without the application of the revaluation model would have been HUF 16,234 million and at the end of 2023 would have been HUF 16,269 million.

26 Intangible assets

	COST AT THE BEGINNING OF THE YEAR	ACCUMULATED DEPRECIATION AT THE BEGINNING OF THE YEAR	ADDITIONS	DISPOSALS NET	OTHER MOVEMENT	DEPRECIATION & AMORTIZATION	CARRYING AMOUNT AT THE END OF THE YEAR
2024							
Rental rights	144	(143)	6	(3)	_	(2)	2
Licenses	6,869	(4,164)	240	(608)	_	(874)	1,463
Software	31,677	(14,889)	4,533	(3)	_	(3,838)	17,480
Total	38,690	(19,196)	4,779	(614)	_	(4,714)	18,945
2023							
Rental rights	144	(142)	_	_	_	(1)	1
Licenses	6,418	(3,155)	461	_	_	(1,019)	2,705
Software	29,155	(11,213)	3,741	_	_	(4,895)	16,788
Total	35,717	(14,510)	4,202	_	_	(5,915)	19,494

No impairment of intangible assets required in 2024 (2023: HUF 1,444 million).

27 Other assets

	2024	2023
Trade receivables	332	688
Receivables from card transactions	3,160	1,761
Accrual of initial fair value differences on refinanced assets of MNB NHP program*	6,961	8,712
Accrual of differences in the initial fair value of refinanced assets of the EXIM program*	8,929	14,356
Receivables from State Treasury**	10,344	10,811
Non-significant equity investments	412	-
Accruals relating to financial services	351	322
Items to be settled	461	1,200
Other financial assets	345	289
Impairment on other financial assets	(67)	(61)
Total other financial assets	31,228	38,078
Inventories	300	353
Accruals for bank operating items	17,967	11,632
Government receivable arising from monetary policy swaps	1,903	2,445
Tax and contribution receivables	1,815	1,752
Intermediated services	593	673
Other non-financial assets	195	252
Total other non-financial assets	22,773	17,107
Total	54,001	55,185

^{*} The group has accrued initial fair value differences related to off-market interest bearing loans as described in Supplementary Note 3.5.3 with reference to IFRS 9 B5.1.2A b).

The recognition of the grant as income is carried out on a systematic basis over the average life of the loans that meet the conditions.

28 Deposits and loans from banks

	2024	2023
Loans from Central Bank	312,481	343,223
Loans and deposits from other banks	368,230	373,870
Total	680,711	717,093

The group has met all its payment obligations on time.

29 Deposits from customers

	2024	2023
Sight deposits	2,341,373	2,244,716
Fixed-term deposits	852,923	777,676
Ongoing cash equivalents, settlement accounts	15,498	19,211
Total	3,209,794	3,041,603

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

^{**} Receivables from State Treasury include the amount of receivables due from public bodies, mainly interest and guarantee fee grants, related to certain subsidised loan schemes, for which the group has fully complied with the terms and conditions.

30 Issued debt securities, subordinated liabilities

30.1 Issued debt securities

	2024	2023
Issued mortgage bonds	202,851	186,775
Issued bonds	271,147	253,454
Total	473,998	440,229

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

Changes in the group's mortgage bond portfolio in 2024:

Total mortgage bond volume at nominal value changed to HUF 209.64 billion by the end of 2024 from HUF 191.58 billion at the end of 2023. The change in carrying value in 2024 was also influenced by fair value hedge valuation. At the end of 2024, the portfolio consisted of fixed-rate mortgage bonds with a nominal value of HUF 148.23 billion and variable-rate mortgage bonds with a nominal value of HUF 61.41 billion, all denominated in HUF.

At the end of 2024 the Mortgage bank had eight mortgage bond series (UCJBF 2025/A, UCJBF 2027/A, UCJBV 2027/A, UCJBF 2028/A, UCJBF 2029/A, UCJBF 2029/A, UCJBG 2031/A). Fixed coupon mortgage bonds pay coupons between 1.60% and 7.50% on annual basis, while the variable-rate mortgage bonds pay coupons at 3-month BUBOR + 0.23% and +0.90%. The UCJBF 2024/A series matured on 24th October 2024. The Mortgage bank repaid all of its obligations regarding this series.

Gross mortgage bond issuance volume reached HUF 38.06 billion in 2024, while the maturing stock amounted to HUF 20 billion. Within gross issuance one auctions took place with funding purposes (UCJBV 2029/A), while four additional tenders aimed at providing pricing instruments for subsidized HUF loans (UCJBF 2028/A and UCJBF 2029/A).

Changes in the group's issued bond portfolio in 2024:

In 2023 the group issued its first unsecured bond series for private individuals. in 2024 there were no substantial changes in the issued unsecured bond portfolio. The issued amount slightly decreased due to the repurchased stock from retail investors. At the end of 2024 the portfolio consisted on nominal value HUF 1.23 billion unsecured bonds denominated in forint and EUR 6.38 million bonds denominated in euro.

At the end of 2024 the group had two fixed coupon unsecured bond series (UCJBK 2025/A and UCJBK 2025/B) with a coupon rate of 8.3% and 3.5%, respectively. The unsecured bond were placed to the public within the framework of subscription procedures, a total of three times.

In 2023, the group issued SNP (Senior Non-Preferred) notes for MREL (Minimum requirements of own funds and eligible liabilities) compliance from 2021 onwards. There were no changes in the issued stock in 2024. At the end of the period the total issued amount (face value) was EUR 645 million. The form is Classical Global Notes, under Italian jurisdiction, the notes are not introduced to any regulated market. Bonds issued in 2021 and 2022 will mature in 2027 and 2028 respectively, and bonds issued in 2023 will mature in 2029, with the option to call them back 1 year before maturity. The notes can be converted to capital during the bail-in process of Relevant Resolution Authority, according to BRRD (Directive (EU) 2019/879 of the European Parliament as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms).

30.2 Subordinated liabilities

	2024	2023
Floating rate notes classified as Tier 2 capital	55,795	52,116

The group issued EUR 135 million Tier2 capital (Hungarian terminology: járulékos tőkeelem) notes for regulatory capital purposes, in Classical Global Notes, under Italian jurisdiction, the notes are not introduced to any regulated market. The notes rank after unsubordinated unsecured creditors. The maturity is 2033, recallable 5-year prior maturity. While the notes are held by UniCredit S.p.A., that can be converted to capital during the bail-in process of Relevant Resolution Authority. In 2024 the portfolio of notes classified as Tier 2 capital remained unchanged.

30.3 Opening and closing carrying amounts of issued debt securities and subordinated liabilities issued by the group and a reconciliation of the related cash flows

2024	ISSUED BONDS (SNP, UNSECURED BONDS)	ISSUED MORTGAGE BONDS	SUBORDINATED LIABILITIES
Opening balance as of 1 January	253,454	186,775	52,116
Cash inflow from bond issues	-	38,019	-
Repayments of bonds issued	-	(20,000)	-
Net change in cash flows from financing activities	-	18,019	-
Effect of Fx revaluation	17,951	176	3,719
Effect of interest settlements	(258)	1,010	(40)
Changes in valuation differences	-	(3,129)	-
Other changes total	17,693	(1,943)	3,679
Closing balance as of 31 December	271,147	202,851	55,795

2023	ISSUED BONDS (SNP, UNSECURED BONDS)	ISSUED MORTGAGE BONDS	SUBORDINATED LIABILITIES
Opening balance as of 1 January	146,908	171,499	-
Cash inflow from bond issues	111,371	40,130	50,986
Repayments of bonds issued	-	(50,202)	-
Net change in cash flows from financing activities	111,371	(10,072)	50,986
Effect of Fx revaluation	(7,014)	_	623
Effect of interest settlements	2,189	455	507
Changes in valuation differences	_	24,893	-
Other changes total	(4,825)	25,348	1,130
Closing balance as of 31 December	253,454	186,775	52,116

The group had no default on principal or interest payments or other defaults on issued bonds in 2024 and 2023.

31 Other liabilities

	2024	2023
Accrued expenses and prepaid income	31,940	23,693
Accrual of initial fair value differences on refinancing sources of EXIM off-market programmes*	6,961	8,712
Accrual of differences in the initial fair value of refinanced assets of the EXIM program	8,929	14,356
Settlement accounts and other liabilities	7,643	8,796
Leasing liabilities	5,209	4,740
Other taxes payable	1,324	1,481
Trade payable	2,111	2,720
Total	64,117	64,498

^{*} The group has accrued initial fair value differences as described in Supplementary Note 3.5.3 with reference to IFRS 9 B5.1.2A b).

32 Leases

The group leases several assets including buildings, office equipments. The average lease term is 4 years (2023: 3.2 years).

AMOUNTS RECOGNISED IN PROFIT AND LOSS	2024	2023
Depreciation expense on right-of-use assets	1,285	1,189
Interest expense of lease liabilities	48	39
Expense relating to short-term leases	124	97
Expense relating to leases of low value assets	8	8
Expense relating to variable lease payments not included in the measurement of the lease liability	-	-

Amounts recognised in the consolidated statement of Cash flow:

	2024	2023
Total cash outflow for leases	1,384	1,287

As of 31 December 2024, the group is committed to HUF 182 million (2023: HUF 309 million) for short-term leases.

Lease liabilities

	2024	2023
Lease liabilities maturity analysis		
Within 1 year	1,401	1,311
1-2 years	1,180	1,257
2-3 years	754	744
3-4 years	540	591
4-5 years	429	473
Onwards	1,059	830
Total	5,363	5,206

There are no cash flows, including, but not limited to, variable lease payments, residual value guarantees, renewal and termination options, which have not been taken into account in the valuation of the lease liabilities but which may give rise to future exposure for the group.

33 Share capital

	2024	2023
Share capital	24,118	24,118

Share capital consists of 4,823,644 ordinary shares with a par value of HUF 5,000 each. 100% of the issued shares are held by UniCredit S.p.A.

34 Statutory reserves

34.1 Statutory reserves

	GENERAL RESERVE	TIED-UP RESERVE	TOTAL
Balance as of 31 December 2023	75,705	-	75,705
Appropriation from retained earnings	8,364	_	8,364
Balance as of 31 December 2024	84,069	-	84,069

34.2 Dividends

Based on the group's 2022 results, a dividend of HUF 50,850 million was declared upon approval of the 2022 financial statements, which was paid in 2023.

Based on group's 2023 results, a dividend of HUF 78,149 million was declared after the balance sheet date, simultaneously with the approval of the financial statements, and was paid in 2024.

Based on group's results for 2024 the amount of dividend expected to be paid after 2024 is disclosed in the Events after the Balance Sheet Date supplementary note 50.

34.3 Equity correlation table

The equity correlation table of the group based on paragraph 114/B of Act on Accounting as of 31 December 2024 and 31 December 2023:

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS AND OTHER RESERVE	STATUTORY RESERVE	VALUATION RESERVE	TIED-UP RESERVE	NET PROFIT	TOTAL
31 December 2024								
Shareholder's equity elements as per IFRS	24,118	3,900	457,430					485,448
Other comprehensive income	_	_	(3,345)	_	3,345	_	_	_
Net profit for the year	-	-	(80,299)	_	_	-	80,299	-
Statutory reserve	-	-	(84,069)	84,069	_	_	_	_
Shareholder's equity elements as per Act C of 2000 on Accounting	24,118	3,900	289,717	84,069	3,345	_	80,299	485,448
	CHARE	OHADE	DETAINED EADMINGO	OTATUTODY	VALUATION	TIED 110		
	SHARE CAPITAL	Share Premium	RETAINED EARNINGS AND OTHER RESERVE	STATUTORY RESERVE	VALUATION RESERVE	TIED-UP RESERVE	NET PROFIT	TOTAL
31 December 2023							NET PROFIT	TOTAL
31 December 2023 Shareholder's equity elements as per IFRS							NET PROFIT	TOTAL 478,609
	CAPITAL	PREMIUM	AND OTHER RESERVE				NET PROFIT	-
Shareholder's equity elements as per IFRS	CAPITAL	3,900	AND OTHER RESERVE 450,591	RESERVE	RESERVE	RESERVE	NET PROFIT 91,940	478,609
Shareholder's equity elements as per IFRS Other comprehensive income	24,118 —	3,900 -	450,591 1,408	RESERVE	(1,408)	RESERVE		478,609

35 Provisions

The following table presents the changes in other provisions not subject to credit risk.

	INTEGRATION PROVISION	PROVISION FOR LITIGATION	OTHER PROVISION	TOTAL
1 January 2024	806	690	1,096	2,592
Additional provisions	156	58	708	922
Amounts utilised	(90)	_	(568)	(658)
Amounts released	-	(83)	(500)	(583)
Discounted breakdown of provisions*	54	44	8	106
31 December 2024	926	709	744	2,379

^{*} The group measures provisions at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects the current market valuation of the time value of money and the risks associated with the liability. Any increase in the value of provisions due to the passage of time is recognised as interest expense.

The net balance of the other provision (addition) and use/release is shown in the following income statement lines:

	AMOUNT
Personnel expenses	59
General operating expenses	18
Other expenses	251
Interest expenses	(106)
Foreign exchange result	(9)
Total impact of movements in the result for the year	213

Information about provision movement on credit risk items is stated in Note 36. and 44.

In May 2021, UniCredit SpA announced a new group Model of organisational simplification to be implemented in all countries. Key features:

Establishment of a uniform organisational structure across CE&EE (Central Europe & Eastern Europe) Banks - based on the size of local banks and local regulatory requirements - application of the group GEC model in terms of organisational units and scope of activities as follows:

- enhance and facilitate dialogue and coordination between Holding and countries (e.g. global policy breakdown and local implementation)
- empower country leaders to take autonomous decisions within given organisational parameters and frameworks
- · ensure alignment of local needs within a globally homogeneous and coherent organisational framework
- · delegating implementation to the local level.

In 2022 following the deployment of the New group Organizational Model UniCredit's group Top Management set out a new mission. Our Culture is being transformed to secure this mission. It is about the synergy of our Purpose, Values and ambition. As part of the Culture Transformation plan a new set of UniCredit Values (Integrity, Ownership, Caring) were defined to ensure the success of our mission. These group-wide organizational changes brought by Culture Transformation have a significant and direct effect at local level. In order to fulfill our mission, countries have to accurately and promptly follow these changes and transform our local operation accordingly. New Culture, Purpose and Values directly influence People & Culture processes, most of all workforce planning, since a new direction and value system requires a new approach to our workforce as well.

In line with the organisational model, which includes organisational simplification, the integration provision also includes space savings in the Bank's building and its optimisation to meet the requirements of a modern working environment.

In 2023 we are on a mission to change UniCredit from one of the leading banks in Italy to one of the top tier banks in Europe. To be the better bank that our customers and investors need, we have to set up our Digital Journey. To continue the Digital Transformation is a key definer for the upcoming multiyear planning cycle 24-26 horizon. Considering the financial results of UniCredit Hungary additional focus is needed in the upcoming years to ensure a sustainable business model until Y2026 to be able to continue our excellent financial results in a continuous changing macro environment (inflation rate, unemployment rate, interest rates, pandemic). Contributing to the challenging business targets in terms of profit, return on allocated capital, cost / Income ratio etc... we continue to invest in technology to transform the way we do business and operate, as well as to reduce costs. Based on the foreseen digital evolution we detected significant capacity to be able to free up (mostly in non-client facing) and help several competence lines to achieve their group Targets in terms of staff expenses and full-time employees (FTEs). In line with this efficiencies below Restructuring was incorporated into the multiyear planning cycle submission.

36 Commitments and contingent liabilities

As of 31 December 2024, the group had the following commitments and contingent liabilities (in nominal values):

	2024	2023
Loan and overdraft facilities granted not disbursed	1,175,236	1,023,211
Financial guarantees	433,593	414,194
Letters of credit	7,330	3,915
FX spot sales (notional)	828,785	618,613

As at 31 December 2024, the group's provision for loan losses related to guarantees and letters of credit issued by the group (collectively referred to as financial guarantees) amounted to HUF 9,365 million (2023: HUF 11,303 million) and the accrued guarantee fees related to guarantees amounted to HUF 1,206 million

(2023: HUF 1,147 million).

As at 31 December 2024, the amount of the provision for loan and overdraft facilities not utilised amounts to HUF 3,796 million (2023: HUF 2,930 million).

As at 31 December 2024, the nominal value of assets held in custody by the group was HUF 5,429,380 million (2023: HUF 4,304,375 million).

37 Currency structure of assets and liabilities

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

CURRENCY	ASSETS	LIABILITIES AND EQUITY	OFF BALANCE SHEET NET	TOTAL NET F/X EXPOSURE LONG/(SHORT)
Euro	1,340,080	1,557,698	215,903	(1,715)
Swiss Francs	1,598	12,066	10,509	41
United States Dollars	73,638	124,531	50,729	(164)
Japanese Yen	504	500	_	4
Polish Zloty	599	9,617	9,005	(13)
British Pounds	1,110	7,041	5,936	5
Czech Crowns	65	5,035	4,853	(117)
Other**	6,412	6,477	22	(43)
Total foreign currency	1,424,006	1,722,965	296,957	(2,002)
total net long position in foreign currency				71
total net short position in foreign currency				(2,073)
Hungarian Forint	3,770,307	3,471,348	_	298,959
Total*	5,194,313	5,194,313	296,957	296,957

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The currency structure of assets and liabilities as of 31 December 2023 is as follows:

CURRENCY	ASSETS	LIABILITIES AND EQUITY	OFF BALANCE SHEET NET	TOTAL NET F/X EXPOSURE LONG/(SHORT)
Euro	1,582,651	1,674,302	90,746	(905)
Swiss Francs	1,000	14,883	13,924	41
United States Dollars	64,358	128,432	63,831	(243)
Japanese Yen	733	762	28	(1)
Polish Zloty	450	9,358	8,919	11
British Pounds	798	6,091	5,296	3
Czech Crowns	36	3,587	3,546	(5)
Other**	5,919	7,165	1,283	37
Total foreign currency	1,655,945	1,844,580	187,573	(1,062)
total net long position in foreign currency				104
total net short position in foreign currency				(1,166)
Magyar forint	3,446,913	3,258,278	_	188,635
Összesen*	5,102,858	5,102,858	187,573	187,573

^{*} The open foreign currency position is calculated by summing up the absolute value of the short and long positions per currency denomination.

38 Residual contractual maturities of financial assets and liabilities

	CARRYING AMOUNT	GROSS NOMINAL INFLOW / (OUTFLOW)*	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
NON-DERIVATIVE FINANCIAL ASSETS 31 DECEM	MBER 2024	, ,					
Cash and cash equivalents	1,130,267	1,130,267	1,130,267	_	_	_	_
Financial assets held for trading	591	623	_	_	619	4	_
Investment securities	934,808	1,140,071	96,708	2,847	76,031	668,066	296,419
Loans and advances to banks	570,038	574,610	486,572	1,556	12,903	72,573	1,006
Loans and advances to customers	2,290,288	2,858,613	214,442	151,146	401,546	1,136,654	954,825
Total	4,925,992	5,704,184	1,927,989	155,549	491,099	1,877,297	1,252,250
NON-DERIVATIVE FINANCIAL LIABILITIES 31 DE	CEMBER 2024						
Trading liabilities	(201)	(201)	(201)	_	_	_	_
Deposits from banks	(680,711)	(634,435)	(121,626)	(42,932)	(260,222)	(187,819)	(21,836)
Deposits from customers	(3,209,794)	(3,259,352)	(3,120,694)	(79,184)	(38,688)	(13,901)	(6,885)
Issued debt securities	(473,998)	(598,701)	(3,320)	(3,908)	(32,267)	(533,943)	(25,263)
Subordinated liabilities	(55,795)	(100,821)	_	(1,349)	(3,725)	(19,865)	(75,882)
Issued loan commitments	(3,796)	(1,175,236)	(7,086)	(105,552)	(276,070)	(205,840)	(580,688)
Issued financial guarantee contracts	(10,571)	(440,923)	(3,269)	(14,985)	(32,025)	(44,067)	(346,577)
Total	(4,434,866)	(6,209,669)	(3,256,196)	(247,910)	(642,997)	(1,005,435)	(1,057,131)
CASH FLOWS FROM DERIVATIVE POSITIONS 31	DECEMBER 2024						
Trading	2,519	5,803	(1,917)	1,166	1,332	4,922	299
Risk management	(50,851)	(34,847)	(166)	(4,295)	(18,547)	(24,335)	12,496
Total	(48,332)	(29,044)	(2,083)	(3,129)	(17,215)	(19,413)	12,795

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

^{**} The total net long foreign exchange positions in other currencies amounted to HUF 21 million in 2024 (2023: HUF 50 million), while the total net short foreign exchange positions amounted to HUF 64 million (2023: HUF 13 million).

	CARRYING AMOUNT	GROSS NOMINAL INFLOW / (OUTFLOW)*	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
NON-DERIVATIVE FINANCIAL ASSETS 31 DEC	EMBER 2023						
Cash and cash equivalents	461,931	461,931	461,931	_	_	_	_
Financial assets held for trading	2,756	2,872	1	2	2,834	35	_
Investment securities	1,109,553	1,614,364	576,390	4,159	91,513	555,267	387,035
Loans and advances to banks	1,029,319	1,064,489	871,469	78,570	33,063	77,426	3,961
Loans and advances to customers	2,184,057	2,696,560	141,552	72,055	362,639	1,197,214	923,100
Total	4,787,616	5,840,216	2,051,343	154,786	490,049	1,829,942	1,314,096
NON-DERIVATIVE FINANCIAL LIABILITIES 31 I	DECEMBER 2023						
Deposits from banks	(717,093)	(999,530)	(74,857)	(365)	(10,985)	(800,891)	(112,432)
Deposits from customers	(3,041,603)	(3,111,592)	(2,952,724)	(67,582)	(65,653)	(20,445)	(5,188)
Issued debt securities	(440,229)	(548,374)	(2,482)	(2,806)	(45,174)	(429,295)	(68,617)
Subordinated liabilities	(52,116)	(75,447)	_	(1,411)	(3,912)	(70,124)	_
Issued loan commitments	2,930	(1,023,211)	(6,687)	(98,313)	(169,260)	(195,343)	(553,608)
Issued financial guarantee contracts	11,303	(418,109)	(5,175)	(17,409)	(49,467)	(74,637)	(271,421)
Total	(4,236,808)	(6,176,263)	(3,041,925)	(187,886)	(344,451)	(1,590,735)	(1,011,266)
CASH FLOWS FROM DERIVATIVE POSITIONS	31 DECEMBER 2023						
Trading	10,752	17,097	1,026	5,652	5,190	4,661	568
Risk management	(91,311)	(90,440)	1,674	(13,268)	(49,014)	(26,872)	(2,960)
Total	(80,559)	(73,343)	2,700	(7,616)	(43,824)	(22,211)	(2,392)

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

39 Exposure to interest rate risk – non-trading portfolios

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

	CARRYING AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS	NOT INTEREST RATE SENSITIVE
31 December 2024							
Cash and cash equivalents	1,130,267	1,130,267	_	_	_	_	_
Loans and advances to banks	570,038	495,740	59,014	530	14,753	1	_
Loans and advances to customers	2,290,288	553,393	628,169	402,880	495,225	210,621	_
Investment securities	934,808	165,658	107,534	60,091	416,973	184,552	_
Total	4,925,401	2,345,058	794,717	463,501	926,951	395,174	-
Deposits from banks	(680,711)	(178,283)	(156,057)	(229,132)	(102,136)	(15,103)	_
Deposits from customers	(3,209,794)	(2,165,359)	(133,490)	(128,942)	(366,988)	(415,015)	_
Issued debt securities	(473,998)	(54,624)	(271,615)	(6,632)	(117,627)	(23,500)	_
Subordinated liabilities	(55,795)	_	(55,795)	_	_	_	_
Total	(4,420,298)	(2,398,266)	(616,957)	(364,706)	(586,751)	(453,618)	_
		·					
Effect of derivatives held for risk management		(38,210)	(290,005)	245,853	(51,687)	131,432	-
Exposure to interest rate risk total:	505,103	(91,418)	(112,245)	344,648	288,513	72,988	_

The re-pricing techniques and principles, applied for qualification by the group are described in detail in Note 4.

31 December 2023	CARRYING AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS	NOT INTEREST RATE SENSITIVE
Cash and cash equivalents	461,931	461,931	_	_	_	_	_
Loans and advances to banks	1,029,319	892,076	123,597	282	13,361	3	_
Loans and advances to customers	2,184,057	271,777	778,293	400,093	517,260	216,580	_
Investment securities	1,109,553	213,538	215,743	45,147	415,025	220,100	_
Total	4,784,860	1,839,322	1,117,633	445,522	945,646	436,683	_
Deposits from banks	(717,093)	(166,725)	(22,936)	(221,957)	(286,911)	(18,564)	_
Deposits from customers	(3,041,603)	(2,841,903)	(157,762)	(23,946)	(15,576)	(2,416)	_
Issued debt securities	(440,229)	(22,871)	(249,732)	(23,588)	(112,251)	(31,787)	_
Subordinated liabilities	(52,116)	-	(52,116)	_	_	_	_
Total	(4,251,041)	(3,031,499)	(482,546)	(269,491)	(414,738)	(52,767)	_
Effect of derivatives held for risk management	_	62,719	(242,511)	(41,671)	140,636	79,572	_
Exposure to interest rate risk total:	3,670,239	(1,129,458)	392,576	134,360	671,544	463,488	-

The re-pricing techniques and principles, applied for qualification by the group are described in detail in Note 4.

40 Derivative financial instruments held for Trading

	MATURITY B	MATURITY BREAKDOWN OF NOMINAL VALUE 2024							
31 December 2024	LESS THAN 3 MONTHS	3 MONTHS – 1 YEAR	MORE THAN 1 YEAR	TOTAL					
Interest rate derivatives									
Swap deals									
Interest rate swap (IRS)	56,420	370,157	2,468,633	2,895,210					
FRA	-	_	-	_					
Interest rate options	-	57,822	11,945	69,767					
Total	56,420	427,979	2,480,578	2,964,977					
Interest rate & FX derivatives									
CC Interest rate swap	-	87,004	5,116	92,120					
Total	-	87,004	5,116	92,120					
FX derivatives									
Forward Exchange deals									
FX forward	472,359	1,643	6,255	480,257					
Options									
FX Barrier (European)	25,202	21,774	3,427	50,403					
FX (European) without barrier	4,256	13,093	4,945	22,294					
Total	501,817	36,510	14,627	552,954					
Commodity derivatives									
Commodity forward & swap	16,997	5,669	2,027	24,693					
Total	16,997	5,669	2,027	24,693					
Overall Total	575,234	557,162	2,502,348	3,634,744					

	MATURITY B	REAKDOWN OF NOMINAL VALUE	2023	
31 December 2023	LESS THAN 3 MONTHS	3 MONTHS – 1 YEAR	MORE THAN 1 YEAR	TOTAL
Interest rate derivatives				
Swap deals				
Interest rate swap (IRS)	297,000	620,853	3,345,922	4,263,775
FRA	235,000	-	-	235,000
Interest rate options	_	_	66,143	66,143
Total	532,000	620,853	3,412,065	4,564,918
Interest rate & FX derivatives				
CC Interest rate swap	_	2,861	90,032	92,893
Total	_	2,861	90,032	92,893
FX derivatives				
Forward Exchange deals				
FX forward	530,574	1,024	182	531,780
Options				
FX Barrier (European)	657	1,970	-	2,627
FX (European) without barrier	10,880	2,492	-	13,372
Total	542,111	5,486	182	547,779
Commodity derivatives				
Commodity forward & swap	17,883	52,877	9,912	80,672
Total	17,883	52,877	9,912	80,672
Overall Total	1,091,994	682,077	3,512,191	5,286,262

The notional values of trading derivative financial instruments of the group in the following tables are presented in accordance with how the notional values are represented in the group's accounting records. This means that in case of a swap instrument (interest rate swap – IRS, CIRS; commodity swap) the notional value of both the pay and receive legs of the derivative financial instruments are presented summarized in absolute terms in order to reflect the different interest and value determination method of the pay/receive (fix/float) legs of the derivative financial instrument. Furthermore, in case FX forward instruments, the Forint equivalent value of the notional amount as at the balance sheet date and the Forint equivalent value of the forward rate at expiry is summarized in absolute terms in line with accounting records.

The following tables present the fair value of derivatives and related adjustments by type of risk exposure.

	FAIR	VALUE	F\	/A*	CVA/I	DVA**	FuV	A***
31 December 2024	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rate derivatives								
Swap deals								
Interest rate swap (IRS)	59,067	(54,368)	(23)	_	(608)	22	(183)	73
FRA	-	_	-	_	_	_	-	_
Interest rate options	173	(173)	-	_	_	(4)	-	_
Total	59,240	(54,541)	(23)	_	(608)	18	(183)	73
Interest rate & FX derivatives								
CC Interest rate swap (CCIRS)	274	(270)	-	_	(1)	(6)	_	(1)
CC Interest rate swap FX revaluation	2,992	(2,985)	-	_	_	_	-	_
Total	3,266	(3,255)	-	_	(1)	(6)	-	(1)
FX derivatives								
Forward Exchange deals								
FX forward	10,478	(11,925)	-	_	(7)	(1)	(1)	_
Options								
FX Barrier (European)	378	(378)	-	_	(1)	_	_	_
FX (European) without barrier	141	(141)	-	_	_	_	-	_
Total	10,997	(12,444)	-	_	(8)	(1)	(1)	_
Commodity derivatives								
Commodity forward & swap	3,402	(3,402)	-	_	-	(4)	_	1
Total	3,402	(3,402)	-	_	-	(4)	-	1
Overall Total	76,905	(73,642)	(23)	_	(617)	7	(184)	73

^{* (}Fair Value Adjustment);

^{** (}Credit/Debit Valuation Adjustment);

^{*** (}Funding Valuation Adjustment)

	FAIR	VALUE	F\	/A*	CVA/I	DVA**	FuV	'A***
31 December 2023	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rate derivatives								
Swap deals								
Interest rate swap (IRS)	108,666	(97,574)	(46)	-	(979)	(34)	(272)	114
FRA	143	_	_	_	_	_	_	_
Interest rate options	446	(446)	-	_	_	(5)	-	_
Total	109,255	(98,020)	(46)	_	(979)	(39)	(272)	114
Interest rate & FX derivatives								
CC Interest rate swap (CCIRS)	395	(388)	_	_	(4)	(4)	_	_
CC Interest rate swap FX revaluation	1,537	(1,527)	-	_	_	_	-	_
Total	1,932	(1,915)	-	_	(4)	(4)	-	_
FX derivatives								
Forward Exchange deals								
FX forward	8,276	(7,534)	_	-	(1)	1	_	2
Options								
FX Barrier (European)	10	(10)	-	-	_	_	-	_
FX (European) without barrier	121	(122)	_	_	-	_	_	_
Total	8,407	(7,666)	-	_	(1)	1	-	2
Commodity derivatives								
Commodity forward & swap	10,253	(10,249)	_	_	(12)	_	(6)	1
Total	10,253	(10,249)	-	_	(12)	_	(6)	1
Overall Total	129,847	(117,850)	(46)	_	(996)	(42)	(278)	117

41 Derivative financial instruments held for Hedging purposes

	MATURITY E	REAKDOWN OF NOMINAL VALUE	2024	
31 December 2024	LESS THAN 3 MONTHS	3 MONTHS - 1 YEAR	MORE THAN 1 YEAR	TOTAL
Risk purposes				
Interest rate derivatives				
Fair value hedge deals	141,060	765,524	4,257,372	5,163,956
Interest rate swap (IRS)	141,060	765,524	4,257,372	5,163,956
thereof bond hedging IRS	9,000	84,558	1,445,924	1,539,482
average fix interest rate (%)	1,34	0,94	2,73	2,62
thereof deposit hedging IRS	94,060	482,948	1,788,692	2,365,700
average fix interest rate (%)	1,46	1,14	2,58	2,24
thereof loan hedging IRS	38,000	198,018	1,022,757	1,258,775
average fix interest rate (%)	12,06	4,32	10,15	9,29
Cash flow hedge deals	29,800	32,000	746,429	808,229
Interest rate swap (IRS)	29,800	32,000	746,429	808,229
average fix interest rate (%)	2,23	2,66	4,37	4,22
Total	170,860	797,524	5,003,801	5,972,185
Interest rate & FX derivatives				
Fair value hedge deals				
Cash flow hedge deals	-	19,593	180,508	200,101
Total	-	19,593	180,508	200,101
Overall Total	170,860	817,117	5,184,309	6,172,286

^{* (}Fair Value Adjustment); ** (Credit/Debit Valuation Adjustment); *** (Funding Valuation Adjustment)

	MATURITY B	REAKDOWN OF NOMINAL VALUE	2023	
31 December 2023	LESS THAN 3 MONTHS	3 MONTHS - 1 YEAR	MORE THAN 1 YEAR	TOTAL
Risk purposes				
Interest rate derivatives				_
Fair value hedge deals	195,236	410,149	4,253,795	4,859,180
Interest rate swap (IRS)	195,236	410,149	4,253,795	4,859,180
thereof bond hedging IRS	_	85,255	857,694	942,949
average fix interest rate (%)	-	3,28	8,97	4,91
thereof deposit hedging IRS	42,981	75,207	2,360,945	2,479,133
average fix interest rate (%)	1,69	1,05	2,10	2,06
thereof loan hedging IRS	152,255	249,687	1,035,156	1,437,098
average fix interest rate (%)	0,94	1,33	6,10	4,75
Cash flow hedge deals	39,800	60,000	713,886	813,686
Interest rate swap (IRS)	39,800	60,000	713,886	813,686
average fix interest rate (%)	1,36	3,34	3,70	3,56
Total	235,037	470,149	4,967,681	5,672,866
Interest rate & FX derivatives				
Fair value hedge deals				
Cash flow hedge deals	47,716	6,979	198,835	253,530
Total	47,716	6,979	198,835	253,530
Overall Total	282,752	477,1281	5,166,516	5,926,396

The notional values of hedging derivative financial instruments of the group in the following tables are presented in accordance with how the notional values are represented in the group's accounting records. This means that in case of a swap instrument (interest rate swap – IRS, CIRS; commodity swap) the notional value of both the pay and receive legs of the derivative financial instruments are presented summarized in absolute terms in order to reflect the different interest and value determination method of the pay/receive (fix/float) legs of the derivative financial instrument. Furthermore, in case FX forward instruments, the Forint equivalent value of the notional amount as at the balance sheet date and the Forint equivalent value of the forward rate at expiry is summarized in absolute terms in line with accounting records.

The following tables present the fair value of derivatives and related adjustments by type of risk exposure.

	FAIR V	ALUE	FV.	\ *	CVA/D	VA**	FuVA***	
31 December 2024	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Risk purposes								
Interest rate derivatives								
Fair value hedge deals	75,551	(114,371)	(286)	_	(28)	(2)	(5)	(1)
Interest rate swap (IRS)	75,551	(114,371)	(286)	_	(28)	(2)	(5)	(1)
thereof bond hedging IRS	53,937	(20,155)	(219)	_	_	(1)	1	_
thereof deposit hedging IRS	9,789	(70,874)	(30)	_	1	_	1	_
thereof loan hedging IRS	11,825	(23,342)	(37)	_	(28)	(1)	(6)	(1)
Cash flow hedge deals	7,954	(17,825)	(280)	_	_	_	_	_
Interest rate swap (IRS)	7,954	(17,825)	(280)	_	_	_	_	_
FRA	-	_	-	_	_	_	_	-
Total	83,505	(132,196)	(566)	_	(28)	(2)	(5)	(1)
Interest rate & FX derivatives								
Cash flow hedge deals (CCIRS)	774	_	(27)	_	1	_	1	_
Cash flow hedge deals (CCIRS) FX revaluation	134	(2,441)	-	_	_	_	-	-
Total	908	(2,441)	(27)	_	1	_	1	_
Overall Total	84,413	(134,637)	(593)	_	(27)	(2)	(4)	(1)

^{*} Fair Value Adjustment;

^{**} Credit/Debit Valuation Adjustment;

^{***} Funding Valuation Adjustment

The following tables present the fair value of derivatives and related adjustments by type of risk exposure.

	FAIR V	ALUE	FVA	\ *	CVA/D	VA**	FuV/	***
31 December 2023	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Risk purposes								
Interest rate derivatives								
Fair value hedge deals	66,361	(144,892)	(300)	_	(128)	105	(80)	83
Interest rate swap (IRS)	66,361	(144,892)	(300)	_	(128)	105	(80)	83
thereof bond hedging IRS	41,960	(7,863)	(204)	_	_	(3)	_	4
thereof deposit hedging IRS	11,886	(102,775)	(43)	_	(75)	110	(67)	80
thereof loan hedging IRS	12,515	(34,254)	(53)	_	(53)	(2)	(13)	(1)
Cash flow hedge deals	11,019	(24,316)	(266)	_	-	1	1	1
Interest rate swap (IRS)	11,019	(24,316)	(266)	_	_	1	1	1
FRA	_	_	-	_	_	_	_	-
Total	77,380	(169,208)	(566)	_	(128)	106	(79)	84
Interest rate & FX derivatives								
Cash flow hedge deals (CCIRS)	2,411	_	(58)	_	2	_	1	_
Cash flow hedge deals (CCIRS) FX revaluation	449	(1,705)	_	_	_	_	_	_
Total	2,860	(1,705)	(58)	_	2	_	1	-
Overall Total	80,240	(170,913)	(624)	_	(126)	106	(78)	84

^{*} Fair Value Adjustment;

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

2024 – DERIVATIVES HELD FOR HEDGING PURPOSES							
LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2024	INEFFECTIVENESS* RECOGNISED IN PROFIT OR LOSS	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFECTIVENESS				
Derivative assets held for risk management – Fair value hedge	(8,154)	655	Net gain and loss on hedging instruments				
Derivative liabilities held for risk management – Fair value hedge	51,372	(332)	Net gain and loss on hedging instruments				

	2024 – HEDGED INSTRUMENTS						
ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS ON THE HEDGED ITEM INCLUDED IN THE CARRYING AMOUNT OF HEDGED ITEM** ASSETS LIABILITIES		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION IN WHICH THE HEDGED ITEM IS INCLUDED	CHANGE IN VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2024	ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS REMAINING IN THE STATEMENT OF FINANCIAL POSITION FOR ANY HEDGED ITEMS THAT HAVE CEASED TO BE ADJUSTED FOR HEDGING GAINS AND LOSSES			
(362)	_	Loans and advances to customers – Fair value hedge	(12,268)	-			
1,080	-	Loans to banks – Fair value hedge	(758)	-			
(34,205)	_	Investment Securities - Fair value hedge	(8,295)	-			
_	7,071	Deposits from banks - Fair value hedge	(12,604)	-			
_	57,583	Deposits from customers - Fair value hedge	(11,108)	-			
_	12,651	Issued debt securities - Fair value hedge	2,140	_			

^{*} When calculating hedge ineffectiveness to be presented in the statement of profit and loss, the group considered fair value excluding and valuation adjustments (CVA, DVA, FuVA). Net gain or loss on hedging instruments presented in the statement of profit and loss (Note 11) is the total of hedge ineffectiveness shown above and the amount of CVA, DVA and FuVA charge to the statement of profit and loss.

^{**} Credit/Debit Valuation Adjustment;

^{***} Funding Valuation Adjustment

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

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

2024 – DERIVATIVES HELD FOR HEDGING PURPOSES							
LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2024	CHANGE IN CASH FLOW HEDGE RESERVE*	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFECTIVENESS				
Derivative assets held for risk management – Cash flow hedge	(5,441)	(5,441)	Net gain and loss on hedging instruments				
Derivative liabilities held for risk management – Cash flow hedge	4,338	4,338	Net gain and loss on hedging instruments				

		2024 – HEDGED INSTRUMENTS		
ACCUMULATED AMOUNT ADJUSTMENTS ON THE IN THE CARRYING AMOUNT ASSETS	HEDGED ITEM INCLUDED	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION IN WHICH THE HEDGED ITEM IS INCLUDED	CHANGE IN VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2024	ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS REMAINING IN THE STATEMENT OF FINANCIAL POSITION FOR ANY HEDGED ITEMS THAT HAVE CEASED TO BE ADJUSTED FOR HEDGING GAINS AND LOSSES
_	-	Loans and advances to customers - Cash flow hedge	(1,217)	_
-	_	Deposits from customers – Cash flow hedge	113	_

^{*} When calculating hedge ineffectiveness to be presented in the statement of profit and loss, the group considered fair value excluding and valuation adjustments (CVA, DVA, FuVA). Valuation adjustments are charge to the statement of profit and loss and shown as Net gain or loss on hedging instruments (Note 11). The revaluation of cash flow hedging derivative instruments is recorded against the cash flow hedge reserve.

The following amounts have been recognised in connection with derivative financial instruments used for hedging purposes, hedged instruments and hedge ineffectiveness in 2023.

2023 – DERIVATIVES HELD FOR HEDGING PURPOSES							
LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023	INEFFECTIVENESS* RECOGNISED IN PROFIT OR LOSS	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFECTIVENESS				
Derivative assets held for risk management – Fair value hedge	135,094	(2,576)	Net gain and loss on hedging instruments				
Derivative liabilities held for risk management – Fair value hedge	(121,105)	1,535	Net gain and loss on hedging instruments				

2023 – HEDGED INSTRUMENTS							
ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS ON THE HEDGED ITEM INCLUDED IN THE CARRYING AMOUNT OF HEDGED ITEM**		LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION IN WHICH THE HEDGED ITEM IS INCLUDED	CHANGE IN VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023	ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS REMAINING IN THE STATEMENT OF FINANCIAL POSITION FOR AN HEDGED ITEMS THAT HAVE CEASED TO BE ADJUSTED FOR HEDGING GAINS AND LOSSE			
ASSETS	LIABILITIES	WHICH THE HEDGED ITEM IS INCLUDED	2023	ADJUSTED FOR REDGING GAINS AND LUSSES			
10,657		Loans and advances to customers - Fair value hedge	71,538	_			
1,838		Loans to banks - Fair value hedge	1,838	-			
(29,530)		Investment Securities - Fair value hedge	105,221	-			
	19,609	Deposits from banks - Fair value hedge	(38,735)	-			
	67,472	Deposits from customers – Fair value hedge	(129,023)	_			
	10,511	Issued debt securities - Fair value hedge	(25,868)	_			

^{*} When calculating hedge ineffectiveness to be presented in the statement of profit and loss, the group considered fair value excluding and valuation adjustments (CVA, DVA, FuVA). Net gain or loss on hedging instruments presented in the statement of profit and loss (Note 11) is the total of hedge ineffectiveness shown above and the amount of CVA, DVA and FuVA charge to the statement of profit and loss.

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

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

The following amounts have been recognised in connection with derivative financial instruments used for hedging purposes, hedged instruments and hedge ineffectiveness in 2023.

2023 – DERIVATIVES HELD FOR HEDGING PURPOSES							
LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN FAIR VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023	CHANGE IN CASH FLOW HEDGE RESERVE*	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFECTIVENESS				
Derivative assets held for risk management – Cash flow hedge	(6,979)	(6,830)	Net gain and loss on hedging instruments				
Derivative liabilities held for risk management - Cash flow hedge	55,096	55,096	Net gain and loss on hedging instruments				

		2023 – HEDGED INSTRUMENTS		
ACCUMULATED AMOUNT ADJUSTMENTS ON THE I IN THE CARRYING AMOU ASSETS	HEDGED ITEM INCLUDED	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION IN WHICH THE HEDGED ITEM IS INCLUDED	CHANGE IN VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS FOR 2023	ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS REMAINING IN THE STATEMENT OF FINANCIAL POSITION FOR ANY HEDGED ITEMS THAT HAVE CEASED TO BE ADJUSTED FOR HEDGING GAINS AND LOSSES
_	-	Loans and advances to customers – CFH	(61,396)	-
_	_	Deposits from customers — CFH	13,130	-

^{*} When calculating hedge ineffectiveness to be presented in the statement of profit and loss, the group considered fair value excluding and valuation adjustments (CVA, DVA, FuVA). Valuation adjustments are charge to the statement of profit and loss and shown as Net gain or loss on hedging instruments (Note 11). The revaluation of cash flow hedging derivative instruments is recorded against the cash flow hedge reserve.

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

42 Fair valuation hierarchy

42.1 Financial instruments measured at FV – fair value hierarchy

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

	COMMENT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2024					
Financial assets measured at FV					
Financial assets held for trading (bonds)					
State treasury bills	18	510	76	_	586
State bonds	18	4	_	_	4
Other bonds	18	_	1	_	1
Total		514	77	-	591
Financial assets trading derivatives					
Interest rate derivatives	40	_	58,426	_	58,426
Interest and FX derivatives	40	_	3,265	_	3,265
FX derivatives	40	_	10,935	53	10,988
Commodity derivatives	40	_	3,402	_	3,402
Total		_	76,028	53	76,081
Financial assets hedging derivatives					
Interest rate risk	41	_	82,906	_	82,906
Interest rate and FX risk	41	_	883	_	883
Total		_	83,789	-	83,789
Non-trading financial assets at fair value through profit or loss	_				
Equities	22	265			265
Loans and advances to customers	21			120,571	120,571
Total	21	265	_	120,571	120,836
Investment securities at fair value through other comprehensive income					
Treasury bills	22		95,097		95,097
State bonds	22	177,770	766		178,536
Other bonds	22	3,733	16,248	697	20,678
Equities	22	-	-	7,160	7,160
Total		181,503	112,111	7,100	301,471
Financial assets at fair value total		182,282	272,005	128,481	582,768
Financial liabilities measured at Fair value					
Trading derivatives					
Interest rate derivatives	40	_	54,450		54,450
Interest and FX derivatives	40	_	3,262		3,262
FX derivatives	40		12,391	54	12,445
Commodity derivatives	40	_	3,405		3,405
Total		_	73,508	54	73,562
Hedging derivatives					
Interest rate risk	41	_	132,199	_	132,199
Interest rate and FX risk	41	_	2,441	_	2,441
Total		_	134,640	_	134,640
Financial liabilities at fair value total		_	208,349	54	208,403

	COMMENT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2023					
Financial assets measured at FV					
Financial assets held for trading (bonds)					
State treasury bills	18	1,678	1,052	_	2,730
Other bonds	18	_	26	_	26
Total		1,678	1,078	_	2,756
Financial assets trading derivatives					
Interest rate derivatives	40	_	107,957	_	107,957
Interest and FX derivatives	40	_	1,928	_	1,928
FX derivatives	40	_	8,408	_	8,408
Commodity derivatives	40	_	10,234	_	10,234
Total		-	128,527	-	128,527
Financial assets hedging derivatives					
Interest rate risk	41	_	76,607	_	76,607
Interest rate and FX risk	41	_	2,805	_	2,805
Total		_	79,412	-	79,412
Non-trading financial assets at fair value through profit or loss					
Equities	22	419	_	_	419
Loans and advances to customers	21	_	_	107,515	107,515
Total		419	0	107,515	107,934
Investment securities at fair value through other comprehensive income					
Treasury bills	22	_	229,862	_	229,862
State bonds	22	143,524	561	_	144,085
Other bonds	22	3,304	10,746	15,487	29,537
Equities	22			4,901	4,901
Total		146,828	241,169	20,388	408,385
Financial assets at fair value total		148,925	450,186	127,903	727,014
Financial liabilities measured at Fair value					
Trading derivatives					
Interest rate derivatives	40	_	97,944	_	97,944
Interest and FX derivatives	40	_	1,920	_	1,920
FX derivatives	40	_	7,663	_	7,663
Commodity derivatives	40	_	10,248	_	10,248
Total		_	117,775	_	117,775
Hedging derivatives					
Interest rate risk	41	_	169,019	_	169,019
Interest rate and FX risk	41	_	1,704	_	1,704
Total		_	170,723	_	170,723
Financial liabilities at fair value total		_	288,498	_	288,498

For the group's financial instruments at fair value through profit or loss at the end of 2024 and 2023 that were measured at Level 1 at the end of the comparative period, no transfers were made to Level 2 in 2024 or 2023, nor were any transfers made from Level 2 to Level 1.

Upon measurement as at 31 December 2024, the group reclassified 5 securities from Level 3 to Level 2, the effect of which on the accounting for fair value differences is presented in Table 41.2.1 Level 3 Fair value disclosures. The reclassification is explained by a change in valuation technique (from model-based to market-based pricing) and an increase in the proportion of observable inputs used in model-based pricing.

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

FINANCIAL ASSETS / FINANCIAL LIABILITIES	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)
Forward rate agreement	Level 2	Discounted cash flow method is used. The two future cash flows are estimated based on forward interest rate (from observable yield curves at the end of the reporting period) and the contractual interest rate and are both discounted. Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used for the valuation of derivatives (close-out risk) as well.
Interest rate swaps (SC IRS)	Level 2	Discounted cash flow method is used. The future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rate and are discounted. The FV includes both the market value and the accrued interest. Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used for the valuation of derivatives (close-out risk) as well.
Interest rate swaps (DC IRS)	Level 2	Discounted cash flow method is used. The future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rate and are discounted. The FV includes both the market value, the accrued interest but excludes the effect of the revalued principals (recognized as forward exchange). Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used for the valuation of derivatives (close-out risk) as well.
Forward Exchange & Swap	Level 2	Discounted cash flow method is used. The future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contractual forward rates and are discounted. Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used as an adjustment for the valuation of derivatives (close-out risk) as well.
FX Options	Level 2	The European options calculation uses the standard Black-Scholes formula. Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used as an adjustment for the valuation of derivatives (close-out risk) as well.
IR options	Level 2	The options calculation uses the Black-Scholes model. Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used as an adjustment for the valuation of derivatives (close-out risk) as well.
Commodity forward & swap	Level 2	Discounted cash flow method is used. The future cash flows are estimated based on forward commodity rates (from observable commodity index curve at the end of the reporting period) and contractual commodity price and are discounted, Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively. Financial model based FVA is used as an adjustment for the valuation of derivatives (close-out risk) as well.
Bonds	Level 1	Marked-to-market valuation based on quotation prices observed in active markets (e.g. Reuters). Liquidity and close-out fair value adjustments apply.
Bonds	Level 2	Marked-to-market valuation based on prices quoted in a non-active market or (Marked to model) model-based pricing based on observable input (curve consisting of liquid bonds of the same sector or sovereign). Liquidity and close-out fair value adjustments apply.
Corporate bonds	Level 1	Marked-to-market valuation based on quotation prices observed in active markets (e.g. Reuters). Liquidity and close-out fair value adjustments apply.
Corporate bonds	Level 2	Marked-to-market valuation based on prices quoted in a non-active market or (Marked to model) model-based pricing based on observable input (curve consisting of liquid bonds of the same sector or sovereign). Liquidity and close-out fair value adjustments apply.
Corporate bonds	Level 3	Marked-to-model valuation based on a curve consisting of liquid bonds of the same sector or sovereign. Liquidity and close-out fair value adjustments apply.
Investment certificates	Level 2	Marked-to-market valuation based on the net asset value (NAV) published by Association of Hungarian Investment Fund and Asset Management Companies.
Equities	Level 1	Marked-to-market valuation based on quotation prices observed in active markets (e.g. Budapest Stock Exchange).

FINANCIAL ASSETS / FINANCIAL LIABILITIES	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)
Equities	Level 3	Based on cost model.
Mortgage bonds	Level 2	Marked-to-model valuation based on a curve consisting of liquid covered bonds. Liquidity and close-out fair value adjustments apply.
Mortgage bonds	Level 3	Marked-to-model valuation based on unobservable market data (eg. applying a significant valuation adjustment). Liquidity and close-out fair value adjustments apply.
Loans and advances to banks	Level 2	Discounted cash flow method is used. For the purpose of estimating fair value, quoted prices for similar instruments are available in active markets or quoted prices for identical or similar instruments are available in markets that are not active, or a valuation model is used in which all significant inputs and significant value drivers are observable directly or indirectly in an active market.
Loans and advances to banks	Level 3	Discounted cash flow method is used. Fair value is estimated using a valuation model in which one or more significant inputs or significant value drivers are not observable in the market (e.g. non-performing loans).
Loans and advances to customers	Level 2	Discounted cash flow method is used. For the purpose of estimating fair value, quoted prices for similar instruments are available in active markets or quoted prices for identical or similar instruments are available in markets that are not active, or a valuation model is used in which all significant inputs and significant value drivers are observable directly or indirectly in an active market.
Loans and advances to customers	Level 3	Discounted cash flow method is used. Fair value is estimated using a valuation model in which one or more significant inputs or significant value drivers are not observable in the market (e.g. non-performing loans).
Deposits and loans from banks	Level 2	Discounted cash flow method is used. For the purpose of estimating fair value, quoted prices for similar instruments are available in active markets or quoted prices for identical or similar instruments are available in markets that are not active, or a valuation model is used in which all significant inputs and significant value drivers are observable directly or indirectly in an active market.
Deposits and loans from banks	Level 3	Discounted cash flow method is used. Fair value is estimated using a valuation model in which one or more significant inputs or significant value drivers are not observable in the market.
Deposits and loans from customers	Level 2	Discounted cash flow method is used. In estimating fair value, quoted prices for similar instruments are available in active markets, or quoted prices for identical or similar instruments are available in markets that are not active, or the valuation is based on a valuation model in which all significant inputs and significant value factors are observable directly or indirectly in an active market.
Deposits and loans from customers	Level 3	Discounted cash flow method is used

42.2 Level 3 fair value

42.2.1 Level 3 fair value disclosure

The below table presents the main movements of financial instruments measured at fair value within the Level 3 fair value hierarchy. The result of the fair value adjustments recognised during the year in relation to financial instruments in Level 3 fair value hierarchy at the beginning of the year is presented in the group's Gain/loss recognised in P/L or Gain/loss recognised in OCI, depending on their nature, while the figures presented in the Transfers to and from Level 3 lines include the fair value adjustments at the time of reclassification for instruments that change level classification during the year.

	FAIR VALUE OF FINANCIAL ASSETS HELD FOR TRADING	NON-TRADING FINANCIAL ASSETS MEASURED AT FVTPL	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LEVEL 3 TOTAL FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
Balance at 01 January 2024	-	(690)	843	153
Gain/loss recognised in P/L	-	2,119	_	2,119
Gain/loss recognised in OCI	-	_	3,154	3,154
Increases from transacrions	1	(2,507)	_	(2,506)
Decreases from transacrions	-	69	1	70
Transfers to Level 3	-	-	_	_
Transfers from Level 3	-	-	2,749	2,749
Balance at 31 December 2024	1	(1,009)	6,747	5,739

	NON-TRADING FINANCIAL ASSETS MEASURED AT FVTPL	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LEVEL 3 TOTAL FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
Balance at 01 January 2023	(15,273)	(236)	(15,509)
Gain/loss recognised in P/L	12,866	-	12,866
Gain/loss recognised in OCI	-	4,679	4,679
Increases from transacrions	1,488	-	1,488
Decreases from transacrions	229	-	229
Transfers to Level 3	-	(3,600)	(3,600)
Transfers from Level 3	-	-	-
Balance at 31 December 2023	(690)	843	153

42.2.2 Level 3 fair value measurements – Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

TYPE OF FINANCIAL INSTRUMENT CATEGORISED AS LEVEL 3	FAIR VALUES AT 2024.12.31/ (2023.12.31)	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	RANGE OF ESTIMATES (YEAR-END) FOR UNOBSERVABLE INPUT	FAIR VALUE MEASUREMENT SENSITIVITY TO UNOBSERVABLE INPUTS
Loans and advances to customers	2024: 120,572 [2023: 107,515]	Discounted cash flow	Probability of default (PD) 0-5 years	2024: 0.00% - 48.84% (2.45%) [2023: 0.00% - 59.16% (3.49%)]	A significant decrease in the probability of default (PD) would result in a higher fair value.
			Loss given default (LGD)	2024: 0.00% - 92.98% (32.45%) [2023: 6.71% - 71.93% (53.04%)]	A significant increase in the loss given default (LGD) would result in a lower fair value.
			Expected prepayment rate (Average monthly principal repayment of baby loans)	2024: 0.23% - 0,41% (0.31%) [2023: 0.25% - 0.35% (0.29%)]	A significant increase in expected prepayment rates would result in a lower fair value.
			Expected prepayment rate (CSOK, OFK loans average monthly capital repayments)	2024: 0.12% - 0.31% (0.19%) [2023: 0.07% - 0.67% (0.30%)]	A significant decrease in expected prepayment rates would result in a higher fair value.

42.2.2 Level 3 fair value measurements - Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

TYPE OF FINANCIAL INSTRUMENT CATEGORISED AS LEVEL 3	FAIR VALUES AT 2024.12.31 / (2023.12.31)	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	RANGE OF ESTIMATES (YEAR-END) FOR UNOBSERVABLE INPUT	FAIR VALUE MEASUREMENT SENSITIVITY TO UNOBSERVABLE INPUTS
Other bonds	2024: 735 [2023: 79,185]	Marked-to-model	Spread over risk-free return (bps)	2024: 19 – 196 (144) [2023: 78 – 898 (97)]	A significant increase in the spread would result in a lower fair value.
TOTAL FINANCIAL INSTRUMENT CATEGORISED AS LEVEL 3	2024: 121,307 (2023: 186,700)				

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42.3 Financial assets not measured at fair value

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

					FAIR VALUE	CARRYING VALUE
	COMMENT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	TOTAL
31 December 2024						
Financial assets not measured at fair value						
Cash and cash equivalents	17	_	1,130,267	_	1,130,267	1,130,267
Loans and advance to banks	20	_	560,122	1,799	561,921	570,038
Loans and advances to customers at amortized cost	21	_	1,328,177	814,804	2,142,981	2,169,717
Investments securities at amortized cost	22	519,934	90,634	37,873	648,441	633,072
Total		519,934	3,109,200	854,476	4,483,610	4,503,094
Financial liabilities not measured at fair value						
Sources from financial institutions	28	_	481,506	188,776	670,282	680,711
Customer sources	29	_	861,459	2,417,743	3,279,202	3,209,794
Issued debt securities	30	_	205,979	288,750	494,729	473,998
Subordinated liabilities	30	_	_	62,022	62,022	55,795
Total		_	1,548,944	2,957,291	4,506,235	4,420,298
31 December 2023						
Financial assets not measured at fair value						
Cash and cash equivalents	17	_	461,931	_	461,931	461,931
Loans and advance to banks	20	_	1,026,593	28	1,026,621	1,029,319
Loans and advances to customers at amortized cost	21	_	1,160,805	790,707	1,951,512	1,978,698
Investments securities at amortized cost	22	551,842	77,643	65,795	695,280	700,749
Total		551,842	2,726,972	856,530	4,135,344	4,170,697
Financial liabilities not measured at fair value						
Sources from financial institutions	28	_	717,093	_	717,093	717,093
Customer sources	29	_	3,027,376	3,156	3,030,532	3,041,603
Issued debt securities	30	_	55,092	392,170	447,262	440,229
Subordinated liabilities	30	_	_	54,130	54,130	52,116
Total		-	3,799,561	449,456	4,249,017	4,251,041

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

Loans: Fair value is calculated based on discounted expected future principal and interest cash flows, expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows are estimated on a single deal basis and discounted at a rate considering the risk-free rate and any potential risk factors that market participants also consider. Credit card advances, overdrafts and similar very short-term receivables are deemed to be the receivable on demand at the balance sheet date. The estimated fair values of loans also reflect changes in interest rates. For non-performing loans, the fair value calculation methodology is based on an estimate of expected loss, expected payback time and risk premium.

Investments carried at cost and derivatives: Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs, where available. If a quoted market price is not available, fair value is estimated using pricing models or discounted cash flow techniques, where applicable. For investments and fixed assets, where no reliable market price or model price is available, the book value is taken as fair value.

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

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

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

43 Balances outstanding and transactions with related parties

43.1 Balances outstanding with related parties

Assets

	31 DECEM	IBER 2024	31 DECEM	MBER 2023
	BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY	BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY
Cash and cash equivalents	82,435	6,135	66,894	5,239
Trading derivative assets	46,031	4,637	65,450	15,748
Investment securities	-	7,425	_	5,320
Loans and advances to banks	149,681	11,968	522,060	13,732
Loans and advances to customers	-	1,189	_	41
Hedging derivative assets	78,667	-	83,987	11,013
Intangible assets	2,683	513	2,979	1,239
Other assets	-	27	_	_
Total	359,497	31,894	741,370	52,332

Liabilities

	31 DECEN	1BER 2024	31 DECEI	MBER 2023
	BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY	BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY
Deposits and loans from banks	6,499	9,303	102,974	12,790
Deposits from customers	-	1,746	_	1,222
Issued debt securities	267,246	-	249,732	_
Trading derivative liabilities	60,822	10,125	65,638	22,536
Hedging derivative liabilities	118,907	-	153,135	20,665
Deferred tax liability	-	-	_	82
Other liabilities	2,316	16	1,975	334
Other provisions	-	23	_	7
Subordinated liabilities	55,795	-	52,116	-
Revaluation reserve	-	6,837	_	4,496
Retained earnings	-	144	_	144
Total	511,585	28,194	625,570	62,276

Commitments, contingencies, derivatives

	31 DECE	MBER 2024	31 DECEMBER 2023		
	BALANCES WITH THE BALANCES WITH OTHER PARENT COMPANY INTERCOMPANY		BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY	
Loan and overdraft facilities granted not disbursed	368	9,473-	303	1,137	
Financial guarantees	248	63,035	245	56,254	
Derivatives notional amount	4,211,133	652,580	3,968,151	1,565,804	

Income statement

		2024		2023
	BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY	BALANCES WITH THE PARENT COMPANY	BALANCES WITH OTHER INTERCOMPANY
Interest income calculated using the effective interest method	13,601	1,139	23,476	901
Other interest and similar income	-	_	_	_
Interest expense and similar charges	(28,303)	(532)	(17,300)	(1,545)
Fee and commission income	205	726	201	545
Fee and commission expense	(93)	(225)	(88)	(181)
Dividend income	-	10	_	5
Net foreign exchange income	18	-	343	-
Impairment and loan loss provision	56	(20)	68	989
Net trading income	-	91	_	190
General operating expenses	(11,539)	(501)	(11,015)	(254)
Other income/(expenses)	84	492	(2,074)	148
Total	(25,971)	1,180	(6,345)	754

The above balances and transactions are outstanding with:

2024: Parent company: UniCredit S.p.A., Other intercompanies: UniCredit Biztosításközvetítő Kft., UniCredit Operatív Lízing Kft., UniCredit Bank SA., UniCredit Bank Czech Republic and Slovakia AS., Zagrebacka Banka DD., UniCredit Bulbank, UniCredit Bank Serbia JSC., UniCredit Services GmbH., Európa Befektetési Alapkezelő Zrt., UniCredit Turn-Around Management CEE GmbH., AO UniCredit Bank, UniCredit Banka Slovenija DD, UniCredit Bank Austria AG, Fundamenta-Lakáskassza Zrt., Garantiqa Hitelgarancia Zrt., VISA Inc., CA-ZETA Real Estate Development Limited Lixility Company, UniCredit Factoring S.p.A., UniCredit Bank DD, BAH BETA Ingatlanhasznosító Kft,UniCredit Bank GMBH., HVB-MILANO (Bayerische Hypo und Vereinsbank GMBH., HVB – LONDRA (Bayerische Hypo und Vereinsbank), HVB-NEW YORK (Bayerische Hypo und Vereinsbank GMBH), FMZ Savaria KFT. (2023: Parent company: UniCredit S.p.A., Other intercompanies: UniCredit Bank SA., UniCredit Bank Czech Republic and Slovakia AS., Zagrebacka Banka DD., UniCredit Bank AG., UniCredit Bulbank, UniCredit Bank Serbia JSC., UniCredit Services GmbH., Európa Befektetési Alapkezelő Zrt., UniCredit Turn-Around Management CEE GmbH., AO UniCredit Bank, UniCredit Banka Slovenija DD, UniCredit Bank Austria AG, BAH-OMEGA Zrt. Fundamenta-Lakáskassza Zrt., Garantiqa Hitelgarancia Zrt., VISA Inc., CA-ZETA Real Estate Development Limited Liability Company, FMZ Savaria Kft., UniCredit Factoring SPA, UniCredit Bank DD, BAH BETA Ingatlanhasznosító Kft., UniCredit Bank AG, Milan branch, UniCredit Leasing Slovakia A.S.

43.2 Key management personnel

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

	2024	2023
Short-term employee benefits	3,114	2,681
Share-based payments	240	215
Long-term employee benefits	(11)	(45)
Total	3,343	2,851

Loans granted to the key managament personnel was the following:

	2024	2023
Loans granted to the key management personnel	22	13
Total	22	13

Group's key management personnel at 31.12.2024:

Supervisory Board members: Emilia Palibatchiyska Stefanova (chairman), Gianfranco Bisagni, Maria Chiara Manzoni, Emidio Salvatore, Federico Silveri.

Management Board members: Balázs Tóth (Chief Executive Officer), Giacomo Volpi (Deputy Chief Executive Officer), Matteo Consalvi (Chief Financial Officer), Ivana Lonjak Dam (Head of Risk Management), Albert Hulshof (Head of Corporates Division), Réka Vörös (Head of Retail Division), Anschau János (Head of Operations Division).

44 Exposure to credit risk

44.1 Credit quality analysis of the group's exposures

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

	AVERAGE PD	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
31 December 2024						
Loans and advances to banks at amortised cost						
- Investment grade	0.001 - 0.305%	527,554	15,807	_	_	543,361
- Speculative category	0.305 - 99.990%	392	25,592	-	_	25,984
- Impaired	100.00%	_	_	-	_	_
Gross value		527,946	41,399	_	_	569,345
Loss allowance		(99)	(288)	-	_	(387)
Carrying value		527,847	41,111	-	-	568,958
Loans and advances to customers at amortised cost						
- Investment grade	0.001 - 0.305%	603,920	89,755	14	_	693,689
- Speculative category	0.305 - 99.990%	915,342	461,035	1	471	1,376,849
- Impaired	100.00%	_	14	52,039	962	53,015
Gross value		1,519,262	550,804	52,054	1,433	2,123,553
Loss allowance		(7,250)	(11,031)	(27,423)	2,859	(42,845)
Carrying value		1,512,012	539,773	24,631	4,292	2,080,708
31 December 2023						
Loans and advances to banks at amortised cost						
- Investment grade	0.001 - 0.305%	969,614	445	-	_	970,059
- Speculative category	0.305 - 99.99%	476	57,121	_	_	57,597
- Impaired	100.00%	_	_	_	_	_
Gross value	_	970,090	57,566	_	_	1,027,656
Loss allowance	_	(149)	(27)	_	_	(176)
Carrying value		969,941	57,539	_	_	1,027,480
Loans and advances to customers at amortised cost						
- Investment grade	0.001 - 0.305%	485,929	172,302	12	1	658,244
Speculative category	0.305 - 99.99%	865,953	443,131	_	1,023	1,310,107
- Impaired	100.00%	_	_	42,369	994	43,363
Gross value		1,351,882	615,433	42,381	2,018	2,011,714
Loss allowance		(7,172)	(14,009)	(24,929)	3,468	(42,642)
Carrying value		1,344,710	601,424	17,452	5,486	1,969,072

The group has removed the Lease receivables from the table Loans and advances to customers at amortised cost, see table below.

	AVERAGE PD	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
31 December 2024						
Lease receivables						
- Investment grade	0.001 - 0.305%	9,918	189	_	_	10,107
 Speculative category 	0.305 - 99.990%	61,802	16,521	_	_	78,323
- Impaired	100%	_	_	3,065	_	3,065
Gross value	_	71,720	16,710	3,065	_	91,495
Loss allowance	_	(581)	(361)	(1,182)	_	(2,124)
Carrying value		71,139	16,349	1,883	_	89,371
31 December 2023						
Lease receivables						
 Investment grade 	0.001 - 0.305%	9,997	287	_	_	10,284
 Speculative category 	0.305 - 99.990%	68,602	16,353	_	_	84,955
– Impaired	100%	_	_	3,083	_	3,083
Gross value	_	78,599	16,640	3,083	_	98,322
Loss allowance	_	(728)	(380)	(1,145)	_	(2,253)
Carrying value		77,871	16,260	1,938	_	96,069

	AVERAGE PD	STAGE 1	STAGE 2	STAGE 3	TOTAL
31 December 2024					
Investment securities measured at amortised cost					
- Investment grade	0.001 - 0.305%	586,712	_	_	586,712
- Standard monitoring	0.305 - 99.990%	49,526	32,120	-	81,646
- Impaired	100%	_	_	_	_
Gross value		636,238	32,120	_	668,358
Loss allowance		(322)	(761)	-	(1,083)
Carrying value		635,916	31,359	-	667,275
Investment securities measured at FVtOCI					
 Investment grade 	0.001 - 0.305%	280,085	_	_	280,085
- Standard monitoring	0.305 - 99.990%	22,751	714	_	23,465
- Impaired	100%	_	_	-	_
Gross value		302,836	714	-	303,550
Loss allowance		(136)	(15)	_	(151)
Carrying value		302,700	699	_	303,399
31 December 2023					
Investment securities measured at amortised cost					
- Investment grade	0.001 - 0.305%	616,929	_	_	616,929
 Standard monitoring 	0.305 - 99.990%	85,859	29,024	_	114,883
- Impaired	100%	_	_	_	_
Gross value		702,788	29,024	_	731,812
Loss allowance		(439)	(1,092)	_	(1,531)
Carrying value		702,349	27,932	_	730,281
Investment securities measured at FVtOCI					
 Investment grade 	0.001 - 0.305%	444,279	_	_	444,279
 Standard monitoring 	0.305 - 99.990%	32,325	1,213	_	33,538
- Impaired	100%	_	_	-	-
Gross value		476,604	1,213	_	477,817
Loss allowance		(217)	(22)	_	(239)
Carrying value		476,387	1,191	-	477,578

	AVERAGE PD	STAGE 1	STAGE 2	STAGE 3	TOTAL
31 December 2024					
Commitments					
- Loans and advances to banks	0.001 - 100%	420	_	_	420
- Loans and advances to customers	0.001 - 100%	860,102	306,459	8,255	1,174,816
Gross value		860,522	306,459	8,255	1,175,236
Provision		(175)	(61)	(3,561)	(3,797)
Financial guarantee					
- Loans and advances to banks	0.001 - 100%	69,131	54	_	69,185
- Loans and advances to customers	0.001 - 100%	217,044	134,844	12,520	364,408
Gross value		286,175	134,898	12,520	433,593
Provision		(1,148)	(1,985)	(6,231)	(9,364)
31 December 2023					
Commitments					
- Loans and advances to banks	0.001 - 20%	332			332
 Loans and advances to customers 	0.001 - 100%	788,099	229,674	5,106	1,022,879
Gross value		788,431	229,674	5,106	1,023,211
Provision		(237)	(449)	(2,244)	(2,930)
Financial guarantee					
- Loans and advances to banks	0.001-20%	59,451	15	_	59,466
- Loans and advances to customers	0.001-100%	199,625	151,150	7,868	358,643
Gross value		259,076	151,165	7,868	418,109
Provision		(914)	(4,975)	(5,414)	(11,303)

44.2 Changes in impairment losses and provisions

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

LOANS AND ADVANCES TO BANKS AT AMORISED COST	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Loss allowance as of 1 January 2024	(149)	(27)	_	_	(176)
Transfers:	3	(3)	-	_	-
Transfers to Stage 1	_	_	-	-	-
Transfers to Stage 2	3	(3)	-	-	-
Transfers to Stage 3	_	_	_	_	-
Impact of reassessment of expected loss	42	(177)	_	_	(135)
New financial assets originated or purchased credit-impaired	(11)	(92)	-	-	(103)
Financial assets derecognized during the period	13	11	-	-	24
Write-offs	_	_	_	_	_
Unwind of discount	_	_	_	_	-
FX and other movements	3	_	-	_	3
Loss allowance as of 31 December 2024	(99)	(288)	-	-	(387)
Loss allowance as of 1 January 2023	(250)	_	_	-	(250)
Transfers:	7	(7)	-	-	-
Transfers to Stage 1	_	_	-	_	-
Transfers to Stage 2	7	(7)	_	_	_
Transfers to Stage 3	_	_	_	-	-
Impact of reassessment of expected loss	87	6	-	-	93
New financial assets originated or purchased credit-impaired	(9)	(26)	-	_	(35)
Financial assets derecognized during the period	19	4	_	_	23
Write-offs	_	_	_	-	-
Unwind of discount	_	_	-	_	-
FX and other movements	(3)	(4)	-	_	(7)
Loss allowance as of 31 December 2023	(149)	(27)	_	_	(176)

LOANS AND ADVANCES TO CUSTOMERS AT AMORTIZED COST	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Loss allowance as of 1 January 2024	(7,900)	(14,389)	(26,074)	3,468	(44,895)
Transfers:	(2,495)	4,732	(2,237)	_	_
Transfers to Stage 1	(5,094)	4,830	264	_	_
Transfers to Stage 2	2,510	(3,312)	802	_	_
Transfers to Stage 3	89	3,214	(3,303)	_	_
Impact of reassessment of expected loss	3,342	(1,877)	(1,093)	509	881
New financial assets originated or purchased credit-impaired	(1,453)	(2,421)	(3,163)	_	(7,037)
Financial assets derecognized during the period	793	2,633	4,836	(955)	7,307
Write-offs	_	-	308	(21)	287
Unwind of discount	_	(8)	(1,023)	(143)	(1,174)
FX and other movements	(118)	(62)	(159)	1	(338)
Loss allowance as of 31 December 2024	(7,831)	(11,392)	(28,605)	2,859	(44,969)
Loss allowance as of 1 January 2023	(16,952)	(13,487)	(27,862)	2,921	(55,380)
Transfers:	1,676	(4,043)	2,366	_	(1)
Transfers to Stage 1	(2,980)	2,871	108	_	(1)
Transfers to Stage 2	4,564	(7,204)	2,640	_	_
Transfers to Stage 3	92	290	(382)	_	_
Impact of reassessment of expected loss	6,576	4,156	(4,273)	561	7,020
New financial assets originated or purchased credit-impaired	(2,451)	(3,839)	(3,305)	(309)	(9,904)
Financial assets derecognized during the period	3,211	2,778	7,533	455	13,977
Write-offs	(2)	_	(282)	_	(284)
Unwind of discount	_	_	(707)	(164)	(871)
FX and other movements	42	46	456	4	548
Loss allowance as of 31 December 2023	(7,900)	(14,389)	(26,074)	3,468	(44,895)

INVESTMENT SECURITIES MEASURED AT AMORTISED COST	STAGE 1	STAGE 2	STAGE 3	TOTAL
Loss allowance as of 1 January 2024	(439)	(1,092)	_	(1,531)
Transfers:	(9)	9	_	_
Transfers to Stage 1	(9)	9	_	-
Transfers to Stage 2	-	_	_	_
Transfers to Stage 3	-	_	_	_
Impact of reassessment of expected loss	112	393	_	505
New financial assets originated or purchased credit-impaired	(2)	(71)	_	(73)
Financial assets derecognized during the period	16	_	_	16
FX and other movements	_	_	_	_
Loss allowance as of 31 December 2024	(322)	(761)	_	(1,083)
Loss allowance as of 1 January 2023	(460)	(979)	_	(1,439)
Transfers:	8	(8)	_	-
Transfers to Stage 1	_	_	_	-
Transfers to Stage 2	8	(8)	_	-
Transfers to Stage 3	_	_	_	_
Impact of reassessment of expected loss	80	(143)	_	(63)
New financial assets originated or purchased credit-impaired	(72)	_	_	(72)
Financial assets derecognized during the period	5	39	_	44
FX and other movements	_	(1)	_	(1)
Loss allowance as of 31 December 2023	(439)	(1,092)	_	(1,531)

INVESTMENT SECURITIES MEASURED AT FVTOCI	STAGE 1	STAGE 2	STAGE 3	TOTAL
Loss allowance as of 1 January 2024	(217)	(22)	-	(239)
Transfers:	_	-	_	-
Transfers to Stage 1	-	-	_	-
Transfers to Stage 2	-	-	_	_
Transfers to Stage 3	_	-	_	-
Impact of reassessment of expected loss	9	6	-	15
New financial assets originated or purchased credit-impaired	(75)	-	_	(75)
Financial assets derecognized during the period	147	1	_	148
FX and other movements	-	-	_	-
Loss allowance as of 31 December 2024*	(136)	(15)	_	(151)
Loss allowance as of 1 January 2023	(116)	(44)	_	(160)
Transfers:	1	(1)	_	-
Transfers to Stage 1	_	_	_	_
Transfers to Stage 2	1	(1)	_	-
Transfers to Stage 3	_	_	_	-
Impact of reassessment of expected loss	(102)	23	_	(79)
New financial assets originated or purchased credit-impaired	(20)	-	_	(20)
Financial assets derecognized during the period	20	-	_	20
FX and other movements	_		_	_
Loss allowance as of 31 December 2023*	(217)	(22)	_	(239)

^{*} Impairment losses on FVOCI investment securities are not recognised in the statement of financial position, the carrying amount of these financial instruments in the statement of financial position is their fair value.

44.3 Changes in impaired assets (Stage 3)

	GROSS EXPOSURE	IMPAIRMENT ALLOWANCE	CARRYING AMOUNT	ALLOCATED MATERIAL VALUE*
31 December 2024				
Credit-impaired assets	55,104	(28,605)	26,499	21,655
Loans and advances to banks:	-	_	_	-
Loans to individuals:	4,795	(3,438)	1,357	2,047
- Mortgages	2,323	(1,375)	948	2,047
- Consumer Loans	2,000	(1,631)	369	-
- Current Acc. & Credit C.	379	(348)	31	-
- Other Loans	93	(84)	9	_
Loans to corporate entities:	50,309	(25,167)	25,142	19,609
- Large Corporate Customers	45,034	(23,090)	21,944	15,278
- SME corporate	717	(351)	366	293
- Other (Leasing)	4,558	(1,726)	2,832	4,037
31 December 2023				
Credit-impaired assets	45,464	(26,074)	19,390	20,056
Loans and advances to banks:	_	_	_	_
Loans to individuals:	5,263	(3,960)	1,303	2,606
- Mortgages	2,906	(1,929)	977	2,600
- Consumer Loans	1,875	(1,570)	305	_
- Current Acc. & Credit C.	372	(361)	11	_
- Other Loans	110	(100)	10	6
Loans to corporate entities:	40,201	(22,114)	18,087	17,450
- Large Corporate Customers	35,781	(20,353)	15,428	13,697
- SME corporate	680	(335)	345	327
- Other (Leasing)	3,740	(1,426)	2,314	3,426

^{*} The collateral valuation methods and principles and the calculation method of the allocated collateral value are discussed in detail in Note 4.3.2.

44.4 Counterparty credit protection by type of collateral*

LOANS TO CUSTOMERS ALLOCATED MATERIAL VALUE WITH COLLATERAL TYPE DISTRIBUTION AS OF 31 DECEMBER 2024	STAGE 1 12-MONTH ECL	STAGE 2 LIFETIME ECL	STAGE 3 LIFETIME ECL	ALLOCATED MATERIAL VALUE
- Warrant and guarantees	397,380	81,227	10,523	489,129
- Cautions	40,558	28,426	906	69,890
- Property	562,213	231,853	10,724	804,790
- Debt securities	16	643	_	659
- Equity	81	82	_	163
- Other	97,744	30,144	4,465	132,353
Total	1,097,992	372,375	26,618	1,496,984

LOANS TO CUSTOMERS ALLOCATED MATERIAL VALUE WITH COLLATERAL TYPE DISTRIBUTION AS OF 31 DECEMBER 2023	STAGE 1 12-Month ECL	STAGE 2 LIFETIME ECL	STAGE 3 LIFETIME ECL	ALLOCATED MATERIAL VALUE
- Warrant and guarantees	301,142	174,678	10,479	486,299
- Cautions	50,553	17,824	445	68,821
- Property	536,819	154,195	10,097	701,112
Debt securities	1,776	_	_	1,776
- Equity	130	565	5	700
- Other	103,485	31,418	3,886	21,779
Total	993,905	378,680	24,912	1,280,487

^{*} The collateral valuation methods and principles and the calculation method of the allocated collateral value are discussed in detail in Note 4.3.2.

The value of collateral received by the group by taking possession of it (by way of collateral enforcement) between 2024 and 2023 are HUF 0.

44.5 Changes in impairment losses and provisions, reconciliation of opening and closing values of impairment losses and provisions by financial instrument

MOVEMENTS OF LOSS ALLOWANCE 2024	LOANS AND ADVANCES TO CUSTOMERS	CASH AND CASH EQUIVALENTS	LOANS AND ADVANCES TO BANKS	INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	INVESTMENT SECURITIES AT AMORTIZED COST	COMMITMENTS AND FINANCIAL GUARANTEE	TOTAL
Loss allowance/ Provision as of 1 January 2024	(44,895)	(2)	(176)	(238)	(1,531)	(14,233)	(61,075)
Loss allowance/Additional Provision:	(32,596)	(6)	(209)	(101)	(649)	(8,650)	(42,211)
Loss allowance/Reversals of Provision:	33,860	(3)	(2)	188	1,097	9,812	44,952
FX and other movements:	(1,338)					(90)	(1,428)
Loss allowance/ Provision as of 31 December 2024	(44,969)	(11)	(387)	(151)	(1,083)	(13,161)	(59,762)
Modification of contractual cash flows*	(1,832)	-	_	_	_	_	(1,832)
Impairment and losses on credit products recognized in the statement of profit and loss	(568)	(9)	(211)	87	448	1,162	909

^{*} Of which modification loss related to the payment moratoria and interest rate cap is further detailed in Note 6.3.

MOVEMENTS OF LOSS ALLOWANCE 2023	LOANS AND ADVANCES TO CUSTOMERS	CASH AND CASH EQUIVALENTS	LOANS AND ADVANCES TO BANKS	INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	INVESTMENT SECURITIES AT AMORTIZED COST	COMMITMENTS AND FINANCIAL GUARANTEE	TOTAL
Loss allowance/ Provision as of 1 January 2023	(55,380)	(144)	(250)	(160)	(1,439)	(16,498)	(73,871)
Loss allowance/Additional Provision:	(33,387)	_	(164)	(226)	(1,299)	(9,945)	(45,021)
Loss allowance/Reversals of Provision:	42,248	142	274	148	1,207	12,181	56,200
FX and other movements:	1,624	-	(36)	-	_	29	1,617
Loss allowance/ Provision as of 31 December 2023	(44,895)	(2)	(176)	(238)	(1,531)	(14,233)	(61,075)
Modification of contractual cash flows	(4,644)	-	_	_	_	_	(4,644)
Impairment and losses on credit products recognized in the statement of profit and loss	4,217	142	110	(78)	(92)	2,236	6,535

^{*} Of which modification loss related to the payment moratoria and interest rate cap is further detailed in Note 6.3.

44.6 Geopolitical and commercial real estate financing overlay effect on provision

OVERLAY EFFECT	PROVISION AMOUNT 31.12.2024	PROVISION AMOUNT 31.12.2023
Total provision at balance sheet date	(59,762)	(61,075)
Corporate exposures	(7,592)	(10,925)
Retail exposures	(333)	(611)
Total geopolitical overlay	(7,925)	(11,536)
Total commercial real estate financing overlay effect	(3,630)	(4,220)
Total provision (exc. overlay effect) at balance date	(48,207)	(45,319)

44.7 Macroeconomic outlook

Baseline scenario - Mild recession

Assumption principles:

- Our baseline scenario assumed only macroeconomic information for September 2024, with only slight GDP growth in 2024, continuing into 2025. The macro path is accompanied by a weakening manufacturing sector. Global trade posted a tentative recovery in 2024 and will unlikely show big progress in 2025. The services sector will likely help global GDP growth.
- Inflation along a declining path. Global Central Banks have taken note and have already started to adjust their policies to the shifting balance of risks.
- Monetary policy: the materialization of downside risks to both its growth and inflation forecasts raises the pressure on the ECB to accelerate the return towards a more neutral stance.

The fallout on Hungary's macro path:

The economy may expand only by 2.1 % in 2025 due to weaker global demand, negative fiscal and monetary impulses, a slowdown in household consumption, and a contraction in fixed investment. Inflation is expected to pick pace towards end 2024 and remain above the tolerance band of the central bank for a large part of 2025. Fiscal interventions contribute to growth, but also increase inflation, hence the central bank can only gradually proceed with rate cuts. We assumed a dovish shift in the central bank, reflected in an only slightly positive real interest rate expectation.

Access to RRF funds is unlikely to be resolved any time soon, while the availability of Cohesion Funds remains weak. For these reasons, the external capital inflow might be lower than in the previous EU budget cycle. We expect a devaluation of the forint exchange rate, as the real interest rate to protect the forint only partially offsets the uncertainties arising from the fiscal unpredictability and geopolitical exposure.

RECESSION BY 2024 (BASELINE SCENARIO)	2024	2025	2026	2027
Real GDP, yoy change (%)	1.5	2.1	3.6	3.1
Inflation (CPI) eop (%)	4.3	4.3	3.8	3.8
Inflation (CPI) average (%)	3.7	4.4	3.9	3.9
Monthly Wage, nominal EUR	1,633.2	1,743.0	1,921.8	2,101.5
Unemployment rate (%)	4.4	4.4	4.0	3.6
Exchange rate, EUR/HUF, eop	400.0	413.0	420.0	430.0
Exchange rate, EUR/HUF, average	392.5	407.1	413.5	423.5
Short term rate, eop (%)	5.9	5.0	4.2	4.1
Short term rate, average (%)	7.2	5.4	4.6	4.2
Long-term interest rates 10y (%)	6.6	6.5	6.5	6.2
House Price Index, yoy change (%)	7.1	8.8	11.6	10.4

Downside scenario - recession

Assumption principles:

- In this scenario, we assume that an intensification of geopolitical tensions in the Middle East and Ukraine pushes up the price of oil and natural gas, while causing shortages and delays in delivery times as pressure on supply chains builds.
- •The negative supply shock hits western economies when activity is already weak (eurozone) or decelerating (US) due to restrictive monetary policy. The shock tips these economies into a severe recession, with the eurozone being hit comparatively harder given its greater openness and geographical proximity.
- The contraction in GDP causes a marked increase in unemployment as firms face shrinking margins and can no longer afford to hoard labor. The output gap turns deeply negative and underlying price pressures weaken fast, more than offsetting the impulse from supply shocks. In turn, weaker demand eases the pressure on energy prices and supply chains. We assume that disinflationary forces prevail overall, leading central banks to cut interest rates more aggressively than in the baseline scenario.

The fallout on Hungary's macro path:

Due to the sharper contraction of European economies, external conditions will become less favorable for Hungary in 2023. Due to the particularly strong exposure to Russian deliveries, the Hungarian economy is hit by strong energy market and risk premium related shocks at the same time. The current account balance continues to deteriorate, contributing to the continued weakening of the forint. The intensifying global price pressure and the devaluation of the national currency lead to persistently high inflation and even more restrictive monetary conditions than in the baseline scenario. However, like the rest of Europe, long-term inflation expectations remain anchored in Hungary as well, which help avoid a price-wage spiral to develop, and the central bank to support the economy with interest rate cuts.

Risk-off sentiment towards emerging markets will be putting upside pressure on bond yields. Falling inflation and recovery in growth could help yields decline in 2026 and 2027, although they will likely remain higher compared to the levels in the baseline. Yields curve to steepen faster than in the baseline scenario. The depreciation pressure on HUF could be more pronounced than many others due to higher trade exposure to the eurozone and free-floating currencies.

RECESSION BY 2024 (NEGATIVE/WORST CASE SCENARIO)	2024	2025	2026	2027
Real GDP, yoy change (%)	1.5	0.3	0.6	2.1
Inflation (CPI) eop (%)	4.3	4.2	3.5	3.7
Inflation (CPI) average (%)	3.7	4.3	3.7	3.7
Monthly Wage, nominal EUR	1,633.2	1,607.5	1,592.5	1,612.2
Unemployment rate (%)	4.4	4.9	5.2	4.7
Exchange rate, EUR/HUF, eop	400.0	433.7	440.2	447.5
Exchange rate, EUR/HUF, average	392.5	416.8	436.9	443.6
Short term rate, eop (%)	5.9	4.5	3.5	3.4
Short term rate, average (%)	7.2	5.2	4.0	3.4
Long-term interest rates 10y (%)	7.1	7.7	8.9	10.2
House Price Index, yoy change (%)	6.6	6.5	7.2	6.5

The macro forecasts for 2024 were made by the group in December 2024. The difference between the assumed and actual trends is due to unforeseen changes in GDP and EUR/HUF exchange rates. Rising inflation and a weakening of the forint after the third quarter of 2024 have not been reflected in the parameters used by the group (and presented in the financial statements). This is explained by the fact that the group considered these developments to be temporary when setting up the estimate, in line with which the macro trends expected for the years 2025 - 2027 were also set up.

The sensitivity of ECL on economic scenario was estimated as the ratio of the difference between the ECL estimated under the alternative scenario (Adverse) and the one under the baseline and the GDP deviations (on 3 years cumulative basis) between adverse and baseline scenarios (in % points). The results considering the up-to-date IFRS 9 scenarios and portfolio is that for 1 point of GDP drop (cumulated over 3 years) the ECL is estimated to increase by about -0.8%.

The weights of the baseline, negative and positive scenarios, applied in the ECL calculation as well, are 60%, 35% and 5% respectively. These scenario weights are defined at UniCredit Group level.

Beside the above-mentioned sensitivity analysis, the Unicredit group is calculating the effect of applied macroeconomic scenarios on ECL amount on group level too. At the end of 2024, assuming three scenarios with 0% and 100% weighting, the model-based impairment portfolio excluding overlays would decrease by 5.44% (HUF 956 million) if only the positive scenario is used, increase by 7.24% (HUF 1,271 million) if only the negative scenario is used and decrease by 3.11% (HUF 547 million) if only the baseline scenario is used.

45 Exposure to market risks – trading and non-trading portfolios

45.1 Exposures to interest rate risk

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

The displayed scenarios, based on EBA and NBH guidelines written parametrizations, are the 200bp positive and negative shocks, parallel up and down shifts (interest rate curves move up or down with the same value along the different maturities), steepening (short rates down and long rates up), flattening (short rates up and long rates down) and short rates up, short rates shock down. In line with EBA and NBH guidelines, positive contribution in each currencies' result is considered with 50% weight and each scenarios' results contain the behavioural model (NMD, Prepayment) "addon" figures.

Currency-wise both HUF yield and all relevant foreign currency yield curve shocks are analyzed. However almost the whole interest rate risk position denominated in local currency. Regarding methodology the results are reflect to the 'flooring' impact, so +/- shocks in the affected segments (e.g. customer positions) were counted by only the extent to 'flooring'.

Below scenarios describe a sudden, permanent change in the market; revalued immediately along NPV approach and accrued interest approach where applicable.

2024		INCOME	EQUITY	OTHERS*	TOTAL
	+200bp shock	(269)	(786)	(27,370)	(28,425)
	-200bp shock	(38)	440	12,571	12,973
	shift up	(493)	(1,147)	(38,796)	(40,436)
All violde	shift down	68	681	18,612	19,361
All yields	steepening	(405)	(180)	8,686	8,100
	flattening	(538)	(69)	(13,563)	(14,169)
	short rates shock up	(687)	(525)	(28,705)	(29,916)
	short rates shock down	(369)	267	13,820	13,718
Worst of the above		(687)	(1,147)	(38,796)	(40,436)

2023		INCOME	EQUITY	OTHERS*	TOTAL
	+200bp shock	(320)	(392)	(21,537)	(22,250)
	-200bp shock	(28)	216	23,363	23,551
	shift up	(579)	(574)	(31,708)	(32,860)
Alledate	shift down	81	338	37,671	38,090
All yields	steepening	(404)	(52)	925	469
	flattening	(659)	(66)	4,099	3,374
	short rates shock up	(813)	(297)	(17,334)	(18,444)
	short rates shock down	(360)	144	12,638	12,422
Worst of the above		(813)	(574)	(31,708)	(32,860)

^{*} Fair value fluctuations in both the HTCS portfolio and the Cash Flow Hedge derivatives affect Equity directly. NPV changes of positions booked against Equity will migrate to Statement of Profit or Loss as their Cash Flows mature. However, given that fair value fluctuations of Cash Flow Hedge derivatives do not have impact on own funds, those are shown under Others category in the above table. Trading position and other derivatives affect Statement of Profit or Loss. General interest rate positions and HTC bond holdings impact neither Income nor Equity, their effect is shown under Others.

45.2 FX Sensitivity

Year-end FX open position sums up to 2 billion HUF. The total open FX position is limited at 21 million EUR. Positions reported as they are managed and show the bank's overall risks including all on-balance and off-balance items, underlying and derivatives.

All market value change from FX revaluation impacts P&L.

FX risk in general is out of scope of hedge accounting except for derivative transactions where both IR and FX components influence the fair value at the same time (i.e. cross-currency IRS). As hedging relationship must be designated for a hedging instrument in its entirety, FX part of these derivatives is subject to fair value hedge with FX revaluation impact in P&L.

46 Summary of VaR position

The internal model based VaR (1 day, confidence level of 99 %) for 2024 moved in a range of HUF 2.3 billion and HUF 5.9 billion. The average VaR was HUF 3.9 billion; less than a year before, mainly due to the less volatile 250d period in VaR horizon. Credit spread risk and Interest rate risk were the main drivers of the VaR The FX risk was far below the other components although also contributed the total market risk of the group.

VaR as of 31 December 2024

RISK CATEGORY	YEAR-END	AVERAGE	MINIMUM	MAXIMUM
Exchange rate risk	16	13	1	59
Interest rate risk	2,504	3,016	2,445	8,284
Credit spread	3,959	4,890	3,899	7,509
Vega risk	35	64	25	177
Equity risk	-	_	_	-
Overall	2,331	3,901	2,328	5,942

VaR as of 31 December 2023

RISK CATEGORY	YEAR-END	AVERAGE	MINIMUM	MAXIMUM
Exchange rate risk	42	69	3	275
Interest rate risk	3,524	4,844	1,342	7,733
Credit spread	6,949	10,088	6,949	14,110
Vega risk	157	36	2	167
Equity risk	_	_	_	-
Overall	5,451	7,696	5,451	9,153

As part of the daily risk reporting, detailed Market Risk Reports are prepared for all risk-taking departments, with updated and historical information made available to all risk-takers and the respective heads of department.

47 Summary of interest sensitivity

As at 31 December 2024 and 2023, the entire interest rate position of the group (trading and investment) for major currencies was composed as follows:

Basis Point Value ("BPV") for main currencies

	LESS THAN	3 MONTHS	1 YEAR TO	3 YEARS	OVER			ANNUAL STATIST	TICS
CURRENCY	3 MONTHS	TO 1 YEAR	3 YEARS	TO 10 YEARS	10 YEARS	TOTAL	MAXIMUM	MINIMUM	ABSOLUTE AVERAGE
As of 31 Dece	mber 2024								
CHF	(0.02)	0.01	0.00	0.00	0.00	(0.01)	0.15	(0.04)	0.03
EUR	(2.15)	(5.44)	(0.19)	2.69	2.35	(2.74)	16.27	(6.72)	5.28
GBP	0.00	0.00	0.00	0.00	0.00	0.00	0.02	(0.02)	0.01
HUF	(3.76)	(12.56)	(37.46)	(54.93)	(0.55)	(109.26)	(103.54)	(151.94)	136.37
USD	0.08	0.15	0.16	0.05	0.00	0.44	0.64	0.07	0.42
Total*	(5.85)	(17.84)	(37.49)	(52.19)	1.80	(111.57)			
As of 31 Dece	mber 2023								
CHF	(0.01)	0.01	0.00	(0.00)	0.00	0.00	0.15	(0.04)	0.02
EUR	5.09	3.48	4.76	1.60	0.43	15.35	14.93	(14.70)	5.00
GBP	(0.02)	0.00	0.00	0.00	0.00	(0.02)	0.00	(0.03)	0.01
HUF	(3.08)	(4.62)	(16.47)	(73.41)	(8.93)	(106.51)	(57.79)	(109.64)	92.06
USD	0.17	0.16	0.17	0.06	0.00	0.57	0.93	(0.75)	0.28
Total*	2.15	(0.97)	(11.54)	(71.76)	(8.50)	(90.62)		•	

^{*} Total contains risk taking in all reported currencies.

During 2024, the group had major interest rate exposures in HUF.

Risk-taking departments and the management are daily informed about the development of the interest rate risks from the BPV monitoring reports.

By analogy to the detailed presentation of basis point positions in the interest rate sector, daily reporting presents details of credit spread by issuer and maturity.

47.1 Spread Points as at 31 December 2024 (CPV)

SEGMENTS	SECTOR	CREDIT SPREAD BASIS POINTS
Spread Points as at 31 December 2024 (CPV)		
Corporate	Energy BBB	(5.70)
Corporate	Corporate – Local	(11.32)
Corporate	Corporate – International	(6.94)
Financial	BBB banks	(31.69)
Treasury	Government bonds – Local	(252.88)
Spread Points as at 31 December 2023 (CPV)		
Corporate	Energy BBB	(6.81)
Corporate	Corporate – Local	(12.49)
Corporate	Corporate – International	(8.32)
Financial	BBB banks	(34.83)
Treasury	Government bonds – Local	(299.07)

Government and local mortgage banks of investment grade account for the largest part of the group's credit spread positions.

Government bonds related credit spread exposures decreased in 2024.

47.2 Capital requirements for market risk

Market risk, counterparty- and settlement risk of trading positions must be reported together. The quarterly average capital requirement of the trading book was HUF 1.2 billion (in 2023: HUF 1.1 billion), the highest quarterly capital requirement was HUF 1.4 billion (in 2023: HUF 1.2 billion) mostly stemming from the counterparty risk of OTC derivatives and the position risk of bonds.

48 Regulatory capital

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

The local group implemented Basel III from 1 January 2014. The group complies with the requirements and methods according to the Hungarian Banking Law (Law CCXXXVII of 2013 on credit institutions and financial enterprises, Hpt.) and to the Capital Requirements Regulations (EU No. 575/2013) taking into account the instructions, requirements and methods given by the national regulator and its parent bank.

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

From the 1 July 2011 UniCredit Bank Hungary Zrt. switched to internal rating based (IRB) method in its capital requirement calculation in case of Hungary based medium-sized enterprises, multinational large enterprises and commercial banks.

Solid capital situation is an important element of the group's policy in order to maintain investor, creditor and market confidence and to sustain future business growth. The impact of the level of capital on shareholders' return respecting the regulatory requirements is also recognized and the group pays special attention to balance between the higher returns that might be possible with gearing and the advantages and security of a sound capital position.

One of the main blocks of COREP reporting templates is capital adequacy: an overview of regulatory capital and total risk exposure amount.

The reporting templates of capital adequacy overview include information about Pillar 1 capital requirements and regulatory own funds. They are structured in CA1-4 templates as of below:

CA1	contains the amount of own funds of the institutions
CA2	summarizes the total risk exposure amounts
CA3	contains capital ratios and capital levels
CA4	contains memorandum items needed for calculating items in CA1 as well as information with regard to the Hpt. capital buffers

Own funds components:

- Common Equity Tier 1 (CET 1): Ordinary share capital, Share premium, Other reserve, Retained earnings, Profit for the year, Accumulated other comprehensive income, Deduction from CET1 capital due to prudential filters (mains items: Intangible assets, Cash Flow hedge reserve, IRB shortfall of credit risk adjustments to expected losses);
- Additional Tier 1;
- Tier 2 capital (T2): Subsidiary loan capital, IRB excess of provisions over expected losses eligible.

The minimum regulatory capital requirement is at 8% of total risk exposure amount. On the top of this requirement the group complies with the SREP additional requirements, and the capital buffer requirements set by the Hpt. and the Banking Supervision.

The Central Bank of Hungary granted permission to use a risk weight of 0% when calculating the capital requirement for exposure to group members under local consolidated supervision.

The group's Integrated Risks, ESG & Credit Risk Mitigation Department has been responsible for Internal Capital Adequacy Assessment Process reporting since 1 January 2013, which also includes the comparison of Pillar 1 and Pillar 2 capital requirements on a quarterly basis, ICAAP is performed on local consolidated level.

The group calculates its planned capital requirements based on Basel Pillar 1 and 2 methodologies on local consolidated level once in a year as part of the yearly budgeting process. Might the figures of the financial budget change, capital plan is also modified if required.

The group's regulatory capital as of 31 December 2024 and 2023 was as follows:

	2024	2023
Tier 1 Capital		
Ordinary share capital	24,118	24,118
Share premium	3,900	3,900
Retained earnings (includes the net profit for the year and the reduction due to the proposed dividend payment) *	289,916	295,634
- of which Profit or loss attributable to owners of the parent	79,925	91,940
- of which proposal of dividend payment on profits for year 2024 and 2023	(68,254)	(78,149)
Accumulated other comprehensive income	3,345	(1,408)
Other reserves	84,069	75,705
Adjustments to CET1 due to prudential filters	6,021	5,241
Goodwill included in the valuation of significant investments	-	_
Intangible assets (Deduction based on CRR2)	(12,327)	(11,717)
Deferred tax liabilities associated to other intangible assets	-	-
IRB shortfall of credit risk adjustments to expected losses	(178)	(18)
Excess of deduction from AT1 items over AT1 Capital	-	_
Other transitional adjustments to CET1 Capital	(552)	(172)
Tier 1 Total	398,312	391,283
Tier 2 Capital		
Qualifying subordinated liabilities	55,293	51,610
Reserves for IRB position	4,406	4,295
Other transitional adjustments to T2 Capital	- 1,100	
Tier 2 Total	59,699	55,905
Own Funds	458,011	447,188
RWA		
Credit risk	1,646,431	1,570,073
Total risk exposure amount for position, foreign exchange and commodities risks	11,687	11,860
Operational risk	212,941	212,040
Total risk exposure amount for credit valuation adjustment	954	1,331
Total RWA	1,872,013	1,795,304
Capital Adequacy (%)	24.47	24.91
Tier 1 Capital for legal limits	398,312	391,283

^{*} The Retained Earnings figure in the above table corresponds to the amount of consolidated retained earnings that can be considered for the purposes of prudential reporting.

49 EU Taxonomy disclosures

The group notes regarding the EU Taxonomy related disclosure requirements set out in Delegated Regulation EU/2021/2178 that, taking into account sections 9 and 11 of EU Commission Notice C/2023/305, its taxonomy-related disclosures are fulfilled by the inclusion of such information in the consolidated financial statements of its ultimate parent entity, UniCredit S.p.A. Therefore the group applies the exemptions set out in the above referenced regulations with respect to taxonomy related disclosures in its financial statements.

50 Events after the reporting date

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

Dividend of HUF 68,254 million is expected to be declared with regard to 2024 and is expected to be paid in 2025.



Supervisory Board and Management Board

UniCredit Bank Hungary Zrt.

SUPERVISORY BOARD

EMILIA STEFANOVA PALIBATCHIYSKA Chairman

GIANFRANCO BISAGNI Deputy Chairman

MARIA CHIARA MANZONI EMIDIO SALVATORE FEDERICO SILVERI (from 26th March 2024)

MANAGEMENT BOARD

TÓTH BALÁZS Chairman and CEO

GIACOMO VOLPI Deputy Chairman, Deputy CEO

Members

VÖRÖS RÉKA Head of Retail Division

NEVENA NIKSE (till 31st July 2024) MATTEO CONSALVI (from 6th August 2024)

Head of Finance Division

IVANA LONJAK DAM Head of Risk Management Division

ANSCHAU JÁNOS Head of Operative Division

ALBERT JOHAN HULSHOF Head of Corporates Division

SVETLANA PANCENKO Head of People & Culture (till 31 January 2024)

Supervisory Board and Management Board (CONTINUED)

UniCredit Jelzálogbank Zrt.

MANAGEMENT BOARD

TAMÁSI ATTILA Chairman of the Board

DR. JUHÁSZ VIKTOR member

CSÁKY ATTILA ISTVÁN member

BORBÉLY ÁRPÁD member

SUPERVISORY BOARD

GIACOMO VOLPI Chairman

ANSCHAU JÁNOS member

VÖRÖS RÉKA member

IVANA LONJAK DAM member

TÓTH BALÁZS member

NEVENA NIKSE member

(till 31 July 2024)

MATTEO CONSALVI member

(from 12 September 2024)

ALBERT JOHAN HULSHOF member



CSR Report of UniCredit Bank Hungary group in 2024

We at UniCredit believe that sustainability can only be achieved by working together. That is why our corporate culture and ESG strategy focus on working with our internal and external partners to contribute to a socially just and environmentally sustainable future. Instead of isolated measures, we strive for systemic thinking, long-term and value-added action, prioritising the consideration of ethical and responsible operation in our decisions.

In 2024, ESG Hub, our knowledge-sharing platform, continued to provide a professional framework for our social sustainability efforts, guiding and promoting awareness and the implementation of good practices, including showcasing successful initiatives by our clients. Within the ESG Hub, we conducted sustainability training courses and workshops, participated in nature conservation and community programmes, with a focus on corporate volunteering.

In 2024, we continued to collaborate closely with higher education institutions, businesses, non-profit organisations, business incubators, and chambers. We extended our professional-educational cooperation with the Faculty of Finance and Accountancy of the Budapest Business University for another five years and signed an agreement with the Corvinus University of Budapest to involve future finance professionals in our work. We also actively participated in the work within the Business Council for Sustainable Development in Hungary.

Our activities aimed at promoting social well-being including, in particular, our three-year education programme "Re-power Your Future" which, launched in 2023, completed its first full year in 2024. In 2024, the programme delivered educational and awareness-raising activities to 15,000 students in 170 primary and secondary schools in Hungary, supporting students' successful studies and improving their academic performance. This educational programme was also complemented by innovation brainstorming competitions, training courses and competitions for student entrepreneurs, entrepreneurship fairs, summer camps, workplace visits, school lectures and group sessions, providing a sense of achievement in addition to developing employee and entrepreneurial competences, thereby contributing to the overall objectives of the programme, including the diminution of early school leaving, making successful career choices, understanding the world of work and the development of personal and social competences which are particularly important for students aged 11-19 in disadvantaged areas.

Developing the financial literacy of young people and businesses remains an important issue for us. Our colleagues were actively involved in various financial awareness-raising programmes on multiple occasions throughout the year. We have been involved in "Pénz7" ("Money7") event series from the outset, with UniCredit Bank's staff members participating for the tenth time in 2024, and also contributed to raising financial awareness among businesses via our outreach through incubators during the year.

In September 2024, the international UniCredit Foundation relaunched "Call for Education" competition to provide financial support to programmes of non-profit youth education organisations. It is particularly good to see that a Hungarian civil society organisation, "Amigos a Gyerekekért Alapítvány" ("Amigos for Children Foundation"), has also been awarded significant funding under this Europe-wide call.

The voluntary participation of our staff members in societal activities is also supported by a newly launched internal platform, the "Közösség Szíve – KÖSZI" ("Heart of the Community") portal. Here, our colleagues regularly submit suggestions for volunteering opportunities to each other and share their experiences.

Besides projects promoting youth education, nature conservation and support for people in need continued to be key parts of UniCredit Bank's socially responsible activities. In February 2024, we continued our reforestation efforts in the ecological important bog woodland near Ócsa. Including the saplings planted, the number of trees planted by the Hungarian UniCredit staff in community work now exceeds 5,500.

We paid constant attention to important social issues. Our colleagues participated in several voluntary blood drives as part of a programme called "Banking Blood Donors' Month". On Children's Day, we brought some joy to children in need with cakes made by our colleagues, in association with the Hungarian Food Bank. In early summer and autumn, we joined the Habitat for Humanity Hungary Foundation's "Second Chance" programme to help some families in need have decent housing by renovating their homes with our team of volunteers.

From October to Christmas, under our Group-wide Gift Matching programme, our colleagues donated funds to support the educational work of a Hungarian non-profit organisation, matched by the UniCredit

ESG in Hungary (CONTINUED)

Foundation. In December, we once again joined the Hungarian Baptist Aid's shoebox campaign, with our staff collecting boxes filled with presents for children in need. Children of our colleagues were also involved in putting together presents as part of our "Kids for Kids" campaign. This year, our usual end-of-year donations supported four Hungarian civil society organisations doing outstanding work in the field of children's education and social inclusion, with over ten million forints in total.

As a bank, we believe that we have to offer more than financial services; that is why we continued to actively contribute to a more sustainable and just future through our corporate social responsibility activities in 2024. Our achievements so far reinforce our conviction that we have to be committed to continuing this engagement in the future, not only for the benefit of our environment, clients or colleagues, but our community as a whole.

Calendar

StrategyFinanceClientsPeople & Culture

ESGDigital & DataUniCredit Foundation

In 2024, UniCredit was ranked Top Employer in Europe for the eighth time for its commitment to diversity, fairness and development.



UniCredit Bank's podcast series entered its

fourth season, this time focusing on banking

In Euromoney's trade finance survey, UniCredit was ranked first in the categories "Best Service Provider, Central and Eastern Europe" and "Market Leader, Central and Eastern Europe".



UniCredit Bank's Card+ Rewards Programme was launched, offering cashback on physical and online purchases, as well as coupons for discounts on purchases.



UniCredit Bank and Greenvolt signed a EUR 36 million project finance loan agreement. Financing is used to build, operate, and maintain Greenvolt Power's first solar farm in Hungary.



January February

We planted more trees in the protected bog woodland near Ócsa by UniCredit Bank, bringing the total number of trees planted



The onemarkets Fund family was extended with two new Hungary-focused funds, now allowing investors specifically looking to build their portfolio with Hungarian investment products to find the products right for them.

March



Hungarian high school students presented their most innovative sustainability ideas in a nationwide competition at the Innovation Challenge at our headquarters, launched under "Re-Power Your Future", a joint programme by the UniCredit Foundation and the Junior Achievement Foundation.

March



UniCredit participated in the Earth Hour initiative for the 17th time: on 23 March 2024, at 8:30 p. m. local time, the UniCredit Group turned off the lights for 60 minutes in 33 buildings in ten countries, including the Hungarian headquarters



UniCredit Bank won two private banking awards at the Euromoney Private Banking Awards 2024. At the awards ceremony, UniCredit Bank was voted "Hungary's Best Service Provider for Ultra-High-Net-Worth Individuals" and "Hungary's Best Private Banking Service Provider".



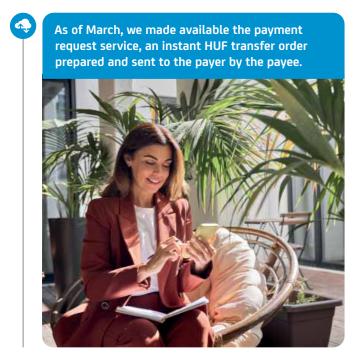
In collaboration with the Hungarian Food Bank, we surprised disadvantaged children with cakes on Children's Day.



Budapest Stock Exchange Plc. and UniCredit Bank signed a strategic agreement to improve the competitiveness and growth opportunities of medium-sized enterprises by creating the BSE – UniCredit Lounge.



March
April
May
May



As part of our cooperation with Mastercard,
UniCredit replaced all of its cards with Mastercard
Touch Cards, tailored to the needs of visually
impaired clients. The replacement was gradually
made available to clients throughout 2024.

HOZZÁFÉRHETŐSÉG
AZ UniCredit bemutatja:
Mastercard Touch CardTM

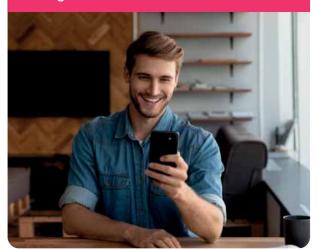
UniCredit

Under the Habitat for Humanity Hungary
Foundation's "Second Chance" programme, we
participated in renovating the home of a family

June



Mobile onboarding was launched: the Fixed Interest personal loan can now be applied for via the mBanking mobile app, with selfie identification. The service is available to both existing and future clients.



We launched a comprehensive campaign and the "UniCredit for Businesses" initiative to effectively support the Hungarian small and medium-sized corporate sector. In addition to providing Széchenyi Card loan schemes, we also support small businesses with the FixPont account package and bank card acceptance services recommended to new micro-enterprises.



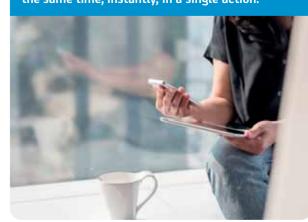
The fifth season of UniCredit Bank's podcast series started, highlighting areas that support banking operations.



Investment-related features were launched in the mobile app, making it easier for investors to manage investment accounts, review and manage their securities.



An instant blocking feature was introduced in our retail mobile app service, enabling users to block both access to the mobile and internet banking services and the use of their debit/credit cards at the same time, instantly, in a single action.



September

October

November

December



As part of the Re-Power Your Future educational programme, we conducted a representative survey on what Gen Z teenagers and their Gen X parents think about success and happiness.



Our colleagues participated in renovating the home of another family in need through Habitat for Humanity Hungary.



The year concluded with charity: donations from our staff members were distributed to those in need by the Hungarian Baptist Aid, and we also supported non-profit education organisations.



Network units

Head office

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Telephone: +36-1/301-1271

E-mail: info@unicreditgroup.hu

UniCredit Call Centre 0-24: +36 1/20/30/70 325 3200

www.unicreditbank.hu



As of 31 December 2024, UniCredit Bank Hungary Zrt. had 50 branches nationwide, of which 18 were in Budapest and 32 were in the countryside.

Network units (CONTINUED)

Branches in Budapest

Mammut II. branch

1024 Budapest, Margit krt. 87-89. (Mammut II.)

Lajos utca branch

1036 Budapest, Lajos u. 48-66.

Ferenciek tere branch

1053 Budapest, Ferenciek tere 2.

Alkotmány utca branch

1054 Budapest, Alkotmány u. 4.

Szabadság tér branch

1054 Budapest, Szabadság tér 5–6. (UniCredit Bank headquarters)

Boráros tér branch

1095 Budapest, Boráros tér 7.

Lurdy Ház branch

1097 Budapest, Könyves Kálmán krt. 12–14. (Lurdy Ház)

Lágymányosi út branch

1111 Budapest, Lágymányosi u. 1–3.

Alkotás út branch

1123 Budapest, Alkotás u. 50.

Duna Plaza branch

1138 Budapest, Váci út 178. (Duna Plaza)

Szent István körút branch

1137 Budapest, Szent István körút 16.

Örs vezér tér branch

1148 Budapest, Örs vezér tere 24. (Sugár Üzletközpont)

Pestszentimre branch

1188 Budapest, Nagykőrösi út 49.

Mátyásföld branch

1165 Budapest, Veres Péter út 105–107.

Shopmark branch

1191 Budapest, Üllői út 201. (Shopmark)

Campona branch

1222 Budapest, Nagytétényi út 37–43. (Campona)

Bécsi út Partner Centrum

1023 Budapest, Bécsi út 3–5.

Infopark Partner Centrum

1117 Budapest, Infopark sétány 3.

Network units (CONTINUED)

Branches in the country

Békéscsaba branch

5600 Békéscsaba, Andrássy út 37–43. (Csaba Center)

Budakeszi branch

2092 Budakeszi, Fő út 139.

Budaörs branch

2040 Budaörs, Szabadság út 49.

Cegléd branch

2700 Cegléd, Kossuth tér 4.

Debrecen branch

4024 Debrecen, Kossuth Lajos u. 25–27.

Dunakeszi branch

2120 Dunakeszi, Fő út 70.

Dunaújváros branch

2400 Dunaújváros, Dózsa György út 4/D

Eger branch

3300 Eger, Törvényház u. 4. (Agria Park)

Érd branch

2030 Érd, Budai út 13. (Stop Shop)

Esztergom branch

2500 Esztergom, Kossuth Lajos u. 14.

Gödöllő branch

2100 Gödöllő, Dózsa György út 13.

Győr branch

9021 Győr, Árpád út 45.

Kaposvár branch

7400 Kaposvár, Dózsa György u. 1.

Kecskemét branch

6000 Kecskemét, Kisfaludy u. 8.

Miskolc branch

3530 Miskolc, Hunyadi u. 3.

Mosonmagyaróvár branch

9200 Mosonmagyaróvár, Fő u. 6.

Nagykanizsa branch

8800 Nagykanizsa, Fő út 8.

Nyíregyháza branch

4400 Nyíregyháza, Dózsa György út 1–3.

Pécs branch

7621 Pécs, Rákóczi út 58. (Árkád Üzletház)

Salgótarján branch

3100 Salgótarján, Rákóczi út 13.

Siófok branch

8600 Siófok. Fő u. 174–176.

Sopron branch

9400 Sopron, Várkerület 1-3.

Szeged branch

6722 Szeged, Kossuth Lajos sugárút 18–20.

Székesfehérvár branch

8000 Székesfehérvár, Budai út 1.

Szekszárd branch

7100 Szekszárd, Arany János u. 15–17.

Szentendre branch

2000 Szentendre, Dobogókői út 1. (Városkapu Üzletház)

Szigetszentmiklós branch

2310 Szigetszentmiklós, Bajcsy-Zsilinszky u. 26.

Szolnok branch

5000 Szolnok, Baross Gábor út 27.

Szombathely branch

9700 Szombathely, Kőszegi út 30–32.

Tatabánya branch

2800 Tatabánya, Győri út 7–9. (Vértes Center)

Veszprém branch

8200 Veszprém, Ady Endre u. 1.

Zalaegerszeg branch

8900 Zalaegerszeg, Kovács Károly tér 1/a



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