



## INDEPENDENT AUDITOR'S REPORT

**To the shareholders of MBH Bank Plc.**

### **Report on the audit of the consolidated financial statements**

#### **Opinion**

We have audited the consolidated financial statements of MBH Bank Plc. (the “Company”) and its subsidiaries (together the “Group”) included in the digital file 3HoQ3U74FVFED2SHZT16-2024-12-31-o-hu.zip (SHA 256 HASH algorithm value: 67C359CB01365062F0D19342EE73F6803D2CD110D233853F1ED56FC71226A081) for the financial year ended on 31 December 2024 which comprise the consolidated statement of financial position as at 31 December 2024 (in which total assets equal to total liabilities and equity are MHUF 12,504,691), the consolidated statement of profit or loss and other comprehensive income (in which the total comprehensive income is MHUF 180,854 profit), the consolidated statement of changes in equity, the consolidated statement of cash-flows for the financial year then ended and the notes to the consolidated financial statements comprising material accounting policy information and other explanatory information.

In our opinion, the 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 financial year then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting (“Accounting Act”) relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU.

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

#### **Basis for opinion**

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

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

The non-audit services that we have provided to the Company and its controlled entities within the EU in the period from 1 January 2024 to 31 December 2024 are disclosed in note 1.2 to the consolidated financial statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company, its parent and its controlled entities within the EU are in accordance with the applicable laws and regulations in Hungary and that we have not provided non-audit services that are prohibited under Article 5 of Regulation of the European Parliament and Committee No 537/2014 and Subsection



(1) and (2) of Section 67/A of Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors.

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

## **Our audit approach**

### ***Overview***

<i>Overall group materiality</i>	Overall group materiality applied was MHUF 10,255
<i>Group Scoping</i>	We included five subsidiaries in full scope in our audit which amount up to 97.8% of the consolidated total assets, 104.0% of the consolidated total comprehensive income.
<i>Key Audit Matters</i>	<ul style="list-style-type: none"><li>• Expected credit loss allowance on loans and advances to customers</li><li>• Financing and investing transactions with related parties</li><li>• Hedge accounting</li><li>• Accounting for the acquisition of Fundamenta-Lakáskassa Zrt.</li></ul>

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

### ***Materiality***

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

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

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<i>Materiality</i>	MHUF 10,255
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<i>Determination</i>	0.9% of the consolidated equity
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<i>Rationale for the materiality benchmark applied</i>	<p>We chose consolidated equity as the benchmark because, in our view, it is a balanced benchmark which reflects the interests of the shareholders and of the regulator and is a generally accepted benchmark.</p> <p>We chose 0.9% as quantitative materiality threshold.</p>
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### ***Group audit scope***

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

We have identified five subsidiaries, which, in our view, required an audit of their complete financial information, due to their financial significance or risk to the Group. Those reporting components are the banking entities and one leasing entity.

In addition, we performed the audit of specific balances and transactions of seven subsidiaries.

For the remaining components we performed analytical review on Group level. This together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, 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.

*Key audit matters*

*How our audit addressed the key audit matters*

#### ***Expected credit loss allowance on loans and advances to customers***

The net balance of loans and advances to customers at amortised cost was MHUF 5,245,074 as of 31 December 2024, representing 42% of total assets. Expected credit loss (ECL) allowance included in the carrying amount of loans and advances to customers is MHUF 305,851.

Management disclosed related assumptions, balances and estimates in sections 3.2.1. and 4.14.2. of the notes.

ECL allowance is determined on the basis of

We gained an understanding of the lending process from disbursement to monitoring and to the calculation of impairment, identified the main control points, and tested their operational effectiveness, including management's approval.

Thereby our focus was on adaptations of methods and processes introduced to capture the increased uncertainties of the present and future environment in order to quantify their impact on ECL.

We performed credit review for individually

subjective criteria and management is required to apply significant judgement when calculating individual and collective ECL allowances especially when considering the current uncertain economic environment.

The first step in the ECL calculation is to identify whether there was a significant increase in credit risk. The selected indicators will determine whether a 12-month or a lifetime ECL is calculated.

In the calculation of individual ECL, the most significant uncertainty is involved in the estimation of expected future cash flows, and in probability weighting of cash-flow scenarios, where cash flows include recoveries both from collections of contractual cash flows and from collaterals.

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

The modelling methodologies are developed using historical experience, which - in uncertain economic conditions that currently vary across customer segments and industry sectors - can result in limitations in their reliability to appropriately estimate ECL.

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

To address these limitations, management applied quantitative and qualitative adjustments to ECL that include the following:

- Additional criteria to assess significant increase in credit risk
- Reassessment of macroeconomic assumptions and the weighting of the applied scenarios
- Additional expert judgement-based adjustment of the estimation method of ECL

We paid considerable attention to this area during our audit due to the significance of the

significant loans on a sample basis. We checked the stage classification of the loans based on credit application and monitoring documents as well as customer-related financial and non-financial information.

For a sample of individually impaired loans, we checked whether assumptions, estimations and scenario weightings applied in calculations of the recoverable amount are reasonable and whether the calculations are correct.

For collective ECL we assessed whether the methodology applied was compliant with IFRS 9 Financial instruments with the support of our internal modelling experts. We read the validation documents, recalculated the selected model parameters, on a sample basis, and fully the ECL.

We examined the input data for the ECL allowance calculation (data used to parameter estimation and calculating ECL), indicators used to determine whether there was significant increase in credit risk and analysed the development of credit losses.

To address increased estimation uncertainty, we evaluated the adequacy of credit risk parameters and models taking into consideration possible distortions of currently observed data due to state payment support programs. We also critically assessed the plausibility of expectations and estimates, that have been introduced due to aforementioned distortions.

We read sections 3.2.1. and 4.14.2. of the notes to the consolidated financial statements to assess whether disclosures are in line with *IFRS 7 Financial instruments: Disclosures* standards.



amounts involved and because of the subjective nature of the judgments and assumptions that management is required to make, particularly due the high level of uncertainty that can be experienced in the current economic environment.

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### ***Financing and investing transactions with related parties***

The Group, in the course of its banking operations, has significant financing and investing transactions with related parties including entities belonging to the shareholders (other than state owned enterprises) that have direct or indirect significant influence over the entity and other related parties.

Related party transactions are disclosed in Note 4.27 to the consolidated financial statements.

We identified financing and investing transactions with related parties as a key audit matter because of risks with respect to completeness of identification of related parties, measurement of exposures in the consolidated statement of financial position and disclosures made in the consolidated financial statements.

We understood the process of identifying and disclosing related party transactions.

We obtained company registry records and other publicly available information and compared to the listing of related parties maintained by the Group to check completeness of related parties identified.

We agreed, on a sample basis, the amounts disclosed to underlying documentation and read relevant agreements.

We tested, on a sample basis, the financing arrangements between the related parties along with supporting documents to evaluate the management's assertions that the transactions were at arm's length and in the ordinary course of business.

We checked classification of direct and indirect investments in related parties and we tested, on a sample basis, whether the valuation of the investments are appropriate based on the respective classification method. Relating to the valuations, with the support of our internal experts, we checked whether assumptions and estimations are reasonable and whether the calculations are correct.

In terms of financing transactions, we tested, on a sample basis, whether assessment of significant increase in credit risk and calculation of expected credit loss is in line with the accounting policies and general practice applied by the Group.

We inspected relevant records, agreements and other information that may indicate the existence of related party financing relationships or transactions.

We checked the relevant disclosures in the notes and assessed whether they are in line with *IAS 24 Related Party Disclosures* standard.

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### ***Hedge accounting***

The criteria for applying hedge accounting, its accounting treatment and the related balances are presented in chapter 4.12. of the notes to the consolidated financial statements.

The Group designates derivatives to hedge risks arising from its operation and open positions, in particular to interest rate risks. In the absence of hedge accounting the transactions involving derivatives may be presented in the statement of financial position and the income statement differently from the transactions generating the risks. Therefore, for selected portfolios and transactions, the Group applies fair value hedge accounting to ensure matching of accounting applied to the hedging instruments and hedged transactions. Hedge accounting is applied both for individual instruments (micro-hedge) and for parts of the loan portfolio (macro-hedge).

Application of hedge accounting is subject to stringent accounting rules. It is necessary to prove, among other criteria, that the values of transactions underlying open positions and the transactions conducted to hedge them react to market changes, representing hedged risks in the opposite directions. This is called hedge effectiveness test. Measuring hedge effectiveness requires complex calculations, depending on the methodology applied to this assessment.

We focused on this matter because it materially affects the consolidated financial statements and measurement of the effectiveness of hedging relationships is complex and subject to estimation uncertainty.

We have assessed key internal controls operated by the Group with the aim of appropriately determining the fair values of derivatives and measuring hedge effectiveness.

With the support of our experts, we checked the valuation of derivatives and the adequacy of market prices applied on a sample basis, we have examined the documentation of hedge accounting, including the risk management strategy and objectives of the Group as well as the hedged transactions designation. We checked whether the effectiveness of the hedging relationship was measured and accounted for in accordance with *IAS 39 Financial Instruments: Recognition and Measurement* (as adopted by the EU with carve-out) and *IFRS 9 Financial instruments* standards.

We assessed whether disclosures of hedge accounting in the consolidated financial statements are in line with *IFRS 7 Financial instruments: Disclosures* standards.

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### ***Accounting for the acquisition of Fundamenta-Lakáskassza Zrt.***

On November 10, 2023, the Company signed an agreement to purchase 76.35% of the shares of Fundamenta-Lakáskassza Zrt., with the transaction effective as of 27 March 2024.

The acquisition was accounted for as a business combination in accordance with *IFRS 3 'Business Combinations'*, with details provided in note 2.7.1.

During the purchase price allocation relating to the acquisition, in addition to the fair value

We read the acquisition agreement, examined the purchase price allocation related to the acquisition, and verified the accounting treatment of the acquisition.

In relation to the purchase price allocation, we performed the following procedures:

- We assessed whether the identification of assets acquired and liabilities assumed is in accordance with *IFRS 3 'Business Combinations'*.



adjustments of assets and liabilities recognized on the balance sheet of Fundamenta-Lakáskassza Zrt., new assets and liabilities were identified: intangible assets valued at MHUF 4,554 and contingent liabilities of MHUF 17,547. The Group recognized goodwill in the amount of MHUF 3,340.

We focused particularly on this area due to the significance of the acquired company, and the accounting is complex and requires significant management judgment.

- With the support of our valuation experts, we assessed the methodology used for the purchase price allocation and the reasonableness of the assumptions applied in the calculations.
- We evaluated the reasonableness of the discount rate applied in the calculations with the involvement of our valuation experts.
- We reconciled the underlying data used in the calculations.

We assessed whether disclosures of the acquisition in the consolidated financial statements are in line with *IFRS 3 Business Combinations* standard.

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## Other information

Other information comprises the consolidated business report which is named management report in the annual report of the Group for the financial year ended on 31 December 2024. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations, including the preparation of the consolidated sustainability statement as part of the consolidated business report in accordance with Section 134/I of the Accounting Act, and for the preparation of the annual report in accordance with Act CXX of 2001 on Capital Market. Our opinion on the consolidated financial statements does not cover the consolidated business report or the annual report.

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

Based on the Accounting Act, it is also our responsibility to consider whether the consolidated business report has been prepared in accordance with the provisions of the Accounting Act (not including requirements of Chapter VI/C on sustainability statement) and other relevant regulations, if any, and to express an opinion on this and on whether the consolidated business report is consistent with the consolidated financial statements.

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

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



Based on the regulation of Section 134/I of the Accounting Act the Group is obliged to prepare consolidated sustainability statement, thus we shall state whether the consolidated business report includes the consolidated sustainability statement required by Chapter VI/C of the Accounting Act.

In our opinion the other information is consistent, in all material respects, with the consolidated financial statements as at 31 December 2024, and the consolidated business report is consistent, in all material respects, with the provisions of the Accounting Act (not including requirements of Chapter VI/C on sustainability statement), and the other relevant regulation referred to above.

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

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

We state that the consolidated business report includes the consolidated sustainability statement required by Chapter VI/C of the Accounting Act.

We issue another report based on a limited assurance engagement on whether the consolidated sustainability statement complies with the requirements of Chapter VI/C of the Accounting Act relating to consolidated sustainability statements.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and to prepare the consolidated financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of 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.

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

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

- Identify and assess the risks of material misstatement of the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 gives a true and fair view.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

## **Report on other legal and regulatory requirements**

### **Appointment**

We were first appointed as auditors of the Group on 26 April 2022. Our appointment has been renewed annually by shareholders' resolutions representing a total period of uninterrupted engagement appointment of 3 years. Our appointment for the year ended 31 December 2024 was approved by the shareholders' resolution on 29 April 2024.

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



## **Report on the compliance of the presentation of the consolidated financial statements with the requirements of the regulation on the European single electronic format**

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the consolidated financial statements of the Group included in the digital file 3HoQ3U74FVFED2SHZT16-2024-12-31-O-hu.zip (“consolidated financial statements in ESEF format”) with the requirements set out in the ESEF Regulation.

### **Responsibilities of the management and those charged with governance for the consolidated financial statements in ESEF format**

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

- the preparation of the consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary, including the full application of relevant tags and the proper creation and linking of extension elements; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

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

### **Our responsibility and summary of the work performed**

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

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor’s judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the tagging, obtaining an understanding of the Group’s internal controls relevant to the application of the requirements of the ESEF Regulation, and verifying whether the XHTML format was applied properly., evaluating the completeness of the Group’s tagging of the consolidated financial statements using the XBRL markup language, evaluating the appropriateness of the Group’s use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

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



## Opinion

In our opinion, the presentation of the consolidated financial statements in ESEF format of the Group's for the financial year ended 31 December 2024 included in the digital file 3HoQ3U74FVFED2SHZT16-2024-12-31-o-hu.zip complies, in all material respects, with the requirements of the ESEF Regulation.

Budapest, 28 March 2025

Balázs Árpád  
Partner  
Statutory auditor  
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### *Translation note:*

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