

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

KDB Bank Europe LTD.

Separate Financial statements
prepared in accordance with International Financial Reporting Standards
as adopted by the EU
for the year ended 31 December 2024

Table of content

| | |
|---|-----------|
| SEPARATE STATEMENT OF FINANCIAL POSITION | 4 |
| SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 5 |
| SEPARATE STATEMENT OF CHANGES IN EQUITY | 6 |
| SEPARATE CASH-FLOW STATEMENT | 7 |
| I. Accounting policies | 9 |
| Note (1) Shareholder's structure and activities..... | 9 |
| Note (2) Compliance with accounting standards..... | 11 |
| Note (3) Basic principles of the valuation | 12 |
| Note (4) Significant accounting assumptions and estimate | 12 |
| Note (5) Significant accounting policies..... | 14 |
| Note (6) New IFRS standards..... | 44 |
| II. Supplementary notes to the statement of financial position | 45 |
| Note (7) Cash and current accounts with central banks and other sight deposits..... | 45 |
| Note (8) Financial assets and liabilities held for trading | 45 |
| SUPPLEMENTARY NOTES | 48 |
| Note (9) Financial assets measured at fair value through other comprehensive income..... | 48 |
| Note (10) Securities measured at amortised cost | 50 |
| Note (11) Loans measured at amortised cost | 53 |
| Note (12) Central bank and other bank deposits measured at amortised cost | 57 |
| Note (13) Investments in subsidiaries | 57 |
| Note (14) (15) Tangible and intangible assets | 58 |
| Note (16) Other assets..... | 59 |
| Note (17) Deposits measured at amortised cost..... | 60 |
| Note (18) Borrowings measured at amortised cost..... | 60 |
| Note (19) Provisions..... | 61 |
| Note (20) Other liabilities | 62 |
| Note (21) Share capital..... | 62 |
| Note (22) Other reserves | 62 |
| Note (23) Contingent and future liabilities | 63 |
| III. Supplementary notes to the statement of comprehensive income..... | 65 |
| Note (24) Interest income and expense..... | 65 |
| Note (25) Dividend income | 65 |
| Note (26) Fee and commission income and expense..... | 66 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

| | | |
|------------------|---|------------|
| Note (27) | Profit/loss from the derecognition of financial assets measured at fair value through other comprehensive income | 67 |
| Note (28) | Profit/loss from the derecognition of financial assets measured at amortised cost | 67 |
| Note (29) | Trading and hedge share market valuation gain or loss..... | 68 |
| Note (30) | Exchange rate difference..... | 67 |
| Note (31) | Other operating income | 68 |
| Note (32) | Other operating expense..... | 68 |
| Note (33) | General expenses..... | 69 |
| Note (34) | Depreciation | 70 |
| Note (35) | Provision recognition and release..... | 71 |
| Note (36) | Impairment recognition and release on financial assets | 71 |
| Note (37) | Income tax..... | 72 |
| Note (38) | Paid dividend | 75 |
| Note (39) | Leasing | 76 |
| IV. | Other notes..... | 79 |
| Note (40) | Transactions between related parties..... | 79 |
| Note (41) | Fair value of financial assets and liabilities..... | 80 |
| Note (42) | Research and development | 82 |
| V. | Supplementary notes to risk management..... | 86 |
| Note (44) | Risk management policy | 86 |
| VI. | Supplementary notes to capital..... | 111 |
| Note (45) | Capital management, capital adequacy | 111 |


KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

SEPARATE STATEMENT OF FINANCIAL POSITION

| | Note | 31.12.2024 | 31.12.2023 |
|---|------|----------------|----------------|
| Cash and current accounts with central banks and other sight deposits | 7 | 74,732 | 111,529 |
| Financial assets measured at fair value through profit or loss for trade | 8 | 332 | 289 |
| Financial assets measured at fair value through profit or loss for hedge | 8 | 61 | 0 |
| Financial assets measured at fair value through other comprehensive income | 9 | 23,067 | 31,309 |
| Securities measured at amortised cost | 10 | 33,106 | 35,488 |
| Loans measured at amortised cost | 11 | 273,706 | 187,335 |
| Placements to central banks and other banks measured at amortised cost | 12 | 14,639 | 331 |
| Investments in subsidiaries | 13 | 90 | 90 |
| Tangible assets | 14 | 1,860 | 1,798 |
| Intangible assets | 15 | 1,314 | 1,096 |
| Current tax assets | 37 | 89 | 0 |
| Deferred tax assets | 37 | 162 | 131 |
| Other assets | 16 | 667 | 427 |
| Total assets | | 423,825 | 369,823 |
| Financial liabilities measured at fair value through profit or loss for trade | 8 | 242 | 5 |
| Financial liabilities measured at fair value through profit or loss for hedge | 8 | 249 | 0 |
| Deposits from customers measured at amortised cost | 17 | 165,290 | 147,202 |
| Deposits from banks measured at amortised cost | 18 | 215,636 | 181,738 |
| Provisions | 19 | 90 | 254 |
| Current tax liabilities | 37 | 65 | 435 |
| Deferred tax liabilities | 37 | 64 | 92 |
| Other liabilities | 20 | 2,267 | 2,135 |
| Total liabilities | | 383,903 | 331,861 |
| Share capital | 21 | 28,938 | 28,938 |
| Accumulated other comprehensive income | | 335 | 926 |
| Retained earnings | | 7,427 | 1,049 |
| Other reserves | 22 | 456 | 456 |
| Profit/loss of the business year | | 2,766 | 6,593 |
| Equity | | 39,922 | 37,962 |
| Total liabilities and Equity | | 423,825 | 369,823 |

Budapest, 27 May 2025


Yoo Myung Hwan
 Executive Vice President



Kurunczi József
 Senior Vice President

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 31.12.2024 | 31.12.2023 |
|---|------|--------------|--------------|
| Interest income (calculated based on effective interest rate method) | 24 | 24,499 | 27,750 |
| Interest similar to interest income | 24 | 88 | 662 |
| Interest expense | 24 | -13,847 | -12,288 |
| Dividend income | 25 | 2 | 1 |
| Commission and fee income | 26 | 1,242 | 1,180 |
| Commission and fee expense | 26 | -261 | -251 |
| Profit/loss from the derecognition of financial assets measured at fair value through other comprehensive income | 27 | 288 | -121 |
| Profit/loss from the derecognition of financial assets measured at amortised cost | 28 | -573 | 43 |
| Trading and hedging share market valuation gain or loss | 29 | -1,583 | -2,982 |
| Profit/loss from financial assets measured at fair value through profit or loss | 41 | 76 | 7 |
| Exchange rate difference (gain or loss), net | 30 | 1,270 | 532 |
| Other operating income | 31 | 199 | 283 |
| Other operating expense | 32 | -334 | -835 |
| - from this impairment loss | | 0 | -332 |
| General administrative expense | 33 | -5,321 | -5,478 |
| - from this: personal expense | | -3,001 | -2,963 |
| Depreciation and amortization | 34 | -501 | -518 |
| Recognition/reversal of provision | 35 | 7 | 40 |
| Recognition/reversal of impairment | 36 | -1,904 | -696 |
| Profit/loss before tax | | 3,347 | 7,329 |
| Income tax expense | 37 | -581 | -736 |
| Profit/loss for the business year after tax | | 2,766 | 6,593 |
| <i>Items of other comprehensive income that may not be reclassified to profit or loss</i> | | -607 | 86 |
| <i>Valuation reserve - fair value change (equity instruments measured at fair value through other comprehensive income)</i> | | -667 | 94 |
| <i>Related income tax</i> | 37 | 60 | -8 |
| <i>Items of other comprehensive income that may be reclassified to profit or loss</i> | | -199 | 912 |
| <i>Valuation reserve net - fair value change (debt instruments measured at fair value through other comprehensive income)</i> | | -219 | 1,002 |
| <i>Related income tax</i> | 37 | 20 | -90 |
| Other comprehensive income | | -806 | 998 |
| Total comprehensive income/loss | | 1,960 | 7,591 |

Budapest, 27 May 2025


Yoo Myung Hwan
Executive Vice President


Kurunczi József
Senior Vice President

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

SEPARATE STATEMENT OF CHANGES IN EQUITY

| | Share capital | Accumulated other comprehensive income | Retained earnings | Capital reserves | Other reserves | Profit/loss of the business year | Total |
|---|---------------|---|----------------------|---------------------|-------------------|---|---------------|
| 01 January 2023 | 28,938 | -1,166 | 2,619 | 0 | 456 | -476 | 30,371 |
| Current year's profit | | | | | | 6,593 | 6,593 |
| Other comprehensive income | | 998 | | | | | 998 |
| Previous year OCI | | 1,094 | -1,094 | | | | 0 |
| Total comprehensive income | | 926 | | | | | 926 |
| Previous year correction | | | | 42 | -42 | | 0 |
| Transactions with shareholders – dividend payment | | | | | | | |
| <i>Other equity movements</i> | | | | | | | |
| Transferring previous year's profit/loss | | | -476 | | | 476 | 0 |
| Transfer from retained earnings to general reserve | | | | | | | |
| 31 December 2023 | 28,938 | 926 | 1,049 | 42 | 414 | 6,593 | 37,962 |
| Current year's profit | | | | | | 2,766 | 2,766 |
| Other comprehensive income | | -806 | | | | | -806 |
| Total comprehensive income | | -806 | | | | | -806 |
| Transactions with shareholders – dividend payment | | | | | | | |
| <i>Other equity movements</i> | | | | | | | |
| Transferring previous year's profit/loss | | | 6,593 | | | -6,593 | 0 |
| Transfer from retained earnings to general reserve | | | | | | | |
| Transfer of the accumulated OCI to R/E related to derecognised equity instruments at FVOCI | | 215 | -215 | | | | 0 |
| 31 December 2024 | 28,938 | 335 | 7,427 | 42 | 414 | 2,766 | 39,922 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

SEPARATE CASH-FLOW STATEMENT

| | 31.12.2024 | 31.12.2023 |
|---|-----------------|---------------|
| <i>Cash-flow from operating activities</i> | | |
| Profit before income taxes | 3,347 | 7,329 |
| <i>Adjustments:</i> | | |
| Income tax payable in the current year | -560 | -729 |
| Depreciation and amortization | 508 | 880 |
| Net impairment for debt instruments measured at fair value through other comprehensive income | -3 | -5 |
| Net impairment for loans measured at amortised cost | 1,933 | 669 |
| Net impairment for securities measured at amortised cost | -3 | 7 |
| Net interest income | -10,740 | -16,124 |
| Result of derecognition of financial assets measured at amortised cost | 573 | -43 |
| Dividend income from equity instruments measured at fair value through other comprehensive income | 0 | 0 |
| Increase(+) / decrease (-) of provision | -164 | 135 |
| | -5,109 | -7,881 |
| <i>Changes:</i> | | |
| Decrease (+) / increase (-) of financial assets held for trading | 189 | -705 |
| Decrease (+) / increase (-) of other assets | -243 | 267 |
| Decrease (+) / increase (-) of loans measured at amortised cost | -104,470 | 74,291 |
| Increase (+) / decrease (-) of deposits from banks measured at amortised cost | -29,622 | 30,162 |
| Increase (+) / decrease (-) of deposits from customers measured at amortised cost | 17,147 | -43,661 |
| Increase (+) / decrease (-) of provisions | 0 | 0 |
| Increase (+) / decrease (-) of other liabilities | 548 | -304 |
| | -121,560 | 52,171 |
| Income from sale of loans measured at amortised cost | 0 | 0 |
| Interest income received | 23,836 | 28,046 |
| Interest expense paid | -12,540 | -10,578 |
| Paid income taxes | -1,040 | 328 |
| <i>Cash-flow from operating activities</i> | -111,304 | 69,968 |
| <i>Cash-flow from investments activities</i> | | |
| Purchase of securities measured at fair value through other comprehensive income | -651 | -46,153 |
| Sale of securities measured at fair value through other comprehensive income | 7,842 | 55,783 |
| Purchase of securities measured at amortised cost | -7,478 | -6,008 |
| Sale of securities measured at amortised cost | 9,805 | 383 |
| Increase of tangible assets and intangible assets | -452 | -145 |
| Decrease of tangible assets and intangible assets | 0 | 0 |
| <i>Cash-flow from investments activities</i> | 9,066 | 3,861 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

| | 31.12.2024 | 31.12.2023 |
|---|---------------|----------------|
| <i>Cash-flow from financial activities</i> | | |
| Increase (+) / decrease (-) of subordinated loan | 0 | 7,676 |
| Increase of deposits to central bank and other banks measured at amortised cost | 130,755 | 75,930 |
| Decrease of deposits to central bank and other banks measured at amortised cost | -67,402 | -60,050 |
| Lease payments | -228 | -304 |
| <i>Cash-flow from financial activities</i> | 63,125 | 23,251 |
| | | |
| Increase (+) / decrease (-) of net cash and cash equivalents | -39,113 | 97,080 |
| Opening balance of cash and cash equivalents | 111,529 | 9,761 |
| Effect of revaluation | 2,316 | 4,688 |
| Closing balance of cash and cash equivalents | 74,732 | 111,529 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

I. Accounting policies

Note (1) Shareholder's structure and activities

1.1 Information about the shareholders and the shares of the Bank

The Bank was registered with the name "Investrade Nemzetközi Befektetési és Kereskedelmi Rt." on 1 February 1990 by the Capital Court under the registration number of Cg. 01 10-041313 based on the agreement with MHB Rt. The Bank was established for indefinite time. The Bank recorded the name of "MHB DEAWOO Bank Rt." in 1991 and obtained permission for commercial bank operation and for foreign currency transactions.

In December 1994 a decision was made by the Korean shareholder to buy the shares, which were owned by the MHB.

From 25 January 1995 (arrival at Court of Registration on 13 February 1995) Daewoo Bank Rt. has been operating as a sole corporation.

In the possession of the approval of PSZÁF (State Supervisor of Financial Organizations) dated at 13 December 2002, the Korea Development Bank has purchased the Bank from the former owner (Daewoo Securities Co., Ltd. (Seoul), address: 34-3, Youido-dong Yomgdugpo-Gu, Seoul, Korea, 150-973). The name of the Bank has been changed to KDB Bank (Magyarország) Ltd., which was registered by the Court of Registration on 10 March 2003. After admission to closed limited company form. The name of the Bank has been changed to KDB Bank Europe Ltd., which was registered by the Court of Registration on 22 May 2013.

Currently the 100% owner of the Bank is The Korea Development Bank, address: 16-3 Youido-Dong Yonddeungpo-Gu, Seoul, and 150-973 Korea. The Korea Development Bank is owned 100% by the Korean State. The Bank is consolidated by the parent company as subsidiary. The consolidated financial statements are available at the parent company, and on the following website: <https://www.kdbbank.eu/financial-figures-annual-reports>

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (1) Shareholder's structure and activities (continued)

KDB Bank is not obliged to prepare consolidated financial statements as:

- it is a wholly-owned subsidiary, and
- its ultimate parent produces financial statements that are available for public use and comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this IFRS.

1.2 The most important business activities of the Bank

The Bank provides the wide range of universal banking services to its customers offering a large scale of corporate and retail financial products. Customers' specific needs, flexibility and high standards of customer service are crucial for the Bank's services.

- The main goal is to provide professional financial services to micro-, small- and medium-size and large companies operating in Hungary offering competitive and favourable financial products.
- The Bank is the central European unit of the global KDB network. In line with our role, we are also striving for a greater presence in other countries in the region through our financing activities.
- The Bank considers the financial support of South Korean-owned companies operating in the region as a top priority.

1.3 Bookkeeping

In 2024 the person in charge for management of accounting related tasks and the Financial Statement Report made by Erdősi Erika Mária (Reg.num: 176132)

The following members of the Management are authorized to sign the Financial Statement:

| | | |
|-----------------|-----------------------------------|-------------|
| Yoo Myung Hwan | 1025 Budapest, Szeréna út 2.D.ép. | 1.em.5.ajtó |
| Kurunczi József | 1151 Budapest, Csomád street 57. | |

1.4 Audit

The Bank's financial statements must be certified by auditing.

Audit company: Deloitte Auditing and Consulting Ltd, 1068 Budapest Dózsa György street 84/C.

Auditor: Molnár Attila registration number: 007379

Audit fee:

2024 HU 50.025.000 HUF+VAT .

2023 audit additional fee 3.500.000 HUF+VAT

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (1) Shareholder's structure and activities (continued)

1.5 Branch network

KDB Bank Central Branch

1054 Budapest, Bajcsy-Zsilinszky street 42-46.

Tel. / Phone: (1) 374-9700

Fax: (1) 328-5454

Kőbánya Branch

H-1101 Budapest, Kőbányai street 49.

Tel./ Phone: (1) 323-3558

Fax: (1) 328-5428

The web site of the Bank: <http://www.kdbbank.eu>

1.6 Functional and presentation currency

Financial statements are presented in Hungarian Forint ("HUF"), which is the Bank's functional currency.

Data presented in HUF has been rounded to the nearest million, data presented in other currency has been rounded to 1 unit, except when otherwise indicated.

Note (2) Compliance with accounting standards

The statement of financial position is prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and their respective interpretations. International Financial Reporting Standards have been issued by the International Accounting Standards Board (IASB) or its predecessor and the relevant interpretations are issued by the IFRS Interpretations Committee or its predecessor.

The Bank fulfils the obligation to prepare its annual financial statements in accordance with Act C of 2000 on Accounting ("Accounting Act") by compiling these separate financial statements in accordance with Section 9 / A of the Accounting Act. The Bank prepared its separate IFRS financial statements for the first time as of 31 December 2018 and maintains its books in accordance with IFRS as of 1 January 2018.

In procedural and administrative nature matters not covered by IFRSs, the Bank shall apply the Act on Accounting, Act on Credit Institutions and Financial Enterprises (CCXXXVII of 2013) (hereinafter referred to as "Banking Act"), Government Decree on the special features of the annual reporting and accounting obligations of credit institutions and financial undertakings (250/2000 (XII.24)), Decree of

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (2) Compliance with accounting standards (continued)

National Bank of Hungary (hereinafter referred to as "NBH") on prudential requirements for non-performing exposures and restructured claims (39/2016 (X.11.)), and Decree of NBH on the customer and partner ratings, as well as the prudential requirements for the valuation of collaterals (40/2016. (X.11.)).

The financial statements have been prepared on a going concern basis.

These financial statements have been approved by the Board of Directors on 27 May, 2025.

Note (3) Basic principles of the valuation

In the course of the preparation of financial statements, assets and liabilities have been measured at historical cost, except for:

- financial assets held for trading and hedge purpose;
- financial assets subsequently measured on fair value through other comprehensive income;
- financial liabilities held for trading and hedge purpose.

The Bank measures the above items at fair value.

Note (4) Significant accounting assumptions and estimate

The presentation of financial statements requires the Management of the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Future changes in economic conditions, business strategies, regulatory requirements, accounting rules and other factors could result in a change in estimates that could have a material impact on future financial statements.

Modifications of accounting estimates are recognized in the period of modification, or - if they affect future periods - in the future periods affected by the modification.

The Bank applies estimates during the determination of fair value. For determining the fair value of an asset or liability the Bank uses observable market data where possible, in their absence, performs estimates to determine fair values using directly or indirectly observable input data (changes in market conditions, economic environment or other circumstances, which indicate the change in the financial position and solvency of the partner or the issuer).

Items that are affected by significant accounting estimates, in addition to determining fair value, are:

- provisions (Note 19.),
- impairment of financial assets (Note 36.),
- deferred tax (Note 37.).

Note (4) Significant accounting assumptions and estimate (continued)

Except for the notes below and the notes describing the effects of the Bank has consistently applied the accounting policies presented in the additional notes for each period presented in the financial statements immediately except.

IFRS 16 Leases

The Bank has reviewed its leases in which the Bank is the lessee and has identified those deals which have to be considered as leases in accordance with IFRS 16. In connection with this, the Bank recognized a right-of-use asset and a lease liability in the statement of financial position. A detailed description of leases is provided in Section 5.18.

5.1 Foreign currency transactions

The functional and reporting currency of the Bank is the Hungarian Forint. Foreign exchange transactions are converted at the official foreign exchange rate set by the National Bank of Hungary on the day of the transaction.

Monetary assets and liabilities denominated in foreign currencies are revalued at the official NBH exchange rate on the date of acquisition and then are revalued daily at the official daily exchange rate of the NBH.

Exchange rate gains or losses on monetary items are the difference between the amortized cost in the functional currency at the beginning of the period, adjusted by the effective interest rate and periodic payments, and the amortized cost in foreign currency translated at the official exchange rate published by the NBH at the end of the period.

Non-monetary items measured at cost are translated into the functional currency at the exchange rate at the date of the transaction.

Foreign exchange differences arising from the translation of foreign currency items are recognized in profit or loss, except for differences arising from the translation of equity instruments measured at FVOCI, which are recognized in other comprehensive income.

5.2 Initial recognition and evaluation of financial instruments

The Bank recognizes an asset and a liability when the Bank becomes a party to the contractual provisions of a financial instrument under the contract.

5.2.1 Date of recognition

The Bank settles the purchase and sale of financial assets on the ordinary way on the day of settlement, when the transaction is actually performed. Ordinary purchase or sale is the purchase or sale of a financial asset based on a contract, which terms prescribe the delivery of the asset within the time limits usually set by the regulations or customs in force on the relevant market.

All other financial instruments are initially recognized when the Bank becomes a party to the contract that created the financial instrument. This date in case of loans to financial institutions and customers is the date of disbursement, in case of deposits received from customers or financial institutions, and in case of loans received is the date when the loan is disbursed to the Bank or the deposit is received.

Note (5) Significant accounting policies (continued)

5.2.2 Initial recognition

At the initial recognition, the Bank measures its financial instruments at fair value. If the Bank considers that the fair value at initial recognition differs from the transaction price and the measurement of fair value is not supported by valuation techniques that only use data from observable markets, then the initial value of the financial instrument is changed by the difference between its fair value and the transaction price and, in this case, the difference between the initial fair value and the transaction price is recognized in profit or loss as profit or loss.

If the Bank identifies that the fair value differs from the transaction price at initial recognition, but the measurement method to determine the fair value uses not only observable market data inputs, then the instrument is recognized at fair value (increased or decreased by transaction costs, except for financial instruments measured at fair value through profit or loss) modified to defer the difference between the fair value at the time of initial recognition and the transaction price. After initial recognition, the Bank discloses the deferred difference as profit or loss only to the extent, which comes from such a change in a factor (including time) what market participants would consider when they are pricing the asset or liability.

For purchased or originated credit-impaired (POCI) financial assets the Bank applies the credit-adjusted effective interest rate to the amortized cost determination of a financial asset from initial recognition. The credit-adjusted effective interest rate is the rate at which estimated future cash payments or cash receipts during the expected life of the financial asset can be discounted to the amortized cost of the purchased or originated credit-impaired financial asset.

The Bank recognizes the related transaction costs according to the valuation model applied for the given financial asset. Transaction costs are part of the initial recognition value in case of all financial assets and liabilities, with the exception of financial asset or liability measured on fair value through profit or loss.

Transaction costs are costs that would not have been incurred, if the Bank had not acquired, issued or disposed the financial instrument.

Transaction costs include fees and commissions paid to agents, consultants, brokers and traders, fees levied by regulatory authorities and stock exchanges, taxes and duties related to the transfer of the asset. Transaction costs do not include the lending premium or discount, financing costs or internal administrative or maintenance costs.

5.2.3 Classification of financial assets and liabilities

The Bank classifies its financial assets in the following categories:

- financial assets subsequently measured at amortized cost;
- financial assets subsequently measured on fair value through other comprehensive income (FVOCI);
- financial assets subsequently measured on fair value through profit or loss (FVTPL).

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

A debt instrument type financial asset can only be measured at amortized cost if both of the following conditions are met:

- the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (hereinafter referred to as "SPPI").

A financial asset measured on fair value through other comprehensive income, if the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the asset under favourable market conditions.

A financial asset measured on fair value through through profit or loss, if the asset is held in a business model whose objective is to realizing gain from changes of market conditions.

5.2.4 Business model

The Bank's business model is determined by the fact, how it manages certain portfolios of its financial assets whose objective is to generate cash flows: the aim of the business model may be the collection of contractual cash flows, sale of financial instruments, or both, or other purposes. The Bank evaluated this based on the facts and circumstances valid at the time of the first application of IFRS 9 (January 1, 2018).

The Bank applies the following business models:

| Trading purpose Business Model (Trading) | Hold to Collect and for Sale Business Model (HTCAS) | Held to Collect Business Model (HTC) |
|--|--|--|
| Objective: realizing gain from changes of market conditions (trading) | Objective: collecting contractual cash flows, selling under favourable market conditions | Objective: acquisition of contractual cash flows (principal, interest) exclusively Selling is not the goal of the model, but it is allowed, if it is not material and/or frequent |
| Measurement at fair value Recognizing fair value changes through profit or loss | Measurement at fair value Recognizing interest income, impairment, FX gain and loss through profit or loss Recognizing other gains and losses in other comprehensive income (OCI). Upon derecognition accumulated gain/loss is reclassified into profit or loss | Measurement at amortised cost Recognizing interest income, impairment, FX gain and loss through profit or loss Upon derecognition accumulated gain/loss is recognized through profit or loss |

In the course of the business model testing the Bank considers every relevant information, among others the frequency, size (substantiality) and scheduling of sales from the given portfolio in the previous periods, the way in which the cash flows are realized in the past, the reasons of the selling and the expectations for the future sales activity, furthermore.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The selling of asset is allowed in the HTC business model also, if the following conditions are met:

- due to the credit quality deterioration in accordance with Investment Policy;
- selling close to the maturity of the asset, when 30 days or less is the difference between the date of the sale and the maturity of the contract;
- non-frequent (even it is substantial),
- non-material either individually or in aggregate (even it is frequent).

The Bank considers the sales activity material, if the volume of sales reaches the 10% of the book value of the given assets portfolio within HTC portfolio.

The Bank considers the sales activity as frequent, if the frequency of sales exceeds 1 piece per month from the given assets portfolio within HTC portfolio.

Note (5) Significant accounting policies (continued)

5.2.5 Cash-flow test (SPPI)

At the initial recognition SPPI (Solely Payment of Principal and Interest) test shall be applied for the evaluation of contractual cash flows of financial assets. The purpose of the test is to judge whether the contractual conditions result principal and interest payments solely.

Those contractual cash flows which consist of solely payment of principal and interest are consistent with the basic lending agreements. The following essential principles shall be considered when performing the SPPI test:

- the principal amount is the fair value of the financial asset at the initial recognition - the amount of principal may change during the lifetime of the financial asset (e.g. due to repayments);
- the interest contains the time value of the money, the credit risk, the other risks (e.g. liquidity risk), the expenses (e.g. administrative expenses) and the profit margin;
- the time value component of the money is the consideration for the passage of time, which does not contain coverage for other risks or costs of keeping financial asset;
- in some cases, the time value component of money is "not perfect", e.g. the frequency of the repricing of a variable interest rate and the interest period are different (e.g. if the interest is repriced monthly, but the repricing takes place at the current one-year interest rate); in such cases, it is necessary to analyse (qualitatively and / or quantitatively) the effect of the time value component being "not perfect" comparing to when it would be perfect (in the above case, the interest is priced monthly, at the current monthly interest rate). If the effect is not significant, the modified time value component does not violate the SPPI criteria;
- when a financial instrument contains contractual terms that may change the amount or timing of the contractual cash flows, it is necessary to examine whether the cash flows expected to arise due to these conditions over the lifetime of the financial asset are met the SPPI criteria;
- if a financial asset can be prepaid and the prepaid amount includes substantially outstanding principal, the outstanding interest after the principle and reasonable compensation for prepayment, the prepayment does not violate the SPPI criteria;
- if the maturity of a financial instrument can be extended according to the contract and the drawdown of the extension option leads to cash flows that do not violate the SPPI criteria (which may include reasonable compensation for extension of the contract), the extension option does not violate the SPPI criteria;
- those contractual cash flow characteristics which do not have significant effect, or " non-genuine cash flow characteristics" do not affect the classification do not affect the classification; the cash flow characteristic is not real, if it is linked to a such event, which is extremely rare or very unlikely.

Note (5) Significant accounting policies (continued)

5.2.6 Securities, central bank and interbank deposits, loans measured at amortized cost

Loans valued at amortized cost are financial assets and their valuation is determined by their business model and the result of the SPPI test.

The Bank's loan portfolio consists of the following assets:

- corporate loans,
- syndicated loans,
- SME loans (domestic),
- retail mortgage loans,
- car financing deals.

After the initial recognition these financial assets are measured at fair value increased by transaction costs directly attributable to the issue or acquisition of the financial instrument.

Subsequent valuation is carried out at amortized cost based on the business model and the SPPI tests.

The amortized cost of a financial asset is the amount at which the financial asset was initially recognized, reduced by principal repayments, reduced or increased by the amounts recognized in the effective interest method (see paragraph 5.12), less impairment recognized for expected credit losses (see paragraph 5.2.14).

If the Bank changes its estimate of the cash flows of a financial asset or liability - except for amendments of contracts (see paragraph 5.2.14) and changes in the estimate of expected credit losses for financial assets - the Bank adjusts the gross carrying amount of the financial asset or the amortized cost of the financial liability to reflect the change in cash flow estimates. The adjusted gross carrying amount or amortized cost is the difference between the original gross carrying amount or amortized cost and the present value of current estimated cash flows. The discount rate for determining present value is the original effective interest rate, or for financial instruments with variable interest rates the actual effective interest rate, or for POCI assets the credit loss adjusted effective interest rate. A change in the gross carrying amount or amortized cost resulting from a change in the estimate of cash flows is recognized per transaction in profit or loss as Other operating expense or Other operating Income.

5.2.7 Financial assets measured at fair value through other comprehensive income

At the initial recognition the Bank evaluates the financial assets subsequently measured on fair value through other comprehensive income as described in the general valuation rules, adding transaction costs directly attributable to the issue or acquisition of the financial asset.

After initial recognition, the Bank measures these financial assets at fair value.

Debt instruments

In case of debt instruments, the Bank assesses its financial assets at fair value through other comprehensive income if both of the following conditions are met:

- the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Among debt instruments, the Bank evaluates the Hungarian government bonds on fair value through other comprehensive income.

In case of debt instruments, the Bank recognizes the gain or loss from fair value changes - with the exception of related interest income, impairment gain or loss and exchange gain or loss - in the other comprehensive income till the disposal or reclassification of the financial asset. Cumulative gain or loss recognized as other comprehensive income shall be presented in the Shareholders' Equity (Accumulated other comprehensive income), which will be reclassified from the Shareholders' Equity to profit or loss at the disposal of the financial asset.

In the subsequent valuation of debt instruments the related interest income (based on the effective interest rate method), impairment gain or loss and exchange gain or loss shall be recognized in the income statement.

Equity instruments

In case of equity instruments, the Bank evaluates its financial assets on fair value through other comprehensive income, if at their initial recognition, the Bank irrevocably decides to disclose the subsequent changes in the fair value of non-trading purpose equity instruments - which are included in the standard scope of IFRS9 - in the other comprehensive income. This decision shall be made separately for each instrument. The use of the fair value option is based only on direct decision of management of the Bank.

In the case of Korean corporate shares, the Bank has decided to present the subsequent changes in the fair value of non-trading purpose equity instruments in the other comprehensive income.

The securities are classified as OCI based on the decision of the KDBE Management. In making the decision, the Management considers that, based on the HQ guidelines, a security can only be classified as FTPL if it is sold within 6 months of acquisition. The Bank does not aim to realize short-term profit from the sale and purchase of individual securities, therefore it classified the Korean shares as OCI.

In case of equity instruments measured on fair value through other comprehensive income the generated profit or loss – with the exception of dividend income, which is recognized in the income statement - shall be recognized in the other comprehensive income in accordance with HQ Korean rules.

The cumulative gains or losses in other comprehensive income are recognized in the Shareholders' Equity (Accumulated other comprehensive income). At the time of the derecognition the fair value of the equity instruments accumulated in the Accumulated other comprehensive income is not transferred to profit or loss, but the accumulated fair value change is transferred to the Retained Earnings within the equity.

In case of equity instruments measured on fair value through other comprehensive income the impairment accounting rules shall not be applied.

Note (5) Significant accounting policies (continued)

5.2.8 Financial assets subsequently measured on fair value through profit or loss

The Bank evaluates all financial assets on fair value through profit or loss, which are not measured at amortized cost or measured at fair value through other comprehensive income, which are the followings:

- financial assets held for trading,
- financial assets held in the HTC or HTCAS business model, but the SPPI test criteria is not met,
- derivative deals.

At initial recognition, the Bank may make irrevocable decisions and may designate non-derivative financial assets at fair value through profit or loss, if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. In the current year and the comparative period this is not relevant to the Bank.

At initial recognition the Bank evaluates its financial assets measured on fair value through profit or loss as described in the general valuation rules. In case of financial assets measured on fair value through profit or loss the transactional costs are recognized in the profit or loss.

After initial recognition, the Bank measures these financial assets at fair value.

In case of assets measured on fair value through profit or loss the fair value changes, related interest income and dividend income are recognized in the income statement.

5.2.9 Derivative financial instruments

Derivative financial instruments are carried at fair value (the Bank calculates fair value on a daily basis). The Bank assesses its derivative financial instruments at fair value through profit or loss and presents it in the statement of financial position as financial assets held for trading or as financial liabilities held for trading, depending on whether the fair value of those instruments is positive or negative at the reporting date.

The Bank does not apply currently hedge accounting for its derivative financial instruments.

5.2.10 Deposits interbank borrowings measured at amortised cost

All interbank and customer deposits, as well as interbank borrowings are initially recognized at fair value as described in the general valuation rules. After the initial valuation, all interest-bearing deposits are measured at amortized cost using the effective interest rate method, in which the Bank takes into account the related transaction costs, fees and commissions.

Note (5) Significant accounting policies (continued)

5.2.11 Change of contractual terms of financial instruments

Significant (causing derecognition) contract modification

Significant changes of the contractual terms of an existing financial asset or financial liability should be recognized as an expiration of the original financial asset or financial liability and the recognition of a new financial asset or financial liability.

The amendment is considered significant, if under the new terms the discounted present value of cash flows discounted at the original effective interest rate differs by minimum 10 % from the discounted present value of the remaining cash flows of the original financial instrument.

The Bank also considers the contractual amendments of financial instruments to be significant therefore derecognises the original financial asset or recognises the amended financial asset to the books as a new financial asset, if the above cash flow deviation is below 10% but the following contractual terms have changed:

- currency change;
- interest rate change from floating to fix or vice versa;
- change of the counterparty.

If the amendment is significant, the Bank shall settle the amendment of the contractual terms as a termination of the original financial asset or financial liability, the costs or fees incurred are recognized as related gains or losses, unless the costs and charges incurred are demonstrably incurred solely for the purpose of the new financial instrument.

Non-significant (not causing derecognition) contract modification

If the amendment of the contract of financial assets or liabilities is not significant as described above, the amendment does not result the derecognition of the original financial asset or liability.

In the case of non-significant contractual changes, the Bank recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability to reflect the effect of the amendment.

The recalculated gross book value or amortized cost is the present value of the cash flows after the amendment, where the discount rate is the original effective interest rate, or for financial instruments with variable interest rates the actual effective interest rate, or for POCI assets the credit loss adjusted effective interest rate. The Bank recognizes the difference between the new and before the amendment gross book value or the amortized cost as a gain or loss as a result of the amendment.

In the case of non-significant contractual changes, the Bank adjusts the carrying amount of the financial instrument with the costs or fees incurred or received and amortizes it over its remaining term.

Note (5) Significant accounting policies (continued)

5.2.12 Derecognition of financial instruments

Derecognition of financial assets

The Bank derecognizes the financial assets, when its rights to contractual cash flows cease or expire, or if the contractual rights attached to the asset are transferred in a transaction in which the Bank transfers substantially all the benefits and risks associated with the ownership of the financial instrument, or it does not transfer or retain substantially these benefits and risks, but does not hold control over the financial instrument.

The Bank also considers its rights to contractual cash flows to be terminated in the case of significant contractual changes of financial assets (see paragraph 5.2.11), and therefore the financial asset is derecognised.

At the disposal of financial asset measured on fair value through other comprehensive income (with the exception of equity instruments measured on fair value through other comprehensive income) the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss.

At the disposal of financial asset measured at amortized cost the difference between the carrying amount and the purchase price received is recognized in profit or loss. („Profit or loss from financial assets subsequently measured by amortized cost“)

Derecognition of financial liabilities

The Bank derecognizes the financial liabilities, when its contractual obligations cease or expire.

At the derecognition of the financial liability the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The Bank also considers its rights to contractual cash flows to be terminated in the case of significant contractual changes of financial liabilities (see paragraph 5.2.11), and therefore the financial liability is derecognised.

5.2.13 Reclassification of financial assets

Reclassification of financial assets may take place when the Bank changes its business model for managing financial assets as a result of significant external or internal operational changes.

In line with changing the Bank's business model, the Bank reclassifies its financial assets, which reclassification shall be applied from the first day of the reporting period (from the balance sheet date) following the date of the business model change.

In the event of reclassification of financial assets, the Bank does not re-establish the previously recognized gains and losses (related interest income, impairment gain or loss and exchange gain or loss).

During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made.

Note (5) Significant accounting policies (continued)

5.2.14 Impairment of financial assets

The Bank recognizes impairment for the expected credit loss of financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income except for equities designated to FVOCI option and recognizes provision for the expected credit loss of loan commitments and issued guarantee contracts that are subject to impairment.

Variables used in the calculation of impairment:

- exposure at default (EAD)
- probability of default (PD)
- loss given default (LGD)

The Bank evaluates quarterly whether the credit risk of a financial asset has increased significantly since its initial recognition. During the assessment, the Bank examines the change in the risk of default during the lifetime of the financial asset (compares the default risk of the financial asset at the reporting date and its default risk at initial recognition) taking into account the information referring the significant increase in credit risk since initial recognition.

If the credit risk of a financial asset other than POCI has not increased significantly from the initial recognition to the valuation date, the Bank shall assess the amount of loss of the given from the financial asset at the same amount as the 12-month expected credit loss (Stage 1).

At each reporting date the Bank assesses the recognized loss of the financial asset at the same amount as the lifetime expected credit loss, if the credit risk on the given financial asset assessed either individually or jointly has increased significantly since the initial recognition (Stage 2).

If in the previous reporting period the Bank assessed the recognized loss of the financial asset at the same amount as the lifetime expected credit loss, but decides that on the current reporting date the credit risk of the given financial instrument has not increased significantly since its initial recognition, on the current reporting date the Bank presents the recognized loss at the same amount as the 12-month expected credit loss (reclassifies from Stage 2 to Stage 1).

A financial asset is impaired (Stage 3), if the occurrence of one or more events adversely affects the estimated future cash flows of the financial asset. In the following case, the Bank considers a financial asset as impaired:

- the occurrence of one or more events will adversely affect the future cash flows of the financial instrument.

The Bank considers that the credit risk has increased significantly, if:

- underperforming deals: compared to the date of initial recognition, the number of days that the deal is past due has increased, or an event has occurred which indicates significant increase of credit risk;
- performing deals: the past due days is up to 30 days, and there is no information which would indicate to the significant increase of credit risk.

The Bank uses not only days past due information to assess whether credit risk has increased significantly since initial recognition, but also other available information about the debtor, in

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

particular the circumstances indicating a significant increase in credit risk and the so-called objective evidence.

Increased credit risk deals (SICR) are, especially in following cases:

- 30+ significant delay,
- great-amount prompt collection orders against the accounts of the client managed by the Bank (the size of the prompt collection is to-be-decided in comparison with business activity of the client),
- several small-amount prompt collection orders initiated against the accounts of the client managed by the Bank within a relative short time,
- significant amount lawsuit or execution started against the client,
- lawsuit started by the client against the Bank, circumstances threatening the debtor's operation or activities,
- monitoring indicators (negative changes in collateral, negative press, deterioration of financial indicators, significant adverse changes in the sector outlook, breach of covenants, change in legislation negatively affecting the management of the counterparty)
- restructuring, if it is neither registered forced restructuring nor business-based prolongation

The Bank does not rebut the 30 day past due presumption.

The ECL is determined by collective method for stage 1 and stage 2 exposures, and by individual cash flows in case of stage 3 exposures.

The Bank considers an exposure to be impaired if it is classified in stage3 (non-performing) category and any amount of impairment loss is recognized for the deal.

A facility impaired with a lifetime credit loss prior to forbearance (classified to stage2) is not classified as a non-business-based prolongation, nor is a forced restructuring, will not change from stage2 basket with a lifetime credit loss for at least 1 year, as long as circumstances suggesting a significant increase in credit risk persist.

The Bank does not recognise any assets that are written off during the reporting period and are still subject to enforcement activity.

The Bank estimates the parameters used for calculating expected credit losses separately for corporate and retail portfolios. It does not segment either corporate or retail portfolios because of their small size, because segmentation would weaken the efficiency of statistical analysis and its ability to predict in the future. For the corporate portfolio, the LGD parameter used for the expected credit loss calculation is calculated per collateral type:

- cash collateral or collateral equal to cash collateral: 31.5707%
- standby L/C, bank guarantee, state suretyship: 0.8626%
- real estate collaterals: 17.6269%
- movable property: 25.3804%
- mixed collaterals: 0.2581%
- unsecured facilities: 31.5707%

Note (5) Significant accounting policies (continued)

The Bank calculates the impairment for exposures with objective evidence by comparing future discounted cash-flows with the current outstanding amount. In particular the following circumstances indicate objective evidence: liquidation, bankruptcy, declaration of insolvency, death of the debtor, workout handling, etc.

The expected credit loss on financial assets is the present value of the difference between the contractual cash flows receivable by the Bank under the contract and the cash flows expected by the Bank.

The Bank estimates the expected credit losses of a given financial instrument in such a way, that it reflects an unbiased and probability-weighted amount, which is determined by evaluating various possible outcomes, as well as the time value of money, and reasonable and justifiable information which is available without disproportionately high cost or effort on past events, current circumstances and forecasts for future economic conditions.

The Bank applies two different methodologies for the calculation of the expected credit loss amount, the so-called "individual" methodology and the so-called "collective" methodology.

The Bank determines ECL amount applying the individual methodology and considering the expected recovery amount and the amount of the future debt payment obligation in case of those deals (exposures) that are

- objective evidence of loss allowance has been identified, or
- defaulted.

Rules of categorizing loans/claims into 'defaulted' subcategory

- a) the loan/claim that is overdue more than 90 days and the overdue amount is *significant*,
- b) the debtor died, without the successors admitting the loan/claim as their own debt in an official document prepared in the same form as the original document of the claim/loan, and the Bank has been duly informed about the death of the debtor,
- c) there is any evidence strongly supporting that the debtor may not be able to repay the debt voluntary or the sale of the collaterals either by the debtor or by the Bank will be necessary for repayment of the total outstanding, without respect to the fact that there is no overdue or the overdue is not significant or the loan/claim became overdue only for a short time,
- d) the loan/claim is defaulted upon stipulations of Article No. 178. of CRR,
- e) the Bank initiated liquidation/execution against the debtor or started a similar process against the debtor due to any of loans/claims that is payable by the debtor either to the Bank or the parent company of the Bank,
- f) the debtor requested for its own liquidation or any kind of protection (bankruptcy) in order that it can avoid/postpone make payment toward the Bank or the parent company of the Bank.
- g) other UTP (unlikely to pay) indicators:
 - negative declaration or dispute by the customer concerning the fulfilment of its payment obligations,
 - persistent sectoral crisis coupled with the situation of the customer,
 - fraud event,
 - a natural disaster or war which makes the client's operation impossible,
 - termination (by 'termination', it actually refers to a termination that does not directly occur towards the customer but may indirectly or passively affect the customer's performance.)forced restructuring,
 - technical default,

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

- “default” information of facilities connected to co-debtors and guarantors linked to the debtor,
- “default” information concerning to the client or its mother company in consultation with the Bank’s mother company (group “default”)

In the Bank’s practice, default transactions are the same as non-performing transactions regulated by CRR and NBH regulations. In 2023, the Bank changed its actual default definition and applies the “new definition of default”.

The Bank calculates ECL applying the collective methodology in case of those deals (exposures) that are

- neither objective evidence of loss allowance has been identified,
- nor they are defaulted.

The methodology for calculating collective impairment is that the Bank calculates the amount of impairment / provision for statistically probable future losses using the PD, LGD, EAD values determined for transactions classified in the same portfolio groups as follows:

For Stage 1 transactions (exposures) a 12-month expected loss (12MEL) is calculated applying the following formula: $12MEL = PD\% * (covered\ LGD\% * covered\ EAD + non-covered\ LGD\% * non-covered\ EAD)$. In this case the Bank makes a forward-looking calculation of future losses for a 12 months period only.

In the case of Stage 2 transactions the Bank calculates the lifetime expected loss (LEL) for the entire life of the transaction (exposure) applying the following formula:

P

$$\sum_{t=0}^n \frac{PD\%,x (secured\ LGD\%,x secured\ EAD_t + unsecured\ LGD\%,x unsecured\ EAD_t)}{(1+EIR)^t}$$

t=n

$$(1+EIR)^t$$

In this case the Bank makes a forward-looking calculation of future losses for the entire life of the transaction considering that the exposure associated with the transaction has been identified as underperforming due to the increased credit risk compared to the initial recognition.

If an on-balance sheet item is linked to the off-balance sheet exposure, then - according to the applied methodology - the off-balance sheet exposure is adjusted to the percentage and classification of the on-balance sheet exposure, and the provision is calculated by the Bank as follows: Provision = Amount of unutilised commitment line x Cash conversion factor (CCF parameter) x Provision %, where Provision % is equal to % of impairment calculated on the related balance sheet item.

If an on-balance sheet item is not linked to the off-balance sheet exposure (e.g. utilised commitment line) the Bank calculates the provision as follows: Provision = SUM(Periodic EAD amount x Provision%), where Provision is the calculated or estimated % of the average loss previously incurred on all off-balance sheet exposures, but not less than 0.03%.

Purchased or generated financial assets (POCI assets) are impaired at initial recognition.

The Bank considers the given financial assets as a POCI asset, if the counterparty is in default status at the initial recognition of the financial instrument. When calculating the credit-adjusted effective

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

interest rate for POCL assets at initial recognition, the Bank considers the initial estimated credit loss in the estimated cash flows.

The parameters used in calculating expected credit losses are estimated by the Bank in a customer rating-based model for corporate loans/claims and off-balance commitments through statistical analysis of historical data, and in the case of retail and other non-corporate loans/claims and off-balance commitments, they are estimated in an overdue-based model through statistical analysis of historical data.

The Bank shall categorize the following loans/claims into defaulted subcategory:

- the loans/claims overdue for more than 90 days, if the defaulted repayment amount is significant;
- that loan/claim that the Bank can identify as a problematic case upon analysis of the financial situation of the debtor or upon the declaration of the debtor or upon any other information, because it can reasonably be expected that the debtor will not be able to repay the whole sum of the loan/claim irrespectively whether the loan/claim has any payment default or not and whether the amount of the defaulted repayment amount is significant or not and how long it is defaulted;
- that loan/claim that is defaulted upon the stipulations of Article No. 178. of CRR;
- that loan/claim that is impaired by the assumption of Bank, except for those that are impaired under the collective methodology;
- that loan/claim of which restructuring was agreed by the Bank only by necessity and with such conditions that results in waiving repayment of significant amount principal, interests, penalty interests, fees, costs or the repayment of any of these items is prolonged significantly;
- that loan/claim that is to be repaid by such a debtor against whom the Bank initiated liquidation or execution process or any similar action in order that the Bank can recover any of its own claim or any of the claim of its parent company,
- that loan/claim that is to be repaid by such a debtor who requested for its own liquidation or requested for such kind of a legal protection (e.g. bankruptcy) that can/may result in avoiding or prolonging to make any repayment either to the Bank or to the parent company of the Bank,
- that restructured, modified contract (loan/claim) that was categorised into non-performing category before the modification or the original contract should have been categorized as such, if there had been no modification,
- that restructured loan/claim, and/or modified loan/facility contract, that has been recategorised as a performing one, however, it was restructured during the 2-years probation time once again or has become overdue for more than 30 days again;
- that are not covered with any impairment, thus the calculated impairment amount is zero, however, the expected credit loss was calculated upon individual methodology and the loan/claim would be categorized into default subcategory upon other reason(s).

The Bank will set aside a provision for expected credit losses on the undrawn portion of the credit facilities. In doing so, the following will be taken into account:

- findings of the customer monitoring (negative debtor information, where the default of the credit facility has not yet occurred, but there is even a minor risk of deterioration of the debtor's financial position or other conditions, which are not in relation with payment discipline);

Note (5) Significant accounting policies (continued)

- findings of the deal monitoring (where the deal (exposure drawn from the credit line) is performing, but default, delays have been occurred already, non-including the non-significant or technical delinquencies);
- findings of the collateral monitoring (the ratio of the income (cash flow) came from the selling of collateral to the collateral value).

Claim write-off:

The Bank classifies its receivables and contingent liabilities on a regular and ad hoc basis until the receivable is repaid, recovered, or written off from the records or otherwise, or the term of the liability expires or the holder cancels it, as long as they carry a risk of loss for the Bank. After ending the collection procedure the outstanding balance of the bad debts shall be written off.

5.2.15 Hedge accounting

The Bank applies hedge accounting in accordance with IFRS 9.

The Bank may hedge the risks of changes in fair value or cash flows arising from certain of its financial instruments with hedging transactions. The resulting fluctuating profit or loss effect may be offset by applying hedge accounting.

The Bank may qualify a hedging relationship as eligible for hedge accounting only if all of the following criteria are met:

- the hedging relationship consists exclusively of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship, the hedging relationship and the Bank's risk management objective and strategy for entering into the hedging transaction are formally designated and documented. The documentation must specify the hedging instrument, the hedged item, the nature of the hedged risk, and how the Bank will assess the hedge effectiveness requirements of the hedging relationship (including an examination of the reasons for the ineffectiveness of the hedging transaction and the method for determining the hedge ratio);

The Bank may only qualify a hedging relationship as eligible for hedge accounting if all of the following criteria are met:

The Bank considers a hedging relationship to be effective if it meets the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- credit risk does not play a dominant role in the changes in value arising from the economic relationship, and
- the hedge ratio corresponds to the ratio between the amount of the hedged item actually hedged by the entity and the amount of the hedging instrument actually used by the entity for this hedge.

At the same time as establishing the accounting hedge relationship, the Bank prepares hedge documentation that includes the above criteria.

Note (5) Significant accounting policies (continued)

The Bank currently enters into transaction-level fair value hedges in accordance with IFRS 9. Fixed-rate loans to customers, fixed-rate corporate bonds, fixed-rate government securities and related firm commitments may be designated individually (micro-hedge) as hedged items in a hedging relationship. These fixed-rate instruments are presented in the books as part of the normal course of business and may result in a high market related risk. According to the Bank's risk management policies, these interest-related risks shall be hedged. In accordance with the Bank's relevant risk management strategy, the designated hedged risk arising from these hedged items is the fair value risk arising from changes in market interest rates. Derivatives may be designated as hedging instruments in hedging relationships.

The fair value of hedged assets included in a hedging relationship is determined as follows:

- in the case of fixed-rate securities, the Bank considers the market price to be the fair value,
- in the case of fixed-rate instruments without an available market price, the Bank uses valuation techniques that determine the fair value of the instrument. As there is little or no available observable market price for these hedged instruments, the Bank uses unobservable inputs to determine the fair value of the given instruments. The Bank uses the discounted cash flow method to determine the fair value of the hedged instruments. Discount rates determined individually for each hedged loan, to calculate the fair value of the instruments.

Accounting rules

In relation to these fair value hedging transactions, the Bank accounts for the hedging relationship as follows, as long as the hedging relationship meets the qualification criteria in IFRS 9.6.4.1. and the relevant regulations of the Bank:

- a) the gain or loss arising on the hedging instrument is recognised in profit or loss;
- b) recognition of the hedging gain or loss arising on the hedged item (i.e. attributable to the hedged risk):
 - in the case of a hedged item measured at amortised cost, the carrying amount of the hedged item is adjusted by the hedging gain or loss, which is recognised in profit or loss.
 - in the case of a hedged item measured at fair value through other comprehensive income, the hedging gain or loss arising on the hedged item, i.e. the fair value adjustment attributable to the hedged risk, is recognised in profit or loss, not in other comprehensive income, but in profit or loss, together with the change in the fair value of the hedging instrument.

The change in the fair value of derivatives included in the hedging transaction is recognized in the same line as the change in fair value attributable to the hedged risk: see Gains/losses from financial assets at fair value through profit or loss.

Note (5) Significant accounting policies (continued)

5.3 Cash and current accounts from central banks

Classification of cash and current accounts from central banks:

- HUF and FX current accounts and short-term placement (deposit) at NBH,
- HUF and FX current accounts and short-term placement (deposit) at another financial institution,
- cheques, bank notes and coins hold by cashiers,
- cash transaction related balances on dummy accounts.

Cash and equivalents denominated in foreign currency are revaluated on the official NBH exchange rate valid on the date of the initial recognition, and they are revaluated daily on the daily official NBH exchange rate.

5.4 Fair value

The purpose of the fair valuation is to estimate the price, at which a regular transaction for the sale of the asset or the transfer of the liability would take place between market participants at the time of measurement under existing market conditions.

The Bank determines fair value for valuation purposes (in case of financial assets and liabilities measured at fair value through profit or loss, and financial assets measured at fair value through other comprehensive income) and for disclosure purposes (in case of financial assets and liabilities that have not been measured at fair value and for which their carrying amount cannot be regarded as a reasonable approximation of their fair value at the reporting date).

The valuation of financial assets without active market prices is based on valuation models. The Bank regularly reviews the models and each model contains the latest available market data. While the models are based only on available data, in the course of their application some estimates and assumptions (e.g.: correlations, volatilities) are used. Changes in estimates may affect the fair value of the given financial asset.

IFRS 13 Valuation at fair value is intended to increase consistency and comparability in determining fair value, and the related disclosures through the "fair value hierarchy".

The hierarchy classifies the input data used for the evaluation at three levels:

- prices quoted on an active market (unregulated) for identical asset or liability (Level 1.),
- prices quoted other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2.),
- inputs for the asset or liability that are not based on observable market data (Level 3.).

In determining the fair value of financial assets and liabilities, the Bank applies primarily the market prices used in the active market. In most of the cases, the market price is not publicly available and the Bank uses the various valuation techniques to determine the fair value of the financial instrument.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

The determination of fair value for different type of securities is the following:

- Hungarian government bonds: on net purchase price published by State Treasury (ÁKK), however if the residual maturity is within 3 months, the Bank assesses the net purchase price discounted by the 3-month government bond reference yield published by ÁKK;
- Korean corporate bonds: at the exchange rate on the monthly statement sent by the external custodian (Mirae Asset); VISA: at the closing price on the last business day of the month;

In case of foreign exchange swap and foreign exchange forward transactions the fair value is determined by the internal discounted cash flow model using interbank LIBOR, BUBOR yields. In case of interest rate swaps and two-currency interest rate swaps, the fair value is determined by the internal discounted cash flow model using zero coupon yields.

Note (41) includes tables where the Bank presents the fair value of each financial asset and liability, including financial instruments that are not measured at fair value.

5.5 Investments in subsidiaries

Subsidiaries are accounted for using the acquisition cost method. The Bank has one subsidiary: KDB Service Ltd. The Bank assesses its investments on a quarterly basis, including its subsidiary.

If the carrying amount of the investment share exceeds the recoverable amount, the Bank recognizes the required impairment loss. If the recoverable amount of the investment share exceeds the carrying amount, no impairment loss is recognized, and the previously recognized impairment loss can be reversed to the extent that the carrying amount does not exceed the recoverable amount. The recoverable amount is the higher from its fair value less costs to sell or its value in use. If any of the two amounts exceeds the carrying amount of the investment share, no impairment loss is recognized for the investment share, and there is no need to calculate the other value.

5.6 Tangible and intangible assets

In the case of intangible and tangible assets the acquisition cost includes the direct costs (transportation costs, expert fees, insurance fees, activation costs) linked to the acquisition, the improvement of the asset in order to obtain the intended use, the removing and restoring the site, including expenses of financing directly linked to the acquisition, construction or production of the asset.

All Property and plant equipment are stated at historical cost less depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of assets.

According to IAS 38 the Bank calculates a residual value, if the following conditions are fulfilled:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market (as defined in IFRS 13) for the asset and:

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

- residual value can be determined by reference to that market; and
- it is probable that such a market will exist at the end of the asset's useful life.

Replacements and improvements which prolong the useful life or significantly improve the condition of the asset are capitalized, maintenance and repairs are charged to the profit or loss for the period as incurred.

At the reporting date the Bank reviews the remaining useful life, residual value of its real estates, machineries and equipment and intangible assets. If the predictable useful life of an asset is different than the currently applied, the net book value and already recognized depreciation shall be recalculated.

At the reporting date the Bank reviews the carrying amount of its real estates, machineries and equipment and intangible assets to determine if there is any indication that those assets have suffered an impairment loss. If there is an indication that the carrying amount of these assets exceeds its recoverable amount, the Bank makes estimates for the recoverable amount of the asset.

The recoverable amount is the higher between the asset's fair value less costs to sell and its value in use. When determining the amount of impairment, the Bank considers external and internal information. If the carrying amount of the asset is higher than its recoverable amount, an impairment loss is recognized if it is lower, the net carrying amount of the asset should be increased by reversing the impairment loss. After the reversed impairment loss, the carrying amount of the asset does not exceed the original carrying amount, less depreciation.

Tangible and intangible assets are derecognized when they are disposed, or no longer economic benefits are expected to generate from their use or disposal. Gains and losses on the derecognition of the assets are determined through netting the revenues from disposal (if any) and the carrying amount of the asset, and they are recognized in profit or loss in the year of derecognition.

5.7 Repurchased assets

Among repossessed assets are shown those real estates and vehicles, which have been repossessed in return of receivables due to the cancellation of the loan contract usually. The Bank always keeps these assets in order to sell them in a short time. These assets of the Bank are included in the financial statements as other assets.

These assets are derecognized when they are disposed or withdrawn from use, when they are not expected to bring future benefits to the Bank.

In case of real estates taken over against receivables the Bank usually buys the collateral from the debtors at auction, and settles the purchase price with the debtor. The initial recognition value is the purchase price indicated in the auction report.

In case of cars taken over against receivables the initial recognition value is the market price. The Bank determines the market value of assets based on professional expert's evaluation and book it as inventory against other liabilities on the day when the Bank's ownership is recorded into the Central Registration system of BM and into the vehicle licence (in case of loan contract).

Note (5) Significant accounting policies (continued)

The revaluation of assets on inventory is performed based on professional expert's evaluation in case of real estates and based on EUROTAX catalogue price in case of cars.

If the quality of the inventory is degraded, devaluation shall be settled as other expense.

If the quality of the inventory is improved, the booked devaluation shall be reversed.

- The release of devaluation booked in the current business year shall be settled as decrease (reversal) of other expense.
- The release of devaluation booked in the previous business year shall be settled as other income.

The Bank decreases the loan receivables with the selling price of the asset. If the selling price is less than the receivable, the Bank claims the remaining amount from the client, if it is more the surplus is paid to the client.

When the real estate on inventory is sold, the Bank issues a tax-free invoice for the sale based on the sales contract / agreement, so the gross sale price will be the sales revenue and the book value will be recorded under other expenses against inventory.

At the time of selling the cars, the assets are booked out from the inventory in parallel with the decrease of other liabilities.

In case of car financing loan contract, if the selling price contains VAT, and the client do not want or cannot issue invoice, the selling price equals to the net selling price, otherwise equals to the gross selling price.

5.8 Other assets

The initial recognition value of other assets is equal to the cost of acquisition, which includes the amount of purchase and other costs. The balance of other assets includes balances that are not separately recognized in the statement of financial position.

5.9 Equity and reserves

The following table shows the reconciliation of the components of total equity according to Act C of 2000 on Accounting 114 / B. § and the equity components of the financial statements prepared in accordance with the IFRSs as adopted by the EU. On one hand, the reconciliation consists of the allocation of the equity components of the EU IFRS to the equity components determined by the Act C of 2000 on Accounting, on other hand it consists of explanation of the difference between the equity determined in the two ways.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

| | Equity components according to Act C of 2000 on accounting | | | | | | Total |
|---|--|-----------------|-------------------|------------------|---------------------|-----------------|---------------|
| | Issued capital | Capital reserve | Retained earnings | Profit after tax | Revaluation reserve | Tied-up reserve | |
| 31.12.2024 | | | | | | | |
| Issued capital | 28,938 | | | | | | 28,938 |
| Retained earnings | | | 7,427 | | | | 7,427 |
| Profit/loss for the business year | | | | 2,766 | | | 2,766 |
| Other reserve | | 42 | | | | 414 | 456 |
| Cumulative other comprehensive income | | | | | 335 | | 335 |
| Own equity according to EU IFRSs allocated to own equity components according to Act C of 2000 on accounting. | 28,938 | 42 | 7,427 | 2,766 | 335 | 414 | 39,922 |
| Issued, but not paid in capital (-) | | | | | | | 0 |
| Amount of received additional payments shown as liability (+) | | | | | | 0 | 0 |
| Amount of received additional payments shown as asset (-) | | | | 0 | | | 0 |
| Amount of deferred income attributable to cash and taken over assets to be transferred to capital reserve under law (+) | | 0 | | | | | 0 |
| Claim against owners considered as equity instruments due to capital increase (-) | | 0 | | | | | 0 |
| Amount of unused tied-up reserve less by the linked deferred tax | | 0 | | | | 0 | 0 |
| Items to be settled in profit or loss in accordance with the Accounting Act, but recognized directly in equity under IFRSs (e.g.: subsidies, received / given cash) | | 0 | | | | | 0 |
| Own equity according to 114/B § of Act C of 2000 on accounting | 28,938 | 42 | 7,427 | 2,766 | 335 | 414 | 39,922 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

| | Equity components according to Act C of 2000 on accounting | | | | | | |
|---|--|-----------------|-------------------|------------------|---------------------|-----------------|---------------|
| | Issued capital | Capital reserve | Retained earnings | Profit after tax | Revaluation reserve | Tied-up reserve | Total |
| 31.12.2023 | | | | | | | |
| Issued capital | 28,938 | | | | | | 28,938 |
| Retained earnings | | | 1,049 | | | | 1,049 |
| Profit/loss for the business year | | | | 6,593 | | | 6,593 |
| Other reserve | | 42 | | | | 414 | 456 |
| Cumulative other comprehensive income | | | | | 926 | | 926 |
| Own equity according to EU IFRS allocated to own equity components according to Act C of 2000 on accounting | 28,938 | 42 | 1,049 | 6,593 | 926 | 414 | 37,962 |
| Issued, but not paid in capital (-) | | | | | | | 0 |
| Amount of received additional payments shown as liability (+) | | | | | | 0 | 0 |
| Amount of received additional payments shown as asset (-) | | | 0 | | | | 0 |
| Amount of deferred income attributable to cash and taken over assets to be transferred to capital reserve under law (+) | | 0 | | | | | 0 |
| Claim against owners considered as equity instruments due to capital increase (-) | | 0 | | | | | 0 |
| Amount of unused tied-up reserve less by the linked deferred tax | | 0 | | | | 0 | 0 |
| Items to be settled in profit or loss in accordance with the Accounting Act, but recognized directly in equity under IFRSs (e.g.: subsidies, received / given cash) | | 0 | | | | | 0 |
| Own equity according to 114/B § of Act C of 2000 on accounting | 28,938 | 42 | 1,049 | 6,593 | 926 | 414 | 37,962 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

Share capital

The share capital is the nominal value of the issued equity instruments; any amount that the shareholders or other owners subscribe in compliance with the relevant legislation.

| Reconciliation of registered capital and registered capital according to EU IFRS | 31.12.2024 | 31.12.2023 |
|--|---------------|---------------|
| Registered capital | 28,938 | 28,938 |
| Instruments recognized as a liability | 0 | 0 |
| Subscribed capital according to EU IFRS | 28,938 | 28,938 |

Retained earnings

Retained earnings contain:

- Reserves arising from previous periods' profit or loss
 - profit / loss from previous years;
 - any movements arising from transfers between retained earnings and other equity components.
- Effects of retrospective applications due to changes in accounting policies, unless the transitional provisions of a standard or interpretation require the effects of retrospective application to be corrected by other equity component.
- Amount of retrospective restatement due to error correcting, unless a standard or interpretation requires retrospective restatement of another equity component.
- Gains and losses that are recognized directly in retained earnings.

Dividend payment is determined by the General Assembly and is directly settled against retained earnings on the date of the dividend payment decision.

Cumulative other comprehensive income

Cumulative other comprehensive income includes unrealized gains and losses arising from the fair valuation of financial instruments, i.e. changes in the fair value of financial assets measured at fair value through other comprehensive income after tax effects.

Other reserve

General reserve

According to the section 83 of the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter referred to as "Hpt") a general reserve shall be accumulated which is ten percent of the profit after tax. The general reserve created and used in accordance with Hungarian legislation in the financial statements directly affects the retained earnings (technically a reclassification between retained earnings and other reserve), so there is no impact on the profit of the year.

General reserve was recorded before and after 01.01.2018, therefore its balance is shown in the balance of other equity reserves in each reporting period.

Note (5) Significant accounting policies (continued)

Capital reserve

Any amount that the Bank pays to acquire its own shares will directly reduce its equity, regardless of whether the repurchased share is immediately redeemed or retained for resale. Any gain or loss on the purchase sale issue or cancellation of an entity's own equity instruments is settled against the capital reserve.

Other items presented in equity that cannot be classified under the other components of equity also, for example cash or non-monetary assets received from the owner in their ownership without compensation.

5.10 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions made by the Bank are the followings:

- Provisions made for the organisational changes:
 - occasionally,
 - responsible: Human Resources Team.
- Provisions for untaken holiday:
 - end of the year,
 - responsible: Human Resources Team
- Provisions for expected credit losses:
 - for guarantees, non-utilised credit lines,
 - quarterly in the framework of the asset quality classification,
 - responsible: Credit Monitoring Team
- Other provisions:
 - mainly for the legal procedures (litigation cases), where the Bank is in defendant position, based on status report prepared by Legal Team,
 - quarterly basis,
 - responsible: Financial Control Division.

A contingent liability is a possible liability that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or an existing obligation that arises from past events, but is not recognized, because it is unlikely that the settlement of the obligation will require the outflow of resources embodying economic benefits, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the statement of financial position, but they are recorded as off-balance sheet items.

In case of transactions, where drawdown is connected to the credit-line, the ratio of the provision for the undrawn portion of the credit lines equals to impairment rate (%) of the related drawdown part.

The provision for financial guarantees is determined based on the higher of the unamortized premium and the expected credit loss. Here too, the stage concept is applied. An ECL-based provision is recognized for financial guarantees and credit lines.

Note (5) Significant accounting policies (continued)

If drawdown has not happened yet from the credit line, the provision rate shall be made on portfolio basis.

Other provisions include provisions for litigation cases mainly. The Bank shall make provision for litigation cases in which it is in defendant position.

Note (5) Significant accounting policies (continued)

The Bank shall classify the litigation cases and the related contingent liabilities based on chance to win the case. The Legal Team shall record the litigation cases and classify them on quarterly basis, according to how much (in %) is the chance to win the case.

The viewpoints applied for the determination of the chance to win the case and the required level of the provision shall be the followings:

- subject of the litigation case (compensation for damages, annulling contract, real estate registration modification, execution case, labour case, etc.);
- value of the subject of the litigation case;
- cost of the litigation case;
- the judgement/impression on the other defendant of the litigation case;
- the expected result of the litigation case based on the evidences, available data, experienced judicial practice and other information;
- chance to have an out of court agreement or finishing the court procedure;
- the expected duration of the litigation case,
- status of the litigation case (1st or 2nd instance, Supreme Court).

5.11 Interest income and interest expense settlement applying effective interest rate method

In the case of financial assets and financial liabilities measured at amortized cost and debt instruments measured at fair value through other comprehensive income Interest income and expense are recognized in profit or loss for the period to which they relate using the effective interest calculation method.

The effective interest rate is the interest rate that exactly discounts the estimated future cash outflows or cash inflows during the expected lifetime of the financial instrument - or, if appropriate, a shorter period – to the gross carrying amount of the financial asset or to the amortised cost value of the financial liability. The effective interest rate at the recognition of the financial asset or financial liability shall be applied to the accounting for interest income and expense.

When calculating the effective interest rate the Bank considers the transaction costs related to the financial instruments, as well as the received or paid fees, the received or paid commissions, premiums and discounts as an integral part of the effective interest rate.

In determining the effective interest rate, the Bank does not consider the expected credit losses, except for POCI financial assets where the Bank calculates credit-adjusted effective interest rate, which takes into account the expected credit losses also.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

The Bank recalculates the effective interest rate, if the financial asset or liability has a floating interest rate, and therefore the interest is repriced periodically.

The interest connected to interest bearing assets and liabilities are accrued daily.

The amortization between the initial acquisition cost of the interest-bearing instruments and their value at the maturity determined by the effective interest rate method is settled as interest income and interest expense.

The Bank recognizes the interest income on financial assets measured at fair value through profit or loss as other interest income.

Based on the "Stage" category the Bank calculates the interest income as follows. (See definition of stages above in chapter 5.2.14.)

| Staging | Stage 1. | Stage 2. | Stage 3. | Stage 3. POCI |
|---|-------------------------------|--------------------------------|--------------------------------|--|
| Classification | Good performer | Underperformer | Credit-impaired | Credit-impaired |
| Recognition of impairment | 12 moths expected credit loss | Life time expected credit loss | Life time expected credit loss | Change of life time expected credit loss |
| Basis of recognition of interest income | Gross carrying amount | Gross carrying amount | Net carrying amount | Net carrying amount |

In case of non-credit impaired (Stage 1. and Stage 2.) loans the effective interest rate is applied for the gross carrying amount, in case of credit impaired (Stage 3.) loans it is applied for the net carrying amount, in case of POCI assets credit-adjusted effective interest rate is applied.

5.12 Settlement of commission and fee income and commission and fee expense

All financial services related income or expense from banking operations is recognized as fee and commission income or expense with over-time and at-a-point in time recognition method, which is not subject to interest and similar income or expense, because they do not form an integral part of the effective interest rate of financial instruments. These fee and commission income are recognized when the related service is provided by the Bank, and fees and commissions are charged when the service is rendered. If the loan is not expected to be drawn down in the case of a loan commitment, the fee for the related loan commitment is accounted for on a time proportion basis over the period of the commitment.

The fees charged for account management services provided to retail and corporate clients are typically the followings:

- account keeping fee,
- account statement fee,
- account transaction fees (GIRO and SEPA money transfer fees, direct debit fees, standing order fees),
- SMS fee,
- other non-regular administration fees for specific services.

Note (5) Significant accounting policies (continued)

Fees for continuous account management services are fixed amounts and charged on a monthly basis. These applied fees are different according to the account package or customer segment (retail, corporate, VIP, etc).

Transactional fees (money transfer fees) are charged at the same time when the transactions are executed. Transactional fees are calculated as a certain % of the transaction amount.

SMS fees are fixed amounts and charged on a monthly basis.

Other non-regular administration fees are charged when the services are used by the client. These fees are usually fixed fees.

The fees charged for bankcard services provided to retail and corporate clients are typically the followings:

- card issuance fee,
- annual bankcard fee,
- transaction based fees (cash withdrawal fee, cash pay in fee, merchant fee).

The Bank did not disclose the value of any open performance obligations as its contracts with customers generally have a fixed term that is less than one year, an open term with a cancellation period that is less than one year, or allow the Bank to recognize revenue at the amount it has the right to invoice.

Card issuance fee is charged once as a fixed fee, it differs according to card type.

Annual bankcard fee is charged once a year as a fixed fee, it differs according to card type.

Transaction based fees are charged as a certain % of the transaction amount applying a fixed minimum amount. Transaction-based fees are charged when the transaction takes place.

5.13 Profit or loss from financial assets subsequently measured through other comprehensive income

Profit or loss from financial assets subsequently measured through other comprehensive income contains the cumulative gain or loss previously recognized in other comprehensive income at the time of the derecognition of the asset (with the exception of equity instruments)

5.14 Profit or loss from financial assets subsequently measured at amortized cost

Profit or loss from financial assets subsequently measured by amortized cost contains the difference between the carrying amount and the purchase price received at the time of the derecognition of the asset which is recognized in the Statement of Profit or Loss in row the Profit/loss from the derecognition of financial assets measured at amortised cost.

Note (5) Significant accounting policies (continued)

5.15 Profit or loss from financial assets and liabilities held for trading purpose

Profit or loss from financial assets and liabilities held for trading purpose contains the gain or loss from revaluation or derecognition of financial instruments held for trading purpose.

The Bank recognizes interest income on financial assets held for trading as Other Interest Income and interest expense on financial liabilities held for trading as interest expense.

5.16 Taxation

The current income tax receivables and tax liabilities for the current year and the previous year are equal to the amount that the Bank is expected to recover or pay to the tax authority. Current taxes are determined based on the tax rules and tax rates applicable at the reporting date of the financial statements.

The income tax expense comprises from current and deferred tax. Income tax expense is recognized in profit or loss, except for items recognized in other comprehensive income and directly in equity that are shown in other comprehensive income or equity.

The Bank considers the local tax and innovation contribution tax as an income tax.

The resulting receivables and liabilities are recognized in the statement of financial position among other assets and other liabilities.

The current tax is the amount which is expected to be paid based on the current year taxable profit applying the tax rates in force at the balance sheet date.

Deferred tax

Deferred tax is recognized as temporary differences between the accounting carrying value of assets and liabilities and the value calculated for taxation purposes. The deferred tax is calculated by those tax rates, which are expected to apply for temporary differences, when they are reversed under the laws that came into force by the balance sheet date or that came into effect substantially.

In case of the Bank, typically the following items cause a temporary difference in deferred taxation:

- effective interest rate correction of loans;
- depreciation of real estates, machineries and equipment,
- settlement of unutilised holidays;
- the tax effect of financial assets measured through other comprehensive income.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (5) Significant accounting policies (continued)

The Bank recognizes deferred tax asset in its financial statement, if the Bank achieves future taxable profit on the basis of plans prepared by the Planning Division and approved by the Shareholder, against which the temporary difference can be used. Deferred tax assets are reviewed for each balance sheet date and are reduced to the extent that the related tax benefit is no longer probable.

The Bank shall be able to offset its deferred tax assets and deferred tax liabilities only if:

- it has a legally enforceable right to set off its actual tax receivables against its actual tax liabilities; furthermore
- deferred tax assets and deferred tax liabilities are related to income taxes that were imposed by the same tax authority or:
 - for the same taxpayer; or
 - for different taxable persons who either intend to settle their actual tax receivables and tax liabilities on a net basis, or at the same time intend to settle claims and settle liabilities for any future period in which a significant amount of deferred tax asset or deferred tax liability is expected or settled.

Bank tax

In 2024, the bank tax was calculated based on the financial statements for the year ended 31 December 2022, while in 2023 it was calculated based on the financial statements for the year ended 31 December 2021.

The applicable tax rate is 0.15% up to HUF 50 billion and 0.21% over 50 billion forints in the case of credit institutions.

As the bank tax does not comply with the definition of income tax under IFRS, it is presented as an operating expense in the statement of profit or loss and other comprehensive income.

Financial transaction duty

The financial transaction duty is recognized as an operating expense in the statement of comprehensive income.

5.17 Employee benefits

Employee benefit is a consideration paid to employee for their services, which may be short-term employment benefit, post-employment benefit, and other long-term employee benefits and severance pay.

Short-term employee benefits are recognized as an expense in the period in which the employee renders the service. These include, in particular, wages, social security contributions, premium, paid leave and other fringe benefits and their tax implications.

The Bank does not provide long-term or post-employment employee benefits.

Note (5) Significant accounting policies (continued)

5.18 IFRS 16 – Leases

IFRS 16 introduces a single model for lessee accounting, under which the lessee recognizes the right to use the underlying asset and the liability for leasing related payments. The lessee shall disclose separately the interest expense on the lease obligation and the depreciation of the right-of-use asset. In addition, the lessee is required to reassess the lease obligation, if certain events occur (such as changes in the lease term, changes in future lease payments due to changes in indexes or interest rates that determine the lease payments). The lessee generally recognizes the amount of revaluation of the lease liabilities as an adjustment to the right-of-use asset.

The Bank as a lessee

The Bank does not present the right-of-use asset separately in its statement of financial position, it is included among tangible assets in accordance with the original classification of the underlying asset. In the statement of financial position, the Bank does not present the lease liability on a separate line, it presents it on the line other liabilities.

In the cash flow, statement lease payments are shown in the line of change in cash from financing activities.

For the assets the Bank calculates the depreciation taking into account the useful life of the underlying asset. The recognized depreciation is shown in the statement of comprehensive income under depreciation.

The distribution of all costs accounted for as a result of operating leases (lease fee cost, depreciation and interest under IFRS 16) during the term of the lease has also changed.

In all asset classes the Bank elected not to separate the non-lease component from the lease components, and account for the lease and the associated non-lease components as a single lease component.

In accordance with the exemptions allowed by the standard, the Bank has decided not to apply the requirements of the standard to short-term leases and to leases of low-value assets.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (6) New IFRS standards

6.1 Initial application of new and amended standards issued by the IASB and adopted by the EU effective from the current reporting period

The following amended standards issued by the IASB and adopted by the EU are effective from the current reporting period:

- Amendments to IAS 1 “Presentation of Financial Statements” standard – Classification of Current and Non-Current Liabilities
- Amendments to IAS 1 “Presentation of Financial Statements” standard – Non-Current Liabilities with Covenants
- Amendments to IFRS 16 “Leases” standard – Lease Obligations in Sale and Leaseback Transactions
- Amendments to IAS 7 “Statements of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” standard: Supplier Financing Arrangements

The amendments to the above standards did not have a significant impact on the Bank’s financial statements.

6.2 New and amended standards issued by the IASB and adopted by the EU but not yet effective

At the time of approval of these financial statements, the following amendments to standards issued by the IASB and adopted by the EU were not yet effective:

- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”: Non-convertibility (effective date: 1 January 2025)

6.3 New and amended standards issued by the IASB and not yet adopted by the EU

The IFRSs adopted by the EU do not currently differ significantly from the 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 by the date of publication of these financial statements:

- Amendments to IFRS 14 “Regulatory Deferrals” (IASB effective date: 1 January 2026)
- IFRS Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Transfer of Assets between an Investor and its Associate or Joint Venture (The effective date has been deferred by the IASB indefinitely, but early application is permitted.)
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 – Renewable Electricity Contracts (IASB effective date: 1 January 2026)
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards – Volume 11 (IASB effective date: 1 January 2026)
- IFRS 18 – Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)

The Bank believes that the adoption of the new standards and the amendments to existing standards will not have a significant impact on its financial statements in the period of initial application.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

II. Supplementary notes to the statement of financial position

Note (7) Cash and current accounts with central banks and other sight deposits

Below table contains cash including banknotes and coins of various currencies found at the Bank, account receivables from central banks and other sight deposits, HUF account at the central bank, and nostro accounts with nostro banks in various currencies.

| | 31.12.2024 | 31.12.2023 |
|--|---------------|----------------|
| Cash | 564 | 781 |
| Current account at Hungarian National Bank | 73,997 | 110,392 |
| Nostro accounts balances | 171 | 356 |
| Total | 74,732 | 111,529 |

The Bank is obliged to establish and place a reserve with the National Bank of Hungary pursuant to the provisions of Decree 10/2005 (VI. 11.) NBH. The amount of the mandatory reserve is included in the current account balance kept at NBH. The amount of the required reserve is shown in the table below:

| | 31.12.2024 | 31.12.2023 |
|--------------------------|------------|------------|
| Mandatory reserve at NBH | 16,277 | 13,960 |

Note (8) Financial assets and liabilities held for trading

| | Financial assets held for trading | | Financial liabilities held for trading | |
|----------------------|-----------------------------------|------------|--|------------|
| | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| Non-derivative deals | 0 | 0 | 0 | 0 |
| Derivative deals | 52 | 96 | 242 | 5 |
| Total | 52 | 96 | 242 | 5 |

The Bank discloses only the fair value of derivative financial instruments among financial assets and liabilities measured at fair value and trading shares through profit or loss.

The below table contains the financial assets held for trading by products:

| | 31.12.2024 | 31.12.2023 |
|-----------------------------------|------------|------------|
| Interest rate swap (IRS) | 52 | 91 |
| Two-currencies interest rate swap | 0 | 0 |
| Currency Swap | 0 | 5 |
| Total | 52 | 96 |

| | 31.12.2024 | 31.12.2023 |
|--------------------------|------------|------------|
| Share - trading | 149 | 18 |
| Trading shares valuation | 131 | 175 |
| Total | 280 | 193 |

| | | |
|--|------------|------------|
| | 332 | 289 |
|--|------------|------------|

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (8) Financial assets and liabilities held for trading (continued)

The below table contains the financial liabilities held for trading by products:

| | 31.12.2024 | 31.12.2023 |
|-----------------------------------|------------|------------|
| Currency Swap | 238 | 1 |
| Two-currencies interest rate swap | 0 | 0 |
| Interest Rate Swap (IRS) | 4 | 4 |
| Total | 242 | 5 |

The Bank had only financial assets held for trading purposes which did not serve as collateral during the relevant period.

Note (8) Financial assets and liabilities held for hedge

| | Financial assets held for hedge | | Financial assets held for hedge | |
|----------------------|---------------------------------|------------|---------------------------------|------------|
| | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| Non-derivative deals | 0 | 0 | 0 | 0 |
| Derivative deals | 61 | 0 | 249 | 0 |
| Total | 61 | 0 | 249 | 0 |

The below table contains the financial assets held for hedge by products:

| | 31.12.2024 | 31.12.2023 |
|---------------|------------|------------|
| Interest Swap | 61 | 0 |
| Total | 61 | 0 |

The below table contains the financial liabilities held for hedge by products:

| | 31.12.2024 | 31.12.2023 |
|---------------|------------|------------|
| Interest Swap | 249 | 0 |
| Total | 249 | 0 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (8) Financial assets and liabilities held for trading (continued)

Hedge accounting:

| | Book value | Fair value change in Balance sheet | Accumulated fair value change related to hedge accounting | Fair value change in the current year's profit or loss serving as the basis for efficiency accounting |
|--|-------------------|--|--|--|
| Loans measured at amortized cost | 5,444 | 106 | 106 | 106 |
| Bonds at fair value through other comprehensive income | 0 | 0 | 0 | 0 |
| Total fair value micro hedges | 5,444 | 106 | 106 | 106 |
| Total hedged transactions | 5,444 | 106 | 106 | 106 |
| | Face value | Book value | | Fair value change in the current year's profit or loss serving as the basis for efficiency accounting |
| | | Assets | Liabilities | |
| Credit cover IRS | 0 | 0 | -189 | -107 |
| IRS covering securities | 0 | 0 | 0 | 0 |
| Total fair value micro hedges | 0 | 0 | -189 | -107 |
| Total hedging transactions | 0 | 0 | -189 | -107 |
| Fair value ineffectiveness accounted for in micro hedging relationships – Amortized cost Loan | 0 | 0 | 0 | -1 |
| Fair value ineffectiveness accounted for on micro hedging relationships - FVOCI bond | 0 | 0 | 0 | 0 |
| CVA, DVA | 0 | 0 | 0 | 2 |
| Net result of hedge accounting | 0 | 0 | 0 | 1 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

SUPPLEMENTARY NOTES

Note (9) Financial assets measured at fair value through other comprehensive income

| | 31.12.2024 | 31.12.2023 |
|---|---------------|---------------|
| Investment shares | 12 | 12 |
| Shares FVOCI | 352 | 915 |
| Equity instruments | 364 | 927 |
| Government bonds | 22,703 | 30,382 |
| Treasury-bills | 0 | 0 |
| Debt securities | 22,703 | 30,382 |
| Total financial assets measured at fair value through other comprehensive income | 23,067 | 31,309 |

Detailed breakdown of investment shares

| | 31.12.2024 | | | 31.12.2023 | | |
|---------------------------------|------------|------------|-----------|------------|------------|-----------|
| | Face value | Book value | Ownership | Face value | Book value | Ownership |
| Garantiqa Hitelgarancia Ltd. | 10 | 10 | 0,20% | 10 | 10 | 0,20% |
| Máriavölgy Ltd. | 0,003 | 2 | 0,01% | 0,003 | 2 | 0,01% |
| Total equity instruments | 10 | 12 | | 10 | 12 | |

In case of equity instruments that are not held for trading purposes, the Bank made an irrevocable decision at initial recognition to measure them against other comprehensive income at fair value. The Bank did not realise dividend from these investments either in 2023 or in 2024.

A detailed description of shares measured at fair value through other comprehensive income owned by the Bank is presented in the tables below.

The Bank measures its shares presented in the above table at fair value through other comprehensive income in accordance with IFRS 9.

In 2022 the Bank did derecognise asset (VISA A) that was measured at fair value through other comprehensive income.

In 2023 the Bank received dividend income of HUF 1,4 million, in 2024 HUF 3 million in connection with Visa and Deawoo shares, and there was no dividend income from other investments.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (9) Financial assets measured at fair value through other comprehensive income (continued)

| 31.12.2024 | | | | |
|---|----------|------------------------|------------------------|-------------------------|
| | Currency | Face value (in CCY) | Fair value (in CCY) | Fair value (in MHUF) |
| Daewoo Songdo | KRW | 292,311 | 0 | 0 |
| Daewoo Industrial DEV. 1 P. | KRW | 3,876 | 3,876 | 0 |
| Daewoo Industrial DEV. | KRW | 3,876 | 3,876 | 0 |
| V Telecom Investment General Partner | EUR | 244 | 0 | 0 |
| V Telecom Investment S. C. A Equityco | EUR | 244 | 0 | 0 |
| ORP FR EQUITY | EUR | 1,683,075 | 857,813 | 352 |
| Total | | | | 352 |

| 31.12.2023 | | | | |
|--|----------|------------------------|------------------------|-------------------------|
| | Currency | Face value (in CCY) | Fair value (in CCY) | Fair value (in MHUF) |
| Daewoo Songdo | KRW | 292,311 | 0 | 0 |
| Daewoo Industrial DEV. 1 P. | KRW | 3,876 | 3,876 | 0 |
| Daewoo Industrial DEV. | KRW | 3,876 | 3,876 | 0 |
| V Telecom Investment General Partner | EUR | 244 | 0 | 0 |
| V Telecom Investment S. C. A Equityco | EUR | 244 | 0 | 0 |
| ORP FR EQUITY | EUR | 2,151,254 | 2,391,854 | 915 |
| Total | | | | 915 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (9) Financial assets measured at fair value through other comprehensive income (continued)

Government bonds owned by the Bank is presented in the tables below.

| | 31.12.2024 | | | |
|--------------|---------------|---------------|------------|------------|
| | Face value | Book value | Fair value | Impairment |
| 2029/B | 21,800 | 21,198 | 697 | 9 |
| 2027/B | 500 | 503 | 1 | 0 |
| Total | 22,300 | 21,701 | 698 | 9 |

| | 31.12.2023 | | | |
|--------------|---------------|---------------|---------------|------------|
| | Face value | Book value | Fair value | Impairment |
| 2029/B | 29,800 | 28,955 | 30,382 | 11 |
| Total | 29,800 | 28,955 | 30,382 | 11 |

Treasury-bills owned by the Bank is presented in the tables below.

Note (10) Securities measured at amortised cost

The Bank measures corporate bonds purchased on the OTC market at amortized cost. The composition of the stock is illustrated in the following tables:

| | 31.12.2024 | | | | | |
|-------------------------------|------------|------------------------|---------------------------------|--|-------------------------|--------------------------------|
| | Currency | Face value (in CCY) | Accrued interest (in CCY) | Gross carrying amount (in MHUF) | Impairment (in MHUF) | Amortised cost (in MHUF) |
| KAMCO FLOAT 10/05/26 | USD | 8,502,165 | 103,363 | 3,387 | 1.3 | 3,385.7 |
| KAMCO TRANCHE B | | | | | | |
| KOREAN AS.MAN.CO | USD | 8,178,602 | 37,145 | 3,234 | 1.2 | 3,232.8 |
| STXPOC FLOAT 06/28/27 | USD | 8,000,000 | 376 | 3,149 | 0.1 | 3,148.9 |
| VOLTA ENERGY SOLUTIONS FRN | USD | 5,000,000 | 809 | 1,968 | 0.2 | 1,967.8 |
| DAEHIM FLOAT | | | | | | |
| HYUNDAIDOOSANINFRAC | USD | 8,000,000 | 103,062 | 3,189 | 0.1 | 3,188.9 |
| HANTRA FLOAT06/27/25 | | | | | | |
| HANJINTRANS | USD | 5,000,000 | 1,701 | 1,969 | 0.0 | 1,969.0 |
| HALENG FLOAT 06/27/2025 | USD | 6,000,000 | 317 | 2,362 | 0.3 | 2,361.7 |
| KOINCP FLOAT 06/23/26 | USD | 6,000,000 | 6,066 | 2,364 | 0.2 | 2,363.8 |
| LOTTEH FLOAT 08/29/25 | USD | 10,000,000 | 43,798 | 3,953 | 0.5 | 3,952.5 |
| LOTCON FLOAT 08/04/26 | USD | 6,000,000 | 56,935 | 2,384 | 7.1 | 2,376.9 |
| SSGINT FLOAT 02/12/27 | | | | | | |
| SHINSEGAE | USD | 6,000,000 | 42,452 | 2,378 | 0.3 | 2,377.7 |
| HANSPP FLOAT 11/03/26 | USD | 7,000,000 | 62,891 | 2,780 | 0.1 | 2,779.9 |
| Összesen | | 83,680,767 | 458,915 | 33,117 | 11.5 | 33,106 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

31.12.2023

| | Currency | Face value (in CCY) | Accrued interest (in CCY) | Gross carrying amount (in MHUF) | Impairment (in MHUF) | Amortised cost (in MHUF) |
|--------------------|----------|------------------------|---------------------------------|--|-------------------------|--------------------------------|
| HANWHA E&C CORP | USD | 10,000,000 | 134,258 | 3,511 | 0.4 | 3,510.6 |
| PAN OCEN | USD | 5,000,000 | 2,272 | 1,733 | 0.1 | 1,732.9 |
| PMX 11JUN2021 | USD | 6,000,000 | 23,847 | 2,087 | 1.0 | 2,086.0 |
| HANWHA SOLUTIONS | USD | 5,000,000 | 32,730 | 1,744 | 1.4 | 1,742.6 |
| KAMCO FRN TRANCH A | | | | | | |
| KOREAN ASSET | USD | 9,068,110 | 131,934 | 3,187 | 1.1 | 3,185.9 |
| KAMCO TRANCHE B | USD | 8,719,068 | 49,261 | 3,038 | 1.2 | 3,036.8 |
| VOLTA FRN 2024 | USD | 5,000,000 | 2,875 | 1,733 | 0.3 | 1,732.7 |
| DAEHIM FLOAT | USD | 8,000,000 | 112,175 | 2,810 | 0.1 | 2,809.9 |
| HANTRA FLOAT 06/ | USD | 5,000,000 | 5,720 | 1,734 | 0.0 | 1,734.0 |
| LOTTEH FLOAT 08/ | USD | 10,000,000 | 40,063 | 3,478 | 0.4 | 3,477.6 |
| HALENG FLOAT | USD | 6,000,000 | 5,608 | 2,081 | 0.3 | 2,080.7 |
| KOINCP FLOAT | USD | 6,000,000 | 5,074 | 2,080 | 0.3 | 2,079.7 |
| JISHUL FLOAT | USD | 5,000,000 | 4,103 | 1,734 | 0.1 | 1,733.9 |
| LOTCON FLOAT 08/ | USD | 6,000,000 | 63,007 | 2,100 | 6.0 | 2,094.0 |
| HANSPP FLOAT 11/ | USD | 7,000,000 | 73,556 | 2,451 | 0.1 | 2,450.9 |
| Total | | 101,787,178 | 686,483 | 35,501 | 12.7 | 35,488 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (10) Securities measured at amortised cost (continued)

Expected credit loss of securities measured at amortised cost

| | 31.12.2024 | | | | 31.12.2023 | | | |
|--|--|---|---|--------------|--|---|---|--------------|
| | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total |
| Balance as of 1 January | 12.7 | 0.00 | 0.00 | 12.70 | 6.00 | 0.00 | 0.00 | 6.00 |
| Change from credit risk change (net) | -1.28 | 0.00 | 0.00 | -1.28 | 6.70 | 0.00 | 0.00 | 6.70 |
| Impairment change of modified, but not derecognized assets (net) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FX rate change and other changes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as of 31 December | 11.42 | 0.00 | 0.00 | 11.42 | 12.70 | 0.00 | 0.00 | 12.70 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (11) Loans measured at amortised cost

Breakdown of customer loans by sector and purpose:

| | 31.12.2024 | | |
|----------------------------------|----------------|-------------------------|----------------|
| | Gross value | Expected credit loss | Book value |
| Retail customers: | 3,642 | 1,514 | 2,128 |
| Mortgage loans | 3,481 | 1,400 | 2,081 |
| Car financing | 98 | 93 | 5 |
| Personnel loans | 8 | 8 | 0 |
| Overdraft | 55 | 13 | 42 |
| Non-financial companies: | 221,603 | 5,399 | 216,204 |
| Investment loans | 402 | 100 | 301 |
| Working capital loan | 211,927 | 5,133 | 206,794 |
| Other loan | 9,275 | 166 | 9,109 |
| Other financial companies | 0 | 0 | 0 |
| Investment loans | 0 | 0 | 0 |
| Working capital loan | - | - | - |
| Other loan | - | - | - |
| Credit institutions | 52,262 | 2,310 | 49,952 |
| Investment loans | 52,262 | 2,310 | 49,952 |
| Working capital loan | - | - | - |
| Other loan | - | - | - |
| Non-profit institutions | 0 | - | 0 |
| Investment loans | - | - | - |
| Working capital loan | - | - | - |
| Other loan | 0 | - | 0 |
| Government | 5,423 | 1 | 5,422 |
| Investment loans | - | - | - |
| Working capital loan | - | - | - |
| Other loan | 5,423 | 1 | 5,422 |
| Total | 282,930 | 9,224 | 273,706 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (11) Loans measured at amortised cost

| | 31.12.2023 | | |
|----------------------------------|----------------|-------------------------|----------------|
| | Gross value | Expected credit loss | Book value |
| Retail customers: | 4,631 | 2,026 | 2,605 |
| Mortgage loans | 4,518 | 1,919 | 2,599 |
| Car financing | 97 | 91 | 6 |
| Personnel loans | 7 | 7 | 0 |
| Overdraft | 9 | 9 | 0 |
| Non-financial companies: | 175,064 | 3,374 | 171,690 |
| Investment loans | 471 | 91 | 380 |
| Working capital loan | 154,566 | 3,006 | 151,560 |
| Other loan | 20,027 | 277 | 19,750 |
| Other financial companies | 3,441 | 2,013 | 1,428 |
| Investment loans | 1,444 | 16 | 1,428 |
| Working capital loan | 0 | 0 | 0 |
| Other loan | 1,997 | 1,997 | 0 |
| Credit institutions | 7,078 | 67 | 7,011 |
| Investment loans | 7,078 | 67 | 7,011 |
| Working capital loan | 0 | 0 | 0 |
| Other loan | 0 | 0 | 0 |
| Non-profit institutions | 0 | 0 | 0 |
| Investment loans | 0 | 0 | 0 |
| Working capital loan | 0 | 0 | 0 |
| Other loan | 0 | 0 | 0 |
| Government | 4,604 | 3 | 4,601 |
| Investment loans | 0 | 0 | 0 |
| Working capital loan | 0 | 0 | 0 |
| Other loan | 4,604 | 3 | 4,601 |
| Total | 194,818 | 7,483 | 187,335 |

The book value includes the amortized cost calculated using the effective interest rate.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (11) Loans measured at amortised cost (continued)

Sectoral concentration of loans (book value)

| | 31.12.2024 | 31.12.2023 |
|--|----------------|----------------|
| Corporate sector | 216,204 | 139,560 |
| Administrative and support service activities | 0 | 0 |
| Mining, quarrying | 3,239 | 0 |
| Other service | 0 | 0 |
| Building industry | 6,174 | 0 |
| Manufacturing | 93,513 | 81,388 |
| Human health and social work activities | 0 | 0 |
| Information, communication | 9,417 | 5,343 |
| Real estate | 953 | 1,174 |
| Trade, vehicle repair | 12,686 | 6,701 |
| Agriculture, forestry, fishing | 0 | 1,517 |
| Education | 0 | 932 |
| Financial, insurance | 55,626 | 13,779 |
| Professional, scientific, technical activities | 4,090 | 3,813 |
| Accommodation services, catering | 3,915 | 3,933 |
| Transportation, warehousing | 5,175 | 6,259 |
| Electricity, gas, steam supply | 13,785 | 13,383 |
| Water supply | 1,433 | 1,337 |
| Other | 6,199 | 0 |
| Retail sector | 2,128 | 2,657 |
| Secured by mortgages | 2,081 | 2,600 |
| Uncovered loans | 46 | 57 |
| Credit institution | 49,952 | 40,517 |
| Government | 5,422 | 4,601 |
| Other sector | 0 | 0 |
| Total | 273,706 | 187,335 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (11) Loans measured at amortised cost (continued)

Geographical concentration of loans (book value)

| | 31.12.2024 | 31.12.2023 |
|----------------------------------|----------------|----------------|
| Corporate sector | 216,204 | 139,560 |
| Hungary | 28,536 | 32,519 |
| European Union | 174,453 | 100,469 |
| Other foreign countries | 13,215 | 6,572 |
| Retail sector | 2,128 | 2,657 |
| Hungary | 2,086 | 2,608 |
| European Union | 22 | 24 |
| Other foreign countries | 20 | 25 |
| Other financial companies | 0 | 0 |
| Hungary | 0 | 0 |
| Non-profit institutions | 0 | 0 |
| Hungary | 0 | 0 |
| Government | 5,422 | 4,601 |
| Hungary | 5,422 | 4,601 |
| Credit institution | 49,952 | 40,517 |
| Hungary | 23,078 | 8,499 |
| European Union | 0 | 0 |
| Other foreign countries | 26,874 | 32,018 |
| Total | 273,706 | 187,335 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (12) Central bank and other bank deposits measured at amortised cost

| | 31.12.2024 | 31.12.2023 |
|--|---------------|------------|
| Long-term deposits | 281 | 331 |
| Hungarian National Bank | 0 | 0 |
| Other banks | 281 | 331 |
| Short-term deposits | 14,358 | 0 |
| Hungarian National Bank | 0 | 0 |
| Other banks | 14,358 | 0 |
| Total Impairment for placements | 14,639 | 331 |

Note (13) Investments in subsidiaries

The Bank shows among equity investments its ownership in KDB Szervice Ltd., which value was HUF 90 million as of 31 December 2024. The Bank measures its shares at cost less impairment. The Bank did not recognize any impairment of its shares in the current year.

Details of KDB Service Ltd.:

Headquarter: 1054 Budapest, Bajcsy-Zsilinszky street 42-46.

Equity: HUF 90 million

Owner: KDB Bank Europe Ltd. 100%.

Field of activity: Real estate leasing, intermediated services, property management

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (14) (15) Tangible and intangible assets

| Gross value | Intellectual products Property rights | Construction in progress | Real estate and related property rights | Machinery and equipment | Construction in progress | Total |
|--|--|-------------------------------------|--|--|-------------------------------------|--------------|
| At 1 January 2023 | 2,447 | 1,248 | 2,459 | 1,181 | 9 | 7,344 |
| Decrease corr 2023 open | -1 | | | | | -1 |
| Increase | 223 | 145 | 7 | 394 | 229 | 998 |
| Increase IFRS 16 | 0 | 0 | 296 | 56 | 0 | 352 |
| Decrease | -238 | -213 | -222 | -660 | -238 | -1,571 |
| At 31 December 2023 | 2,431 | 1,180 | 2,540 | 971 | 0 | 7,122 |
| Decrease corr. 2023 close | 332 | 526 | 5 | 112 | 346 | 1,321 |
| Increase IFRS 16 | 0 | 0 | 12 | 95 | 0 | 107 |
| Derease IFRS 16 | -241 | -313 | -92 | -153 | -116 | -915 |
| At 31 December 2024 | 2,522 | 1,393 | 2,465 | 1,025 | 230 | 7,635 |
| DEPRECIATION AND AMORTIZATION | | | | | | |
| At 1 January 2023 | 1,447 | 0 | 810 | 771 | 0 | 3028 |
| Depreciation and amortization charge | 301 | 0 | 328 | 404 | 0 | 1,033 |
| Depreciation and amortization charge - IFRS 16 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposal and write-offs | -373 | 0 | -84 | -516 | 0 | -973 |
| At 31 December 2023 | 1,375 | 0 | 1,054 | 659 | 0 | 3,088 |
| Depreciation and amortization charge | 331 | 0 | 267 | 120 | 0 | 718 |
| Depreciation and amortization charge - IFRS 16 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposal and write-offs | -245 | 0 | -70 | -170 | 0 | -485 |
| At 31 December 2024 | 1,461 | 0 | 1,251 | 609 | 0 | 3,321 |
| IMPAIRMENT OF FIXED ASSETS 31.12.2023 | | | | | | |
| ASSETS 31.12.2024 | | -1,140 | | | | -1,140 |
| Net book amount | | | | | | |
| At 31 December 2023 | 1,056 | 40 | 1,486 | 312 | 0 | 2,894 |
| At 31 December 2024 | 1,061 | 253 | 1,214 | 416 | 230 | 3,174 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (14) Tangible assets (continued)

Neither in 2023 nor in 2024 the Bank did not recognize any impairment losses on tangible assets and did not realise any income from the reversal of previous periods impairment losses.

Real estate and property rights include the value of rebuilding and construction works made in the Bank's branches operating in rented properties.

Note (15) Intangible assets

The Bank applies the procedure described for tangible assets in determining the depreciation of intangible assets.

In 2023 332 million HUF impairment losses on intangible assets and did not realise any income from the reversal of previous periods impairment losses.

The Bank did not have contractual commitment to acquire intangible assets at the end of 2023 and 2024.

At the end of the year, the investments account includes the Moonsol software development, AZUR module development, Electra system development items, Cisco hardwer and a mobil phone a total of HUF 482,2 million.

Note (16) Other assets

| | 31.12.2024 | 31.12.2023 |
|-----------------------------------|------------|------------|
| Inventories (repossessed assets) | 24 | 47 |
| Trade receivables | 1 | 0 |
| Prepaid expenses, accrued incomes | 423 | 365 |
| Tax receivables | 0 | -4 |
| Client settlement accounts | 32 | 1 |
| Other | 187 | 18 |
| Total | 667 | 427 |

Inventories (withdrawn assets) include the value of cars and real estate that the Bank intends to sell. Tax receivables include the amount of innovation contribution, local business tax and other types of tax receivables.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (17) Deposits measured at amortised cost

| | 31.12.2024 | 31.12.2023 |
|---|----------------|----------------|
| Hungarian National Bank | 0 | 0 |
| Other central banks | 0 | 0 |
| Other banks | 6,790 | 1 |
| Deposits from financial institutions | 6,790 | 1 |
| Retail clients: | 23,883 | 21,134 |
| Non-financial companies: | 128,388 | 92,161 |
| Other-financial companies: | 3,459 | 11,925 |
| Government | 89 | 19,543 |
| Non-profit institutions: | 2,682 | 2,438 |
| Customer deposits | 158,500 | 147,201 |
| Total | 165,290 | 147,202 |

Note (18) Borrowings measured at amortised cost

| | 31.12.2024 | 31.12.2023 |
|-------------------------|----------------|----------------|
| Hungarian National Bank | 3 | 14 |
| Parent company | 61,440 | 10,393 |
| Other banks | 133,624 | 152,121 |
| Subordinated liability | 20,569 | 19,210 |
| Total | 215,636 | 181,738 |

Subordinated loan related information:

Subordinated loan is defined in Regulation 575/2013. For this purpose, a given financial instrument is classified as subordinated loan capital if – among others - it meets the following basic conditions:

- original maturity is at least 5 years,
- before the expiry date it can only be repaid with the permission of the NBH;
- it is ranked behind the claims of other creditors in the loss aim ranking.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (18) Borrowings measured at amortised cost (continued)

| Issue date | Maturity | Currency | Face value (in CCY) | 31.12.2024 | 31.12.2023 |
|------------|------------|----------|------------------------|------------|------------|
| 28.07.2023 | 28.07.2023 | EUR | 20,000,000 | 8,261 | 7,656 |
| 27.09.2022 | 27.09.2029 | EUR | 30,000,000 | 12,308 | 11,483 |

| | 2023 | Cash flows | Non-cash changes | 2024 | |
|--|----------------|-----------------|-------------------------------|---------------------------------|----------------|
| | | | Acquisition/ term increase | Foreign exchange movement | |
| Long-term borrowings | 114,976 | -67,402 | 134,670 | 12,823 | 195,067 |
| Short-term borrowings | 47,552 | -47,552 | | | 0 |
| Lease liabilities | 1,336 | -228 | 188 | 0 | 1,296 |
| Assets held to hedge long-term borrowings | 0 | 0 | | | 0 |
| Total liabilities from financing activities | 163,864 | -115,182 | 134,858 | 12,823 | 196,363 |

Note (19) Provisions

The Bank has made provision for court procedures (litigation cases) and for unused credit facilities provided by the Bank in 2024. In 2024 the Bank has made provision for the payment of employees' accumulated holidays from previous periods. The purpose of the provision making is to serve as collateral for the expected payments of the Bank arising from its contractual obligations. The table below shows the breakdown and changes of provisions:

| | Provision for unused credit facilities | Provision for litigation cases | Provision for employee benefits | Provision for SK branch close | Total |
|-----------------------------------|---|-----------------------------------|---------------------------------------|--|------------|
| Opening balance 01.01.2023 | 1 | 74 | 44 | 0 | 119 |
| Increase | 1 | 10 | 213 | 6 | 230 |
| Decrease | -1 | -50 | -44 | 0 | -95 |
| Closing balance 31.12.2023 | 1 | 34 | 213 | 6 | 254 |
| Increase | 0 | 6 | 62 | 0 | 68 |
| Decrease | 0 | -13 | -213 | -6 | -232 |
| Closing balance 31.12.2024 | 1 | 27 | 62 | 0 | 90 |

The Bank classifies its provisions made for credit facilities entirely into the 12-month expected credit loss (Stage 1) category.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (20) Other liabilities

| | 31.12.2024 | 31.12.2023 |
|-----------------------------------|--------------|--------------|
| Accrued expenses, deferred income | 82 | 172 |
| Suppliers | 433 | 144 |
| Employee wages and taxes | 91 | 129 |
| Tax liabilities | 60 | 35 |
| Liabilities against customers | 305 | 319 |
| IFRS 16 lease liabilities | 1,296 | 1,336 |
| Total | 2,267 | 2,135 |

Note (21) Share capital

There was not change in the value of the share capital between 1 January 2024 and 31 December 2024.

Share related information as of 31 December 2024:

| | Nominal amount | Number of shares | Share capital (thHUF) | Foreign ownership |
|--------------------------------|-------------------|---------------------|--------------------------|----------------------|
| Korea Development Bank (Seoul) | 10.000 | 2.893.820 | 28.938.200 | 100% |

Type of shares: 2,893,820 dematerialised common shares.

Note (22) Other reserves

The table below shows the breakdown of other reserves

| | 31.12.2024 | 31.12.2023 |
|---------------------|------------|------------|
| Revaluation reserve | 0 | 0 |
| General reserve | 414 | 414 |
| Capital reserve | 42 | 42 |
| Total | 456 | 456 |

General reserve has been recorded according to the section 83 of the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, and it is equal to 10 percent of the profit after tax. The Bank is exempt from the general reserve requirement as its capital adequacy ratio is above 12%. The general reserve may be released by the Bank if a loss occurs in the current year, but the amount of the release may not exceed the amount included in the general reserve.

In the capital reserve, the amount related to the 1996 capital increase is shown in the amount of HUF 42 million.

Reserves recorded in other reserves cannot be paid out as dividends.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (23) Contingent and future liabilities

| IFRS9 | 31.12.2024 | 31.12.2023 |
|--------------------------------|---------------|--------------|
| Derivatives | 46,851 | 5,001 |
| Off balance receivables | 46,851 | 5,001 |
| Derivatives | 47,093 | 4,997 |
| Credit lines | 6,889 | 650 |
| Overdrafts | 1,290 | 1401 |
| Export letter of credits | 5 | 0 |
| Off balance liabilities | 55,277 | 7,048 |
| Interest rate swap | 0 | 0 |
| | 31.12.2024 | 31.12.2023 |
| IAS 37 | | |
| Litigation case | 0 | 0 |
| Off balance receivables | 0 | 0 |
| Litigation case | 134 | 105 |
| Guarantees | 1,792 | 1,781 |
| Off balance liabilities | 1,926 | 1,886 |

Derivative transactions include the amount of the transaction's face value and the accrued interest.

Litigation cases includes the value of ongoing court procedures initiated by or against the Bank. The Bank is currently involved in several court case, typically relating to current or past loan contracts and mortgages. As of December 31, 2024, the maximum settlement cost of the ongoing legal disputes ranges between HUF 100 thousand and HUF 35 million, based on legal estimate (in 2023: between HUF 200 thousand and HUF 27 million). According to the assessment of the Bank's Legal Team, a maximum amount of HUF 134 million payment obligation is expected in case of losing all ongoing legal cases (in 2023: HUF 105 million) out of which HUF 27 million has be covered with a provision (HUF 74 million in 2023)- see Note (19). No other contingent liability has been identified for other legal matters in 2024 or 2023.

Amounts shown under credit lines and overdrafts are the Bank's payment obligations for loan disbursements. In case of given guarantees the table above shows the guaranteed amount.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (23) Contingent and future liabilities (continued)

The table below shows the values of off-balance sheet items classified by impairment category:

| | 2024 | | | | 2023 | | | |
|--------------------------------|---|--|--|---------------|---|--|--|---------------|
| | 12 month expected credit loss (stage 1) | Life time expected credit loss (not impaired)(Stage 2) | Life time expected credit loss (impaired)(Stage 3) | Total | 12 months expected credit loss (stage1) | Life time expected credit loss (not impaired)(Stage 2) | Life time expected credit loss (impaired)(Stage 3) | Total |
| Credit lines | 46,851 | 0 | 0 | 46,851 | 5,001 | 0 | 0 | 5,001 |
| Guarantees | 1,792 | 0 | 0 | 1,792 | 0 | 0 | 0 | 0 |
| Overdrafts | 6,889 | 0 | 0 | 6,889 | 4,997 | 0 | 0 | 4,997 |
| Export letter of credits | 5 | 0 | 0 | 5 | 650 | 0 | 0 | 650 |
| Off balance liabilities | 55,537 | 0 | 0 | 55,537 | 10,648 | 0 | 0 | 10,648 |

See Section 5.2.14 for the definitions of stage 1, stage 2 and stage 3 in the table above.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

III. Supplementary notes to the statement of comprehensive income

Note (24) Interest income and expense

Interest income:

| | 2024 | 2023 |
|---|---------------|---------------|
| Interbank | 4,946 | 7,235 |
| Retail | 862 | 546 |
| Hungarian National Bank | 5,553 | 8,677 |
| Corporate | 13,138 | 11,292 |
| Interest income (calculated based on effective interest rate method) | 24,499 | 27,750 |
| Derivatives | 88 | 662 |
| Interest similar to interest income | 88 | 662 |
| Total | 24,587 | 28,412 |

Interest expense:

| | 2024 | 2023 |
|-------------------------|---------------|---------------|
| Interbank | 9,722 | 6,613 |
| Other Leasing | 55 | 62 |
| Retail | 303 | 396 |
| Hungarian National Bank | 0 | 0 |
| Corporate | 3,767 | 5,217 |
| Total | 13,847 | 12,288 |

Note (25) Dividend income

In 2024 the Bank received dividends in the amount of HUF 1,8 million each year after the shares of VISA A, VISA C INC, in 2023 the shares of VISA A, VISA C INC, and Daewoo the amount of HUF 1,4 million.

The Bank had no other dividend income.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (26) Fee and commission income and expense

Income from fees and commission:

| | 2024 | 2023 |
|---|--------------|--------------|
| Fees and commissions related to lending | 463 | 418 |
| Deposit and account maintenance fees and commissions | 594 | 539 |
| Fees and commissions related to the issued bank cards | 68 | 69 |
| Fees and commissions related to security trading | 0 | 3 |
| Net insurance fee income | 15 | 16 |
| Other | 102 | 135 |
| Fees and commissions from contracts with customers | 779 | 762 |
| Total Income from fees and commissions | 1,242 | 1,180 |

Contract Balances

| | 2024 | 2023 |
|---|------|------|
| Receivables which are included in 'other assets' | 0 | 6 |
| Loss allowance | 0 | 0 |
| Liabilities which are included in 'other liabilities' | 0.4 | 0.6 |

The increase in fee income was mainly due to the increase in fees related to customer relationships.

All financial services related income or expense from banking operations is recognized as fee and commission income or expense, which is not subject to interest and similar income or expense.

Fees and commission expense:

| | 2024 | 2023 |
|---|------------|------------|
| Fees and commissions related to lending | 17 | 8 |
| Deposit and account maintenance fees and commissions | 116 | 113 |
| Fees and commissions related to the issued bank cards | 121 | 122 |
| Fees and commissions related to security trading | 7 | 8 |
| Net insurance fee income | 0 | 0 |
| Other | 0 | 0 |
| Fees and commissions from contracts with customers | 244 | 243 |
| Total Expense from fees and commissions | 261 | 251 |

The increase in fee expenses is due to the decrease in account management and cash management fees, as well as various commissions.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (27) Profit/loss from the derecognition of financial assets measured at fair value through other comprehensive income

The Bank records on this line the amounts realised on the sale of fair value through other comprehensive income. In 2024, a gain of HUF 238 million was transferred from the valuation reserve to the profit and loss related to the sale of government bonds (2023: loss of HUF 121 million), in connection with which HUF 21 million of deferred tax recognised in other comprehensive income was reclassified (2023: HUF 11 million).

Also on this line are recorded the amounts to be recognised in profit and loss related to shares recognised at fair value through other comprehensive income. In 2024, HUF 50 million was recognised in connection with the reverse split of shares owned by the Bank (2023: HUF 0).

When derecognising shares valued at fair value through other comprehensive income, the Bank does not transfer the related valuation reserve accumulated up to that point to profit or loss, but transfers it directly to retained earnings. In relation to the derecognition of shares, a realised loss of HUF 236 million was transferred to retained earnings in 2024 (2023: profit of HUF 168 million). In relation to the derecognition of shares, a deferred tax income of HUF 21 million was recognised in deferred tax recognised in other comprehensive income (2023: deferred tax expense of HUF 14 million).

Note (28) Profit/loss from the derecognition of financial assets measured at amortised cost

| | 2024 | 2023 |
|---|-------------|-----------|
| Income on sale of receivables | 44 | 5 |
| Expense on sale of receivables | -52 | 0 |
| Book value of written off receivables | -1,106 | -2,827 |
| Interest income from derecognized assets | 0 | 0 |
| Impairment release from derecognized assets | 541 | 2,865 |
| Total | -573 | 43 |

The significant change in profit from the derecognition of financial assets measured at amortized cost caused by the sale of a corporate foreign currency loan. In previous years, the Bank has recognized significant impairment for this transaction.

Note (29) Trading and hedge share market valuation gain or loss

The Bank records on this line the result of the fair value difference on derivatives. The interest related to derivatives is shown as interest similar to interest income or other interest expense aggregated by transaction, according to their sign.

| | 2024 | 2023 |
|--------------------|--------------|---------------|
| Basis swap | 0 | 0 |
| Currency swap | 1,489 | -2,418 |
| Forward | 0 | 0 |
| Hedge | -1 | 0 |
| Interest rate swap | 34 | -548 |
| Spot | 61 | -16 |
| Total | 1,583 | -2,982 |

Note (30) Exchange rate difference

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

| | 2024 | 2023 |
|---------------------------------------|--------------|-------------|
| Realised exchange rate difference | 1,062 | 1,215 |
| Non-realised exchange rate difference | 483 | -457 |
| Exchange rate gain | 1,545 | 758 |
| Realised exchange rate difference | -104 | -82 |
| Non-realised exchange rate difference | -171 | -144 |
| Exchange rate loss | -275 | -226 |
| Exchange rate difference, net | 1,270 | 532 |

In 2024 1,270 MHUF negative result on exchange rate difference and 2023 the Bank also reported a 532 MHUF positive result on exchange rate difference.

Note (31) Other operating income

| | 2024 | 2023 |
|--|------------|------------|
| Returns of written off receivables | 0 | 0 |
| Incomes from sold inventories (repossessed assets) | 32 | 65 |
| Incomes from intermediated services | 5 | 0 |
| Adjustment for previous year's result | 37 | 5 |
| E-banking other incomes | 11 | 11 |
| Legal incomes | 11 | 14 |
| Other incomes | 103 | 188 |
| Total | 199 | 283 |

Other incomes are higher than the revenues generated in the previous year due to the decreased value of refunds of court fees paid in previous years.

Note (32) Other operating expense

| | 2024 | 2023 |
|---|------------|------------|
| Fine, penalty | 1 | 56 |
| Expenditure from derecognition of tangible assets | 42 | 30 |
| Impairment of fixed assets loss | 0 | 332 |
| Purchase value of repossessed assets | 27 | 53 |
| Adjustment for previous year's result | 1 | 0 |
| Legal expenses | 8 | 13 |
| Taxes, fees | 247 | 285 |
| Other expenses | 8 | 66 |
| Total | 334 | 835 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (32) Other operating expense (continued)

Impairment of intangible assets loss due to unrealized investments amounted to 332 million HUF in 2023, 0 million HUF in 2024.

The table below shows the details of taxes and fees payable to different supervisory bodies:

| | 2024 | 2023 |
|------------------------------------|------------|------------|
| Company car tax | 1 | 0 |
| HNB fee | 140 | 91 |
| Banking Association membership fee | 6 | 12 |
| OBA fee | 19 | 71 |
| BEVA fee | 2 | 2 |
| Resolution fund | 79 | 109 |
| Total | 247 | 285 |

Note (33) General expenses

General expenses in 2023 and 2024:

| | 2024 | 2023 |
|----------------------------------|--------------|--------------|
| Wages | 2,604 | 2,422 |
| Personal payments | 122 | 225 |
| Taxes | 275 | 316 |
| Personal expenses | 3,001 | 2,963 |
| Material cost | 48 | 52 |
| Maintenance costs | 8 | 6 |
| Prints | 2 | 2 |
| Shipping charges | 0 | 4 |
| Post, telecommunication fee | 64 | 63 |
| Newspaper, professional book | 2 | 2 |
| Daily allowance | 13 | 10 |
| Office rent | 2 | 6 |
| Other rental fee | 76 | 69 |
| Services | 228 | 178 |
| Computer services fee | 486 | 414 |
| Advertising fee | 12 | 12 |
| Services in rented property | 72 | 205 |
| Auditing fee | 80 | 80 |
| Cleaning service | 48 | 41 |
| Trainings | 7 | 6 |
| Bankcard production cost | 1 | 1 |
| Insurance fees | 6 | 5 |
| Other administrative cost | 1,155 | 1,156 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

| | 2024 | 2023 |
|--|--------------|--------------|
| Legal costs | 78 | 33 |
| Financial transaction duty | 385 | 294 |
| Membership fee, Costs of authority service | 7 | 8 |
| Other fees | 470 | 335 |
| Bank Tax | 695 | 1,024 |
| Total | 5,321 | 5,478 |

Wages in 2024 and 2023:

| 2024 | Top management | Executives | Middle managers | Subordinates | Total |
|--------------------|-------------------|------------|--------------------|--------------|--------------|
| Wage Hungarian | 130 | 217 | 386 | 1,012 | 1,745 |
| Premium Hungarian | 0 | 0 | 0 | 0 | 0 |
| Hungarian overtime | 0 | 7 | 23 | 41 | 71 |
| Wages foreign | 685 | 19 | 0 | 83 | 787 |
| Premium foreign | 0 | 0 | 0 | 1 | 1 |
| Total | 815 | 243 | 409 | 1,137 | 2,604 |

| 2023 | Top management | Executives | Middle managers | Subordinates | Total |
|--------------------|-------------------|------------|--------------------|--------------|--------------|
| Wage Hungarian | 51 | 225 | 302 | 931 | 1,509 |
| Premium Hungarian | 0 | 0 | 0 | 0 | 0 |
| Hungarian overtime | | 4 | 9 | 28 | 41 |
| Wages foreign | 689 | 41 | 0 | 140 | 870 |
| Premium foreign | 0 | 0 | 0 | 2 | 2 |
| Total | 740 | 270 | 311 | 1,101 | 2,422 |

Key management personnel compensation *in total and for each of the following categories*:

| | 2024 | 2023 |
|-----------------------------------|-------|-------|
| (a) short-term employee benefits; | 1,108 | 1,126 |
| (b) post-employment benefits; | 0 | 0 |
| (c) other long-term benefits; | 0 | 0 |
| (d) termination benefits; and | 0 | 0 |
| (e) share-based payment. | 0 | 0 |

The statistical staff number of the Bank was 146 persons in 2024 and 135 persons in 2023.

Note (34) Depreciation

| | 31.12.2024 | 31.12.2023 |
|-----------------------------------|------------|------------|
| Depreciation of tangible assets | 384 | 393 |
| Amortisation of intangible assets | 117 | 125 |
| Total | 501 | 518 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (35) Provision recognition and release

| | 31.12.2024 | 31.12.2023 |
|--|------------|------------|
| For credit loss of unused credit lines | 1 | 0 |
| For litigation cases | 6 | 11 |
| Provision recognition | 7 | 11 |
| For credit loss of unused credit lines | 1 | 1 |
| For litigation cases | 13 | 50 |
| Provision release | 14 | 51 |
| Total provision | 7 | 40 |

In 2024 the positive result of provisioning was due to the release of provisions made for litigation cases in previous years. Provisions decreased at the end of the year 2024.

Note (36) Impairment recognition and release on financial assets

| | 2024 | 2023 |
|---|---------------|--------------|
| Bonds | 280 | 251 |
| Discount treasury bills | 0 | 15 |
| Interbank placements | 95 | 373 |
| Loans | 3,343 | 1,445 |
| Other receivables | 0 | 0 |
| Overlay receivables | 2,439 | 948 |
| Moratorium | 2 | 0 |
| Impairment recognition | 6,159 | 3,032 |
| Bonds | 286 | 246 |
| Discount treasury bill | 0 | 18 |
| Interbank placements | 112 | 350 |
| Loans | 1,395 | 799 |
| Other receivables | 0 | 0 |
| Overlay receivables | 2,462 | 923 |
| Impairment release | 4,255 | 2,336 |
| Impairment generation and release, net | -1,904 | -696 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (36) Impairment recognition and release on financial assets (continued)

| Loss on value | Open 01.01.2024 | 31.12.2023 – 31.12.2024 FX change | Recognition | Release | Write-offs Moratorium | Close 31.12.2024 |
|---|-----------------|---|--------------|---------------|--------------------------|---------------------|
| Financial assets measured at fair value through other comprehensive income | | | | | | |
| Bonds | 12 | 0 | 138 | -141 | 0 | 9 |
| Securities measured at amortised cost | | | | | | |
| Loans | 7,483 | 327 | 5,767 | -4,325 | -28 | 9,224 |
| Other receivables | 0 | 0 | 0 | 0 | 0 | 0 |
| Interbank placements | 0 | 0 | 50 | -39 | 0 | 11 |
| 1 day deposit NBH | 66 | 6 | 45 | -73 | 0 | 44 |
| Bonds | 13 | 2 | 142 | -145 | 0 | 12 |
| Total | 7,574 | 335 | 6,142 | -4,723 | -28 | 9,300 |

Overlay is an impairment that the Bank establishes for risks that cannot be quantified due to an internal error in the impairment model or the model or because the risks are influenced by external factors unknown to the model. Overlay is only established in relation to loan instruments ('loans'), not in relation to other instruments.

The amount of overlay established in relation to corporate loans increased in 2024 because the methodology for establishing the overlay changed. While in 2023 the Bank established an overlay for risks within the ECL model governing the rating of corporate transactions, in 2024 the Bank established an overlay for risks outside the ECL model governing the rating of corporate transactions. This is because the quality and forecasting ability of the ECL model governing the rating of corporate transactions have significantly improved as a result of parameter updates.

During 2024, the amount of overlay formed in relation to retail loans decreased because neither the methodology for forming the overlay changed nor did there any significant change in the quality of the retail portfolio, but at the same time the outstanding amount of retail loans continuously decreased.

Note (37) Income tax

The Bank considers as income tax the corporate income tax, local business tax and innovation contribution, which is determined according to the Hungarian taxation rules based on its economic activity in Hungary and according to the Slovakian taxation rules in case of its foreign branch operating in Slovakia.

Since the corporate tax rate in Hungary was 9% in 2024, the Bank used this rate to calculate the deferred tax:

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (37) Income tax (continued)

| | 2024 | 2023 |
|---------------------------------------|------------|------------|
| Current corporate tax | 287 | 351 |
| Deferred tax | 0 | 6 |
| Local business tax | 231 | 327 |
| Innovation contribution | 37 | 52 |
| Withholding taxes paid abroad | 26 | 0 |
| Total tax expense for the year | 581 | 736 |

Composition of the corporate tax:

| | 2024 | 2023 |
|--|--------------|--------------|
| Profit before tax | 2,936 | 7,405 |
| Pre-tax profit increasing items | 666 | 1,046 |
| Pre-tax profit decreasing items | -554 | -588 |
| Adjusted tax base | 3,048 | 7,863 |
| Recoverable loss from the previous year | 0 | 3,799 |
| Tax base | 3,048 | 4,064 |
| Current corporate tax | 274 | 366 |
| Profit tax accounted for in equity | -21 | 15 |
| Effect of withholding tax c | -8 | 0 |
| Corporate tax expenditure in profit | 287 | 351 |

The Bank is Tao. TV. established his corporate tax on the basis of the income (profit) minimum according to § 6 (5).

| | 2024 | | 2023 | |
|--|------------|-------------|------------|-------------|
| | | % | | % |
| Profit before tax | 2,936 | | 7,405 | |
| Theoretical tax expense | 264 | 9.00 | 667 | 9.00 |
| Tax base increasing items | 60 | 2.04 | 94 | 1.27 |
| Tax base decreasing items | -58 | -1.97 | -53 | -0.72 |
| Tax loss carried forward | 0 | 0.00 | -342 | -4.62 |
| Tax base due to the application of the income (profit) minimum | 0 | 0.00 | 0 | 0 |
| Total | 266 | 9.07 | 366 | 4.94 |

Current tax payables

| | 2024 | 2023 |
|----------------------------------|-----------|------------|
| Corporate tax payables | 59 | 305 |
| Local tax payables | 6 | 27 |
| Innovation contribution payables | 0 | 103 |
| Current tax payables | 65 | 435 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (37) Income tax (continued)

Composition of the accrued loss:

| | Accrued loss |
|-----------------------------------|-----------------|
| Closing balance 31.12.2023 | <u>0</u> |
| Loss used in 2024 | <u>0</u> |
| Closing balance 31.12.2024 | <u>0</u> |

The Bank may take into account the amount of the deferred loss when calculating the corporate tax base no later than 31 December 2025 , it used the all in 2022.

Composition of the deferred tax asset:

| | Opening 01.01.2023 | Increase | Decrease | Closing 31.12.2023 | Increase | Decrease | Closing 31.12.2024 |
|--|-----------------------|------------------|-------------------|-----------------------|------------------|------------------|-----------------------|
| Wage costs and contributions for unused holidays | 4 | 1 | 0 | 5 | 6 | -5 | 6 |
| Provision generation | 19 | 1 | -17 | 3 | 1 | -2 | 2 |
| Loans | 28 | 0 | -28 | 0 | 0 | | 0 |
| Fair value measurement of securities- may be reclassified to PL | 7 | 0 | -7 | 0 | 0 | | 0 |
| Fair value measurement of securities - may not be reclassified to PL | 109 | 15 | -1 | 123 | 31 | | 154 |
| Total deferred tax assets | <u>167</u> | <u>17</u> | <u>-53</u> | <u>131</u> | <u>38</u> | <u>-7</u> | <u>162</u> |

Based on its plans for the future, the Bank will conclude the following years with a positive result, and therefore the Bank shows a deferred tax asset in its statements. The Bank's financial plans contain minimal positive results, so the considerable portion of the loss accumulated by the Bank in the previous year is minimal also, therefore the Bank does not include this item in the deferred tax asset line.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (37) Income tax (continued)

Composition of the deferred tax liability:

| | Opening 01.01.2023 | Increase | Decrease | Closing 31.12.2023 | Increase | Decrease | Closing 31.12.2024 |
|--|-----------------------|-----------|------------|-----------------------|----------|------------|-----------------------|
| Loans | 4 | 0 | -4 | 0 | 0 | 0 | 0 |
| Difference in depreciation and amortization | 33 | 0 | -33 | 0 | 0 | 0 | 0 |
| Fair value measurement of securities- may be reclassified to PL | 0 | 84 | 0 | 84 | 0 | -20 | 64 |
| Fair value measurement of securities - may not be reclassified to PL | 0 | 8 | 0 | 8 | 0 | -8 | 0 |
| Total deferred tax liabilities | 37 | 92 | -37 | 92 | 0 | -28 | 64 |

Global minimum tax: The GloBE rules aim to curb harmful tax competition at the international level by introducing a uniform minimum corporate tax rate (15%) for multinational groups and large domestic groups operating in the Member States of the European Union. The condition for subjectivity is that the consolidated revenue of the group reaches or exceeds EUR 750 million in at least two of the four tax years preceding the given tax year.

According to the GloBE regulations, the effective tax rate (ETR) determines whether a group operating in a given state has a low tax burden, so it is a fundamental question which types of taxes can be taken into account when determining the minimum tax. If a group in a given country does not reach the 15% tax rate for the given year based on the ETR calculation, it becomes obliged to assess and pay additional tax.

Global minimum tax rate:

| | <u>2024</u> |
|---|---------------|
| Profit for the year | 2,766 |
| Net tax expense | 581 |
| Dividend income | -2 |
| Foreign branch adjustment | 93 |
| Recognized net profit | 3,438 |
| Actual tax expense | 581 |
| Deferred tax expense (+)/tax income (-) | 0 |
| Deferred tax adjustment (in other comprehensive income) | -20 |
| Adjusted covered taxes | 561 |
| Effective tax rate under global minimum tax | 16.31% |

Note (38) Paid dividend

Dividend payments were not made to the owner neither in 2024 nor in 2023.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (39) Leasing

Low-value asset leases

| | Payment rental fee in 2024 |
|-----------------|-------------------------------|
| Office supplies | 0 |

Changes in the right-of-use assets recognised in accordance with IFRS 16 in 2024 are as follows:

| | Real estate and related property rights | Machinery and equipment | Total |
|------------------------------|---|----------------------------|--------------|
| Gross carrying amount | | | |
| Opening balance | | | |
| 01.01.2023 | 2,182 | 123 | 2,305 |
| Additions | 282 | 18 | 300 |
| Decrease | -192 | -42 | -234 |
| Closing balance | | | |
| 31.12.2023 | 2,272 | 99 | 2,371 |
| Additions | 10 | 95 | 105 |
| Decrease | -15 | -100 | -115 |
| Closing balance | | | |
| 31.12.2024 | 2,267 | 94 | 2,361 |
| Depreciation | | | |
| Opening balance | | | |
| 01.01.2023 | 687 | 85 | 772 |
| Increase | 299 | 102 | 401 |
| Decrease | -59 | -102 | -161 |
| Closing balance | | | |
| 31.12.2023 | 927 | 85 | 1,012 |
| Additions | 243 | 45 | 288 |
| Decrease | -18 | -99 | -117 |
| Closing balance | | | |
| 31.12.2024 | 1,152 | 31 | 1,183 |
| Net carrying amount | | | |
| 01.01.2024 | 1,345 | 14 | 1,359 |
| 31.12.2024 | 1,115 | 63 | 1,178 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (39) Leasing (continued)

Change of lease liabilities in accordance with IFRS 16 in 2024:

| | Real estate and related property rights | Machinery and equipment | Total |
|--|--|----------------------------|--------------|
| Opening balance 01.01.2023 | 1,596 | 29 | 1,625 |
| Increase new lease | 297 | 20 | 317 |
| Decrease / repayment of lease obligation | -495 | -41 | -537 |
| exchange rate difference | -70 | 0 | -70 |
| Closing balance 31.12.2023 | 1,328 | 8 | 1,336 |
| Increase new of lease obligation | 10 | 95 | 105 |
| Decrease / repayment of lease obligation | -203 | -37 | -240 |
| exchange rate difference | 95 | 0 | 95 |
| Closing balance 31.12.2024 | 1,230 | 66 | 1,296 |

Maturity analysis of the lease liabilities as of 31 December 2024

| | Within 1 month | 1-3 months | Between 3 months and 1 year | 1-5 years | Beyond 5 years | Total |
|---|-------------------|---------------|-----------------------------------|-----------|-------------------|--------------|
| Real estate and related property rights | 0 | 0 | 8 | 0 | 1,222 | 1,230 |
| Machinery and equipment | 0 | 0 | 9 | 57 | 0 | 66 |
| Total lease liability | 0 | 0 | 17 | 57 | 1,222 | 1,296 |

Maturity analysis of the lease liabilities as of 31 December 2023

| | Within 1 month | 1-3 months | Between 3 months and 1 year | 1-5 years | Beyond 5 years | Total |
|---|-------------------|---------------|-----------------------------------|-----------|-------------------|--------------|
| Real estate and related property rights | 0 | 0 | 13 | | 1,314 | 1,327 |
| Machinery and equipment | 0 | 6 | 3 | | 0 | 9 |
| Total lease liability | 0 | 6 | 16 | 0 | 1,314 | 1,336 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (39) Leasing (continued)

| Amounts recognised in profit and loss | 31.12.2024 | 31.12.2023 |
|---|-------------------|-------------------|
| Depreciation expense on right-of-use assets | 287 | 296 |
| Interest expense on lease liabilities | 55 | 62 |
| Expense relating to short-term leases | 0 | 0 |
| Expense relating lease of low value | 0 | 7 |
| Expense relating to variable lease payments not included in the measurement of the lease liability | 0 | 0 |
| Income from sub-leasing right-of-use assets | 0 | 0 |

The total cash outflow from leases is HUF 371 million in 2024 and HUF 323 million in 2023. *The Bank as a lessor*

The Bank does not have any lease transactions as a lessor.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

IV. Other notes

Note (40) Transactions between related parties

Related parties:

- Parent company of the Bank: Korea Development Bank (Seoul)
- Subsidiary of the Bank: KDB Szerviz Ltd.

The Bank's major transaction with the parent company derives from borrowings, and settlement of derivative transactions.

The Bank recorded with its subsidiary a liability due to account management.

The balances of related party transactions are shown in the table below:

| | Balances with parent company | | Balances with subsidiary | |
|--|---------------------------------|------------|-----------------------------|------------|
| | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| Deposits measured at amortised cost | 0 | 0 | 118 | 120 |
| Borrowings measured at amortised cost | 61,440 | 10,393 | 0 | 0 |
| - from this: subordinated loan | 20,569 | 19,139 | 0 | 0 |
| Interest incomes based on effective interest rate method | 0 | 0 | 0 | 0 |
| Interest expenses | 2,483 | 627 | 0 | 0 |

The Bank's related party transactions are carried out under conditions equivalent to transactions between independent parties. The Bank keeps a separate registration about related party transactions.

Executive officers

Members of the Board of Directors as of 31 December 2024:

- Kwon Yong Il
- Choi Chi Young
- dr. Zéman Zoltán
- Yoo Myung Hwan
- Kurunczi József
- Lee Sukil
- Choi Woong Soo

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Members of the Supervisory Board as of 31 December 2024:

- Seo In Won
- Kim Dong Kyun
- Kim Nohyun
- dr.Komáromi Péter István

In 2023 the Bank had 7 members in Board, 2 member received honorarium from the Board. For the 2 members a honorarium of HUF 10 million was paid. In 2024 the Bank had 7 members in the Board, 2 member received honorarium from the Board. For the 2 member a honorarium of HUF 7,04 million was paid.

As of 31 December 2024 executive officers did not have any loans and advance liabilities against the Bank.

The Bank did not have any liabilities from pension payments against officers, members of Board of Directors and Supervisory Board.

Note (41) Fair value of financial assets and liabilities

The valuation of financial assets without active market prices is based on valuation models. The Bank regularly reviews the models and each model contains the latest available market data. The Bank uses an estimated yield curve to calculate the present value, which is calculated using the market rate of standard maturities and linear interpolation.

Classification of the fair value of financial instruments measured at fair value among the hierarchy levels:

| 31.12.2024 | Level 1. | Level 2. | Level 3. | Total |
|--|----------|----------|----------|--------|
| Financial assets | | | | |
| Financial assets held for trading | 0 | 52 | 280 | 332 |
| Financial assets held for hedge | 0 | 61 | 0 | 61 |
| Financial assets measured at fair value through other comprehensive income | 0 | 23,067 | 0 | 23,067 |
| Financial liabilities | | | | |
| Financial liabilities held for trading | 0 | 242 | 0 | 242 |
| Financial liabilities held for hedge | 0 | 249 | 0 | 249 |
| <hr/> | | | | |
| 31.12.2023 | Level 1. | Level 2. | Level 3. | Total |
| Financial assets | | | | |
| Financial assets held for trading | 0 | 96 | 193 | 289 |
| Financial assets measured at fair value through other comprehensive income | 0 | 31,309 | 0 | 31,309 |
| Financial liabilities | | | | |
| Financial liabilities held for trading | 0 | 5 | 0 | 5 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (41) Fair value of financial assets and liabilities (continued)

Classification of the fair value of financial instruments not measured at fair value among the hierarchy levels:

| 31.12.2024 | Level 1. | Level 2. | Level 3. | Fair value total | Book value |
|--|----------|----------|----------|------------------|------------|
| Financial assets | | | | | |
| Cash and current accounts with central banks and other sight deposits | 74,732 | 0 | 0 | 74,732 | 74,732 |
| Securities measured at amortised cost | 0 | 33,106 | 0 | 33,106 | 33,106 |
| Loans measured at amortised cost | 0 | 0 | 273,706 | 273,706 | 273,706 |
| Placements to central banks and other banks measured at amortised cost | 0 | 0 | 14,639 | 14,639 | 14,639 |
| Financial liabilities | | | | | |
| Deposits from customers measured at amortised cost | 0 | 0 | 165,290 | 165,290 | 165,290 |
| Deposits from banks measured at amortised cost | 0 | 0 | 215,636 | 215,636 | 215,636 |
| | | | | | |
| 31.12.2023 | Level 1. | Level 2. | Level 3. | Fair value total | Book value |
| Financial assets | | | | | |
| Cash and current accounts with central banks and other sight deposits | 111,529 | 0 | 0 | 111,529 | 111,529 |
| Securities measured at amortised cost | 0 | 35,488 | 0 | 35,488 | 35,488 |
| Loans measured at amortised cost | 0 | 0 | 187,335 | 187,335 | 187,335 |
| Placements to central banks and other banks measured at amortised cost | 0 | 0 | 331 | 331 | 331 |
| Financial liabilities | | | | | |
| Deposits from customers measured at amortised cost | 0 | 0 | 147,202 | 147,202 | 147,202 |
| Deposits from banks measured at amortised cost | 0 | 0 | 181,738 | 181,738 | 181,738 |

The Bank considers the carrying amount as fair value as a good approximation in case of financial instruments not measured at fair value.

Cash and current accounts with central banks and other sight deposits have floating interest rates and mostly short-term maturity, and they are immediately available to the Bank, so their book value is close to fair value.

Securities, loans and interbank deposits usually have floating interest rates, which rates can be considered as market interest rates, therefore the value shown on these lines is close to the fair value.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (41) Fair value of financial assets and liabilities (continued)

Valuation technics applied for Level 3 securities

Sensitivity analysis is performed on securities with significant unobservable inputs to make valuations to get fair value of the instrument. The calculation is based on data of reliable reference source or a scenario based on relevant market analysis. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

| Type of financial instrument | Valuation technique | Significant unobservable input | Range of estimation |
|------------------------------|--|--|---------------------|
| VISA C, A share | Market approach combined with expert judgement | Haircut applied for illiquidity and litigation | +/-12% |

For fair value measurement of Level 3 securities the changes of assumptions may have the following effects:

| | Fair value 31.12.2024 | Fair value Favourable scenario | Fair value Unfavourable scenario |
|--------------|--------------------------|-----------------------------------|-------------------------------------|
| VISA A share | 149 | 167 | 131 |
| VISA C share | 131 | 147 | 115 |

| | Fair value 31.12.2023 | Fair value Favourable scenario | Fair value Unfavourable scenario |
|--------------|--------------------------|-----------------------------------|-------------------------------------|
| VISA C share | 193 | 216 | 170 |

Note (41) Profit/loss from financial assets measured at fair value through profit or loss

| | <u>31.12. 2024</u> | <u>31.12.2023</u> |
|--------------|--------------------|-------------------|
| VISA C share | 54 | 7 |
| VISA A share | 22 | 0 |
| Total | 76 | 7 |

Note (42) Research and development

The Bank did not have any research and development activities and did not book any expenditure for research and development in 2024 and 2023.

Note (43) Significant Business and Financial situation

Economic environment: global and EU

In the last quarter of 2024, the global economy continues to see steady growth, as inflation has moderated, private consumption has been sustained and monetary policy has started to ease in key markets. Nevertheless, short- and medium-term growth prospects are challenged by rising geopolitical risks and growing policy uncertainty.

In Euromonitor International's Q4 2024 baseline forecast, global real GDP growth is expected to reach 3.2% in 2024 and maintain this rate of growth in 2025, thus staying below the pre-pandemic levels. Global inflation would ease to 3.8% in 2025, significantly down from 6.5% in 2024.

Real GDP growth forecasts for advanced economies are estimated to remain stable, but underwhelming at 1.7% for both 2024 and 2025, on the back of a still high interest rate environment and subdued consumer and business confidence. The pace of growth, however, diverges across economies.

The Eurozone continues to recover gradually from its 2023 dip (as the economy was hit hard by high energy prices and inflation) and is expected to see faster growth in 2025, as interest rates fall and the economy emerges from its stagnation. The recovery remains sluggish, however, due primarily to the economic downturn in Germany, the region's largest economy, which is expected to experience no growth in 2024, amid declining investment and weak exports.

The euro was down 0.15% against the dollar following the data, which could spur on the European Central Bank when it comes to determining its next interest rate step.

The central bank has sought to boost economic activity and investment in the euro zone by implementing four interest cuts last year. Economists expect the central bank to make further interest rate cuts in 2025.

US tariff measures announced in the first half of April 2025 were accompanied by market panic and huge stock market falls, followed by corrections. The measures affected China the most painfully (104%), but the introduction of tariffs of 10-50% was also announced for several other countries. The EU can export to the United States with 20% tariffs, in return for which it has proposed the introduction of retaliatory tariffs in several stages in 2025. Regardless of these, cars, trucks and vehicle parts imported into the USA will be subject to a 25% tariff from April 3. Some of the countries affected have proposed the introduction of retaliatory tariffs (e.g. China 118%), while other countries would prefer to end the increasingly bitter trade war through negotiations. From the US perspective, the purpose of imposing tariffs, in addition to cutting the trade deficit and increasing government revenues, is to redeploy manufacturing capacity, create new jobs, and attract as much capital as possible to the US economy. The exact effects of the tariff war are currently difficult to determine, but it is already clear that it will trigger a trade war, global market turmoil, recession, and a wave of price increases.

Note (43) Significant Business and Financial situation (continued)

Economic environment: Hungary

In the third quarter of 2024, Hungary posted a quarter-on-quarter decline in gross domestic product (GDP) of 0.7 percent, which followed a 0.2-percent drop in the previous quarter. With two consecutive quarters of negative GDP growth registered, Hungary found itself in a technical recession, as the weak industrial performances of key sectors, including agriculture, industry and construction, weighed on the country's business outlook.

GDP data for the fourth quarter (0.5 percent quarterly growth) show that the Hungarian economy has emerged from the technical recession. Nevertheless, the overall picture is still fragile and the economy as a whole lacks strong positive momentum.

Retail sales ended the year with a poor performance. On an annual basis, retail sales rose by only 0.1% in December. The average sales volume in 2024 was 0.5% lower than the average performance in 2021.

The weak year-end performance of the retail sector as a whole holds back hopes of a strong rebound in 2025. Nevertheless, real wage growth is expected to remain strong and, together with large retail bond payments, this could boost consumption. However, FX volatility and rising perceived inflation are putting consumer confidence back on a downward trajectory, which is a warning sign.

While the value of exports in euro terms fell by 3.6% in 2024 compared with the previous year, the value of imports fell by 5.7%. Domestic demand can drive GDP growth in 2025, which can lead to a significant increase in import needs. While new manufacturing capacity will help exports, it will also boost import activity. As a result, without a significant turnaround in the external environment, a negative impact of net exports on economic activity is expected. Against this backdrop, it is also expected that the current account and trade balances to narrow, but remain in clear surplus territory.

The 2024 average inflation of 3.7% is better than forecast at the beginning of 2024. Looking ahead to 2025, the average inflation is expected at 4.5 - 5%, with the acceleration coming from tax changes, wage pressures, global commodity prices and a weaker HUF.

The National Bank of Hungary (NBH) kept its base rate unchanged at 6.50% in the first quarter of 2025. The main message was the rising inflation risk, driven by risk aversion, geopolitical tensions and rising inflation expectations.

Interest freeze: As of April 1, 2024, the government abolished the interest freeze introduced for SMEs, while for retail loans it was extended several times during the business year. First, the government extended the scope of the measure until July 1, 2024, then until the end of 2024, and finally until June 30, 2025.

Note (43) Significant Business and Financial situation (continued)

Environmental protection

The Bank does not carry out banking, non-banking business or other non-profit activities directly related to environmental protection. During its operation, however, it strives to protect the environment and examine the application possibilities of energy-saving solutions. It also strives to create an environmentally conscious workplace atmosphere.

The Bank's efforts to promote environmental protection affect several areas.

In order to improve environmental awareness, the Bank has developed training material, which has been shared with the Bank's management and employees.

Primarily, the regulations concerning lending activity have been reviewed and supplemented. Due to changes affecting ESG, the Lending Regulation and several sub-regulations have been supplemented. In order to strengthen sustainable financing, the need to analyse environmental risks during the preparation of loan proposals, as well as the expectation of the depth of the analysis have been regulated. Financing limits related to environmental protection and ESG-based regulation of customer evaluations were also introduced.

Although the Bank's own pollutant emissions are initially low due to the limited number of locations and the size of the vehicle fleet, it nevertheless sought to improve it. As part of the lighting and energy supply upgrades, the central office and branches were upgraded with uninterruptible power supplies, the central office building's central air handling system was replaced, and a number of building engineering investments to increase energy efficiency were carried out in the office buildings used by the Bank. The buildings have energy-efficient heating and a modern LED lighting system. Part of the Bank's car fleet is hybrid-powered, and in order to minimize environmental damage, diesel-powered vehicles were replaced with modern benzine-powered vehicles during the fleet replacement. The Bank also strives to reduce the use of paper, as a result of which the annual paper consumption has decreased.

Closely related to environmental protection, the Bank places emphasis on creating sustainability, the detailed framework is being developed with the professional support of the parent company.

Significant events after the reporting period

There were no significant events after the reporting period.

V. Supplementary notes to risk management

Note (44) Risk management policy

The Bank uses a wide range of financial instruments. A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Derivatives are also financial instruments; their value is derived from the value of the underlying asset, index or reference interest rate. The main categories of derivative transactions are futures, options and swaps.

The risks arising from financial instruments are the followings:

- credit risk
- liquidity risk
- market risk
- operational risk

a.) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations arising principally from the Bank's loans and advances to customers, the provision of guarantees, the issuance of documentary credits, loans and advances to other banks and the purchase of investment securities. The Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk) for risk management reporting purposes.

The Bank mitigates the risk of clients, client's groups and credit, concentration, country etc. risk of deals applying risk limits. The decision-maker considers these limits in deal decisions.

The Bank applies the following rules to manage credit risk:

- Credit-granting shall be based on reliable and well-defined criteria.
- The process for approving, amending, renewing, and re-financing credits shall be clearly regulated.
- The ongoing administration and monitoring of various credit risk-bearing portfolios and exposures, including for identifying and managing problem credits for making adequate value adjustments and provisions, shall be operated through effective systems.
- The diversification of credit portfolios shall be adequate given the credit institution's target markets and overall credit strategy.
- Prior to the deal decision the existence, the fair value and enforceability of the necessary collaterals shall be checked.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

The calculation of the expected credit loss (ECL) is based on „three stage model” methodology:

- Exposures where was no significant increase of credit risk since initial recognition are categorized into the 1st stage, where expected credit loss expected during the next 12 months shall be recorded.
- Into the 2nd stage those underperforming (significant increase in credit risk) exposures are categorized, where expected credit loss expected during the lifetime shall be recorded.
- The 3rd stage contains exposures which are classified individually (default), and where expected credit loss expected during the lifetime shall be recorded.

The calculation of the provision of the off-balance exposures takes place after the calculation of the impairment amount of the on-balance exposures, because the classification and the provisioning of the off-balance exposures shall match with the impairment percentage and classification of the on-balance exposures. The Bank investigates during the process whether there is any on-balance item related to the off-balance exposure (utilized credit line) and applies the staging and the impairment percentage of the on-balance exposure (utilized credit line) for the off-balance exposure, if there is a related on-balance exposure.

The maximum exposure to credit risk is presented on a gross basis, which does not include collateral or other credit enhancement options.

| Maximum exposure to credit risk | Gross book value without impairment | |
|--|-------------------------------------|----------------|
| | 31.12.2024 | 31.12.2023 |
| Cash and cash equivalents | 74,732 | 111,529 |
| Financial assets held for trading | 332 | 285 |
| Financial assets measured at fair value through other comprehensive income | 23,067 | 30,382 |
| Financial assets measured at amortised cost | 321,450 | 229,690 |
| Credit lines and financial guarantees | 9,350 | 2,911 |
| Total | 428,931 | 374,797 |

The table below shows the exposure of the Bank to its customer portfolio (net book value) (loans, debt securities, credit lines, guarantees) broken down by geographical segments.

| | 31.12.2024 | 31.12.2023 |
|----------------|----------------|----------------|
| Hungary | 92,405 | 79,947 |
| European Union | 174,475 | 101,142 |
| Other abroad | 71,985 | 75,027 |
| Total | 338,865 | 256,116 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Assets acquired by taking possession of the collateral

| | 31.12.2024 | 31.12.2023 |
|--------------|------------|------------|
| Real estate | 24 | 72 |
| Car | 1 | 1 |
| Total | 25 | 73 |

Main collateral type accepted for credit risk mitigation

| Collateral type | At full value | To the extent of the claim | At full value | To the extent of the claim |
|----------------------------------|----------------|-------------------------------|------------------|----------------------------------|
| (million HUF) | 31.12.2024 | | 31.12.2023 | |
| Mortgage | 52,109 | 8,402 | 69,941 | 11,804 |
| from this: residential | 14,354 | 2,527 | 17,682 | 3,259 |
| commercial real est. | 36,281 | 5,744 | 51,345 | 8,389 |
| other real estate | 1,464 | 124 | 903 | 149 |
| personal estate | 10 | 7 | 11 | 7 |
| Guarantees and Securities | 12,001 | 11,305 | 6,124 | 4,604 |
| Bail | 1,600 | 607 | 1,900 | 631 |
| from this: cash collateral | 0 | 0 | 0 | 0 |
| security collateral | 1,600 | 607 | 1,900 | 631 |
| Assignment | 0 | 0 | 0 | 0 |
| Other | 109,779 | 19,095 | 80,077 | 20,768 |
| from this: machine, equipm. | 98,120 | 7,448 | 66,995 | 7,715 |
| standby guarantee | 11,659 | 11,647 | 13,082 | 13,053 |
| Total | 175,487 | 39,409 | 158,042 | 37,807 |

In the table the value in the column "To the extent of the claim" (net book value of the exposure) is defined so that if the amount of the legal claim is greater than the value of the collateral, the collateral value is included, if the value of the legal claim is less than the value of the collateral, then the legal claim is included, furthermore the value in the column " At full value " represents the market value of the collateral.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

The collateral value (total collateral value) held by the Bank related to non-performing loan portfolio is as follows

| 31 December 2024 | | | | |
|-------------------------|------------------------------|-----------------------|------------------------|-------------------------|
| | Gross carrying amount | Loss allowance | Carrying amount | Collateral value |
| Retail consumer loans | 734 | -629 | 105 | 95 |
| Mortgage loans | 1,645 | -1,295 | 350 | 338 |
| Municipal loans | - | - | - | - |
| Corporate loans | 361 | -169 | 192 | 26 |
| Total | 2,740 | -2,094 | 647 | 459 |

| 31 December 2023 | | | | |
|-------------------------|------------------------------|-----------------------|------------------------|-------------------------|
| | Gross carrying amount | Loss allowance | Carrying amount | Collateral value |
| Retail consumer loans | 1,327 | -1,111 | 216 | 208 |
| Mortgage loans | 2,342 | -1,809 | 534 | 519 |
| Municipal loans | 0 | 0 | 0 | 0 |
| Corporate loans | 646 | -189 | 457 | 263 |
| Total | 4,315 | -3,109 | 1,207 | 990 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Gross carrying amount and accumulated loss allowance of financial assets at amortized cost and fair value through other comprehensive income by IFRS 9 stages

| | 31.12.2024 | | | | | Expected credit loss / Provision | | | |
|---|---|----------------|---------------|--------------|----------------|----------------------------------|-------------|---------------|---------------|
| | Gross carrying amount / Notional amount | | | | | | | | |
| | Carrying amount/Exposure | Stage 1 | Stage2 | Stage 3 | Total | Stage 1 | Stage2 | Stage 3 | Total |
| Cash, amounts due from banks and balances with the National Bank of Hungary | 74,732 | 74,732 | - | - | 74,732 | - | - | - | - |
| Placements with other banks, net of allowance for placement losses | 14,639 | 14,639 | - | - | 14,639 | - | - | - | - |
| Loans at amortised cost | 273,706 | 264,018 | 10,448 | 8,464 | 282,930 | -2,019 | -250 | -6,956 | -9,224 |
| <i>From this:</i> | | | | | | | | | |
| <i>Repo receivables</i> | - | - | - | - | - | - | - | - | - |
| <i>Retail consumer loans</i> | 1,137 | 900 | 205 | 734 | 1,840 | -16 | -58 | -630 | -703 |
| <i>Mortgage loans</i> | 2,081 | 1,546 | 290 | 1,645 | 3,481 | -28 | -77 | -1,295 | -1,400 |
| <i>Municipal loans</i> | - | - | - | - | - | - | - | - | - |
| <i>Corporate loans</i> | 221,535 | 212,250 | 10,158 | 4,617 | 227,026 | -1,693 | -316 | -3,481 | -5,490 |
| FVOCI securities | 23,067 | 23,076 | - | - | 23,076 | -9 | - | - | -9 |
| Securities at amortised cost | 33,106 | 33,119 | - | - | 33,119 | -13 | - | - | -13 |
| Other financial assets | 4,575 | 4,575 | - | - | 4,575 | - | - | - | - |
| Total as at 31 December 2024 | 423,825 | 414,159 | 10,448 | 8,464 | 433,071 | -2,041 | -250 | -6,956 | -9,246 |
| Loan commitments | 8,184 | 8,184 | - | - | 8,184 | - | - | - | - |
| Financial guarantees | 1,171 | 1,171 | - | - | 1,171 | - | - | - | - |
| Factoring loan commitments | - | - | - | - | - | - | - | - | - |
| Bill of credit | - | - | - | - | - | - | - | - | - |
| Loan commitments and financial guarantees total | 9,355 | 9,355 | - | - | 9,355 | - | - | - | - |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Gross carrying amount and accumulated loss allowance of financial assets at amortized cost and fair value through other comprehensive income by IFRS 9 stages

| | 31.12.2023 | | | | | | | |
|---|---|--------------|--------------|----------------------------------|--------------|------------|--------------|--------------|
| | Gross carrying amount / Notional amount | | | Expected credit loss / Provision | | | | |
| Carrying amount/Exposure | Stage 1 | Stage2 | Stage 3 | Total | Stage 1 | Stage2 | Stage 3 | Total |
| Cash, amounts due from banks and balances with the National Bank of Hungary | 111,529 | - | - | 111,529 | - | - | - | - |
| Placements with other banks, net of allowance for placement losses | 1,634 | - | - | 1,634 | - | - | - | - |
| Loans at amortised cost | 182,114 | 6,405 | 6,299 | 194,818 | 1,941 | 262 | 5,281 | 7,483 |
| <i>From this:</i> | | | | | | | | |
| <i>Repo receivables</i> | - | - | - | - | - | - | - | - |
| <i>Retail consumer loans</i> | 1,029 | 258 | 1,327 | 2,614 | 20 | 54 | 1,111 | 1,185 |
| <i>Mortgage loans</i> | 1,834 | 342 | 2,342 | 4,519 | 32 | 78 | 1,809 | 1,918 |
| <i>Municipal loans</i> | - | - | - | - | - | - | - | - |
| <i>Corporate loans</i> | 139,541 | 6,063 | 1,824 | 147,429 | 1,461 | 251 | 1,367 | 3,079 |
| FVOCI securities | 30,382 | - | - | 30,382 | 8 | - | - | 8 |
| Securities at amortised cost | 35,488 | - | - | 35,488 | 20 | - | - | 20 |
| Other financial assets | 3,451 | - | - | 3,451 | - | - | - | - |
| Total as at 31 December 2023 | 364,578 | 6,405 | 6,299 | 377,282 | 1,969 | 262 | 5,281 | 7,511 |
| Loan commitments | 1,592 | - | - | 1,592 | - | - | - | - |
| Financial guarantees | 1,319 | - | - | 1,319 | - | - | - | - |
| Factoring loan commitments | - | - | - | - | - | - | - | - |
| Bill of credit | - | - | - | - | - | - | - | - |
| Loan commitments and financial guarantees total | 2,911 | - | - | 2,911 | - | - | - | - |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

| Net book value by sectors | Loans | | Debt securities | | Loan commitments and issued financial guarantees | |
|--|----------------|----------------|-----------------|---------------|--|--------------|
| | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| Corporate sector | 216,204 | 139,560 | 33,106 | 36,402 | 9,348 | 2,808 |
| Mining, quarrying | 3,239 | - | - | - | - | - |
| Building industry | 6,174 | - | 130 | 115 | - | - |
| Manufacturing | 93,513 | 81,388 | 7,945 | 10,875 | - | 0 |
| Human health and social work | - | - | - | - | - | - |
| Information, communication | 9,417 | 5,343 | - | - | - | - |
| Real estate | 953 | 1,174 | - | - | 15 | 15 |
| Trade, vehicle repair | 12,686 | 6,701 | 2,434 | 3,513 | - | - |
| Agriculture, forestry, fishing | - | 1,517 | - | - | - | - |
| Education | - | 0 | - | - | - | - |
| Financial, insurance | 55,626 | 13,779 | - | - | - | - |
| Professional, scientific, technical activities | 4,090 | 3,813 | - | - | - | - |
| Hospitality | 3,915 | 3,933 | - | - | - | - |
| Transportation, warehousing | 5,175 | 6,259 | 1,988 | 3,485 | 738 | 650 |
| Electricity, gas, steam supply | 13,785 | 13,383 | - | - | - | - |
| Water supply | 1,433 | 1,337 | - | - | - | - |
| Other | 6,199 | 933 | 20,609 | 18,415 | 8,600 | 2,143 |
| Retail sector | 2,128 | 2,657 | - | - | 2 | 2 |
| Secured by mortgages | 2,081 | 2,600 | - | - | - | - |
| Uncovered loans | 46 | 57 | - | - | 2 | 2 |
| Credit institution | 49,952 | 40,517 | - | - | - | 102 |
| Government | 5,422 | 4,601 | 23,067 | 29,467 | - | - |
| Other sector | - | 0 | - | - | - | - |
| Total | 273,706 | 187,335 | 56,173 | 65,870 | 9,355 | 2,911 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Nominal and fair value of derivative deals*

| Derivative deals | 31.12.2024 | | | | 31.12.2023 | | | |
|--------------------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | Nominal value | | Fair value | | Nominal value | | Fair value | |
| | Nominal value | Fair value | Nominal value | Fair value | Nominal value | Fair value | Nominal value | Fair value |
| Derivative assets, total | 1,469 | 49 | 1,469 | 49 | 3,365 | 92 | 1,694 | 87 |
| Foreign Exchange Swap (FX Swap) | 0 | 0 | 0 | 0 | 1,671 | 5 | 0 | 0 |
| FORWARD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Rate Swap (IRS) | 1,469 | 49 | 1,469 | 49 | 1,694 | 87 | 1,694 | 87 |
| Cross-Currency Interest Swap (CCIRS) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivative liabilities, total | 45,225 | 425 | 0 | 0 | 3,361 | 0 | 1,694 | 0 |
| Foreign Exchange Swap (FX Swap) | 39,894 | 238 | 0 | 0 | 1,667 | 0 | 0 | 0 |
| FORWARD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Rate Swap (IRS) | 5,331 | 187 | 0 | 0 | 1,694 | 0 | 1,694 | 0 |
| Cross-Currency Interest Swap (CCIRS) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*OTC

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Expected credit loss

| | 31.12.2024 | | | 31.12.2023 | | | | |
|---|---|--|---|--------------|---|---|---|--------------|
| | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total |
| Balance as of 1 January | 1,941 | 262 | 5,281 | 7,483 | 1,525 | 313 | 8,078 | 9,916 |
| Impairment increase due to origination and purchase | 641 | - | 1 | 642 | 555 | - | 5 | 560 |
| Impairment change of modified, but not derecognized assets (net) | 713 | 34 | 2,525 | 1,778 | 65 | 44 | 273 | 164 |
| Impairment decrease due to the write-offs | - | - | 934 | 934 | - | - | 2,865 | 2,865 |
| Impairment decrease due to the derecognition | - | - | - | - | - | - | - | - |
| FX rate change and other changes | 150 | 22 | 82 | 254 | 74 | 7 | 211 | 292 |
| Balance as of 31 December | 2,019 | 250 | 6,955 | 9,224 | 1,941 | 262 | 5,280 | 7,483 |

KDB Bank Europe L.TD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Expected credit loss on loans - retail customers

| | 31.12.2024 | | | 31.12.2023 | | | | |
|--|--|---|---|--------------|--|---|---|--------------|
| | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total |
| Balance as of 1 January | 33 | 77 | 1,915 | 2,025 | 47 | 192 | 2,075 | 2,314 |
| Impairment increase due to origination and purchase | 0 | - | - | - | 2 | - | 4 | 6 |
| Impairment change of modified, but not derecognized assets (net) | 4 | - | 29 | 24 | 16 | 115 | 94 | 37 |
| Impairment decrease due to the write-offs | - | - | 541 | 541 | - | - | 257 | 257 |
| Impairment decrease due to the derecognition | - | - | - | - | - | - | - | - |
| FX rate change and other changes | - | - | 1 | 1 | - | - | - | - |
| Balance as of 31 December | 29 | 77 | 1,404 | 1,509 | 33 | 77 | 1,916 | 2,026 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Expected credit loss on loans - corporate

| | 31.12.2024 | | | 31.12.2023 | | | | |
|---|---|--|---|--------------|---|---|---|--------------|
| | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total | 12 months expected credit loss (Stage 1) | Life time expected credit loss (not impaired) (Stage 2) | Life time expected credit loss (impaired) (Stage 3) | Total |
| Balance as of 1 January | 1,899 | 185 | 3,365 | 5,449 | 1,452 | 120 | 4,099 | 5,671 |
| Impairment increase due to origination and purchase | 523 | - | - | 524 | 472 | - | 1 | 473 |
| Impairment change of modified, but not derecognized assets (net) | 578 | 33 | 2,498 | 1,887 | 47 | 71 | 2,084 | 2,202 |
| Impairment decrease due to the write-offs | - | - | 393 | 393 | - | - | 2,608 | 2,608 |
| Impairment decrease due to the derecognition | - | - | - | - | - | - | - | - |
| FX rate change and other changes | 142 | 22 | 81 | 245 | 73 | 7 | 211 | 291 |
| Balance as of 31 December | 1,986 | 174 | 5,551 | 7,712 | 1,898 | 184 | 3,365 | 5,447 |

**KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)**

Note (44) Risk management policy (continued)

b.) Liquidity risk

The Bank must maintain adequate liquidity. The Bank's liquidity position determined by deposit volatility, expected future loan demand, capacity of regulation of money requirement, availability of funding and its ability to control its funding needs.

The Bank classifies the liquidity risks into the following categories, and applies the risk management methods accordingly:

- maturity liquidity risk (mismatch in the maturity of assets and liabilities);
- disbursement liquidity risk (huge volume of unexpected disbursements before contractual maturity);
- structural liquidity risk (difficulties in the availability of funding, increasing funding price);
- market liquidity risk (the position can not be closed in time on market price, it should be kept open for longer time).

The Bank manages the liquidity risk considering the safety and profitability together with the requirements of the external, market environment. If the Bank is continuing extremely aggressive business policy, the risk shall increase. Whereas the Bank emphasizes safety too intensively, the profitability shall be threatened.

The Bank manages liquidity risk by each currency and on aggregated level as well.

The coverage of the liquidity risk management is not constrained to cover on-balance accounts only. The off-balance accounts, which would affect the liquidity risk, shall be included into the funding or position management activities as well.

The main tool for liquidity risk management is the maturity GAP report, which classifies the assets and liabilities into maturity profiles. Maturity GAP report is prepared at least on a monthly basis for the major currencies (HUF, USD, EUR, CHF) and aggregated level in HUF.

The tables below show the cash flows (capital) from financial assets and financial liabilities based on the remaining contractual maturity. Non-derivative financial liabilities and financial assets are discounted cash flows that include estimated interest payments.

Issued financial guarantee contracts and off-balance-sheet credit lines were included in the tables at the earliest possible contractual maturity. In case of issued financial guarantee contracts the maximum amount of the guarantee has been assigned to the earliest period of possible call for the guarantee.

The maturity GAP table includes cash flows:

- "Assets and liabilities classification according to their remaining maturity as of 31.12.2023"
- "Assets and liabilities classification according to their remaining maturity as of 31.12.2024"

KDB Bank Europe L.TD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Exposure to liquidity risk

| | 2024 | 2023 |
|-----------------------|------|------|
| On 31 December | 203% | 197% |
| Average of the period | 202% | 269% |
| Maximum of the period | 300% | 489% |
| Minimum of the period | 150% | 155% |

The Bank determines the 3-month liquidity ratio by analysing the maturity mismatch between assets and liabilities. The table above contains the values of the Liquidity Coverage Ratio (LCR) indicator. The calculation of the LCR is based on the relevant European Union regulations, primarily Regulation (EU) No 575/2013 and Delegated Regulation (EU) 2015/61. The ratio is calculated as follows: LCR = High Quality Liquid Assets (HQLA) / Net liquidity outflows over a 30-day period. HQLA includes cash, central bank reserves, and high-quality liquid securities classified into Level 1 and Level 2 categories, adjusted with the required regulatory haircuts. Net liquidity outflows represent the difference between expected cash outflows and inflows over a 30-day stress period, weighted according to regulatory assumptions.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Assets and liabilities classification according to their remaining maturity as of 31.12.2024:

| | 31.12.2024 | | | | | | |
|---|------------|--------------------------------------|----------------|--------------------|---------------------------|-------------------|------------------|
| | Book value | Gross nominal cash inflow/ (outflow) | Within 1 month | Between 1-3 months | Between 3 months - 1 year | Between 1-5 years | Without maturity |
| Financial liabilities | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Financial liabilities measured at amortised cost | 382,222 | 382,222 | 49,328 | 25,545 | 44,830 | 252,461 | 9,651 |
| Issued financial guarantee contracts | 0 | 2,459 | 0 | 621 | 667 | 1,171 | 0 |
| Unused credit lines | 0 | 6,896 | 0 | 0 | 2 | 6,894 | 0 |
| Derivative financial liabilities (measured at fair value through profit or loss) | | | | | | | |
| Cash outflow | 0 | 39,668 | 39,668 | 0 | 0 | 0 | 0 |
| Cash inflow | 0 | 39,668 | 39,668 | 0 | 0 | 0 | 0 |
| Financial assets | | | | | | | |
| Non-derivative financial assets | | | | | | | |
| Cash and current accounts with central banks and other sight deposits | 74,732 | 74,732 | 0 | 0 | 0 | 0 | 74,732 |
| Financial assets measured at fair value through profit or loss | | | | | | | |
| Financial assets measured at amortised cost | 321,450 | 330,880 | 22,307 | 17,861 | 45,032 | 241,512 | 4,168 |
| Financial assets measured at fair value through other comprehensive income | 23,067 | 23,067 | 0 | 0 | 0 | 0 | 23,067 |
| Derivative financial assets (measured at fair value through profit or loss) | | | | | | | |
| Cash outflow | 0 | 39,668 | 39,668 | 0 | 0 | 0 | 0 |
| Cash inflow | 0 | 39,911 | 39,911 | 0 | 0 | 0 | 0 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Assets and liabilities classification according to their remaining maturity as of 31.12.2023:

| | 31.12.2023 | | | | | | |
|---|------------|--------------------------------------|----------------|--------------------|---------------------------|-------------------|------------------|
| | Book value | Gross nominal cash inflow/ (outflow) | Within 1 month | Between 1-3 months | Between 3 months - 1 year | Between 1-5 years | Without maturity |
| Financial liabilities | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Financial liabilities measured at amortised cost | 330,276 | 330,276 | 79,623 | 55,622 | 33,985 | 74,943 | 20,284 |
| Issued financial guarantee contracts | | 1,781 | 0 | 462 | 108 | 1,211 | 0 |
| Unused credit lines | | 1,593 | 0 | 0 | 272 | 1,321 | 0 |
| Derivative financial liabilities (measured at fair value through profit or loss) | | | | | | | |
| Cash outflow | 0 | 1,586 | 1,528 | 11 | 24 | 23 | 0 |
| Cash inflow | 0 | 1,532 | 1,532 | 0 | 0 | 0 | 0 |
| Financial assets | | | | | | | |
| Non-derivative financial assets | | | | | | | |
| Cash and current accounts with central banks and other sight deposits | 111,529 | 111,529 | 0 | 0 | 0 | 0 | 111,529 |
| Financial assets measured at fair value through profit or loss | | | | | | | |
| Financial assets measured at amortised cost | 223,171 | 230,706 | 2,616 | 11,694 | 58,292 | 151,836 | 6,268 |
| Financial assets measured at fair value through other comprehensive income | 30,382 | 30,382 | 0 | 0 | 0 | 0 | 30,382 |
| Derivative financial assets (measured at fair value through profit or loss) | | | | | | | |
| Cash outflow | 0 | 1,148 | 1,148 | 0 | 0 | 0 | 0 |
| Cash inflow | 0 | 1,149 | 1,149 | 0 | 0 | 0 | 0 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Non-derivative financial assets and liabilities

| | 31.12.2024 | 31.12.2023 |
|--|-------------------|-------------------|
| Cash and current accounts with central banks and other sight deposits | 74,732 | 111,529 |
| Financial assets measured at amortised cost | 321,450 | 223,154 |
| Financial assets measured at fair value through other comprehensive income | 23,067 | 31,309 |
| Financial assets total | 419,249 | 365,992 |
| Financial liabilities measured at amortised cost | 382,222 | 328,940 |
| Financial liabilities total | 382,222 | 328,940 |

The table above shows non-derivative financial assets and liabilities that are settled after 12 months from the reporting date. The data is shown on book value.

c.) Market Risk

Due to the movement of market prices, such as share price, interest rate and foreign exchange rate, the market value of the assets held in the portfolio may decrease.

The Bank's market risk undertaking is not significant in relation to other risks. Market risks arise from the open position of interest rate, foreign exchange and equity products, all of which are exposed to both general and specific market movements.

d.) Interest rate risk

Interest rate risk is arising from the adverse movements of market interest rate, which can have effect on net interest income and net assets of the Bank. The interest risk may come from Banking Book positions or Trading Book positions. The source of interest rate risk is basically coming from the following factors:

- repricing risk: deviation between interest rate changes and cash-flow changes over time;
- yield curve risk: change of relations between interest rates specific to different maturities for the same products or markets;
- basis risk: change of relations between interest rates and yield curves specific to individual markets and products;
- embedded option risk: inherent (embedded) interest-related options in banking products.

The Bank has developed the structure of its interest bearing assets and liabilities in such a way that primarily short-term assets are in accordance with short-term liabilities, and long-term assets with long-term liabilities.

The classification of assets and liabilities according to their re-pricing periods includes cash flows (in accordance with IFRS), which contain the repayment schedule for loans, the probability of withdrawal of deposits and the probability of withdrawal of guarantees and credit facilities, and their re-pricing bands accordingly.

Note (44) Risk management policy (continued)

The Bank applies interest rate GAP calculation method to manage interest rate risk. The difference (GAP) of repricing intervals between assets and liabilities indicates the effect of interest rate movements on the net interest income.

Assets and liabilities with floating interest rates are presented in accordance with the next repricing period, assets and liabilities with fixed interest rates are presented according to their maturity in the below tables:

- „Interest rate risk management as of 31.12.2023” and
- „Interest rate risk management as of 31.12.2024”.

A fundamental global reform of key benchmark interest rates is underway to replace or reform IBOR with alternative, near-risk-free yields. There are no significant exposures of the Bank's financial instruments exposed to the interbank offer rates (IBOR) that would be exchanged or reformed as a result of this market-level initiative. The Bank expects that the IBOR reform will not have a significant operational, risk management and accounting impact on its business.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Interest rate risk management as of 31.12.2024

31.12.2024

| ASSETS | Within 1 month | | Between 1-3 months | | Between 3-6 months | | Between 6-12 months | | Between 1-5 years | | over 5 years | | Total repricing | | Total repricing and non-repricing | | | | |
|---|----------------|----------------|--------------------|----------------|--------------------|----------------|---------------------|--------------|-------------------|----------|--------------|----------|-----------------|--------------|-----------------------------------|----------------|----------------|---------|---|
| | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | | | |
| Cash and current accounts with central banks and other sight deposits | 14,794 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 247 | 317 | 14,794 | 76 | 15,434 | |
| fix interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| floating interest rate | 14,794 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,794 | 76 | 14,870 | |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 247 | 317 | 0 | 0 | 564 | |
| Financial assets measured at fair value through other comprehensive income | 0 | 0 | 22,763 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 232 | 840 | 22,763 | 0 | 23,835 | |
| fix interest rate | 0 | 0 | 22,763 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,763 | 0 | 22,763 | |
| floating interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 232 | 840 | 0 | 0 | 1,072 | |
| Financial assets measured at amortised cost | 62,114 | 78,296 | 5,000 | 135,190 | 0 | 98,306 | 0 | 3,896 | 0 | 0 | 0 | 0 | 0 | 3,546 | 143 | 67,114 | 315,688 | 386,491 | |
| fix interest rate | 58,963 | 14,672 | 0 | 0 | 0 | 88 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,963 | 14,760 | 73,723 | |
| floating interest rate | 3,151 | 63,624 | 5,000 | 135,190 | 0 | 98,218 | 0 | 3,896 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,151 | 300,928 | 309,079 | |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,546 | 143 | 0 | 0 | 0 | 3,689 | |
| Derivative financial assets | 89 | 40,473 | 0 | 1,469 | 0 | 4,306 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 89 | 46,248 | 46,337 | |
| fix interest rate | 89 | 39,448 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 89 | 39,448 | 39,537 | |
| floating interest rate | 0 | 1,025 | 0 | 1,469 | 0 | 4,306 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,800 | 6,800 | |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total | 76,997 | 118,845 | 27,763 | 136,659 | 0 | 102,612 | 0 | 3,896 | 0 | 0 | 0 | 0 | 4,025 | 1,300 | 104,760 | 362,012 | 472,097 | | |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Interest rate risk management as of 31.12.2024 (continued)

31.12.2024

| LIABILITIES | Within 1 month | | Between 1-3 months | | Between 3-6 months | | Between 6-12 months | | Between 1-5 years | | over 5 years | | Total repricing | | Total repricing and non-repricing | | |
|--|----------------|----------------|--------------------|----------------|--------------------|---------------|---------------------|----------------|-------------------|---------------|--------------|----------|-----------------|--------------|-----------------------------------|----------------|----------------|
| | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | |
| Financial liabilities measured at amortised cost | 27,737 | 130,016 | 364 | 150,794 | 534 | 25,483 | 342 | 21,963 | 0 | 0 | 0 | 0 | 0 | 0 | 28,977 | 328,256 | 357,233 |
| (borrowing, deposit) | | | | | | | | | | | | | | | | | |
| fix interest rate | 7,699 | 5,943 | 364 | 24,501 | 534 | 21,382 | 342 | 21,963 | 0 | 0 | 0 | 0 | 0 | 0 | 8,939 | 73,789 | 82,728 |
| floating interest rate | 20,038 | 124,073 | 0 | 126,293 | 0 | 4,101 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,038 | 254,467 | 274,505 |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivative financial liabilities | 39,911 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,800 | 0 | 0 | 0 | 0 | 39,911 | 6,800 | 46,711 |
| fix interest rate | 39,911 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39,911 | 0 | 39,911 |
| floating interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,800 | 0 | 0 | 0 | 0 | 0 | 6,800 | 6,800 |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subordinated loan | 0 | 8,202 | 0 | 12,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,505 | 20,505 |
| fix interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| floating interest rate | 0 | 8,202 | 0 | 12,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,505 | 20,505 |
| non interest rate sensitive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 67,648 | 138,218 | 364 | 163,097 | 534 | 25,483 | 342 | 21,963 | 0 | 6,800 | 0 | 0 | 0 | 0 | 68,888 | 355,560 | 424,448 |
| Net position | 9,349 | -19,373 | 27,399 | -26,438 | -534 | 77,129 | -342 | -18,067 | 0 | -6,800 | 0 | 0 | 4,025 | 1,300 | 35,872 | 6,452 | 47,649 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Interest rate risk management as of 31.12.2023

| | 31.12.2023 | | | | | | | | | | | | | | | | Total repricing and non reprice |
|--|-------------------|----------------|-----------------------|----------------|-----------------------|---------------|------------------------|--------------|----------------------|----------|-----------------|----------|--------------------|--------------|---------------|----------------|---|
| | Within 1 month | | Between 1-3 months | | Between 3-6 months | | Between 6-12 months | | Between 1-5 years | | over 5 years | | Total repricing | | Non-repricing | | |
| | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | |
| ETS | | | | | | | | | | | | | | | | | |
| cash and current deposits with central banks and other sight deposits | 21,679 | 178 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 286 | 495 | 21,679 | 178 | 22, |
| interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| floating interest rate | 21,679 | 178 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,679 | 178 | 21, |
| fixed interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 286 | 495 | 0 | 0 | |
| derivative | 0 | 0 | 29,015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 293 | 841 | 29,015 | 0 | 30, |
| financial assets measured at fair value through other comprehensive income | | | | | | | | | | | | | | | | | |
| interest rate | 0 | 0 | 29,015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,015 | 0 | 29, |
| floating interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| fixed interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 293 | 841 | 0 | 0 | 1, |
| derivative | | | | | | | | | | | | | | | | | |
| financial assets measured at amortised cost | | | | | | | | | | | | | | | | | |
| interest rate | 22,742 | 65,691 | 0 | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,742 | 65,769 | 88, |
| floating interest rate | 5,794 | 63,397 | 6,400 | 101,884 | 0 | 44,306 | 0 | 4,185 | 0 | 0 | 0 | 0 | 0 | 0 | 12,194 | 213,772 | 225, |
| fixed interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,937 | 434 | 0 | 0 | 2, |
| derivative | | | | | | | | | | | | | | | | | |
| investive financial assets | | | | | | | | | | | | | | | | | |
| interest rate | 242 | 1,287 | 0 | 2,017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 242 | 3,304 | 3, |
| floating interest rate | 0 | 0 | 0 | 2,017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,017 | 2, |
| fixed interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| derivative | | | | | | | | | | | | | | | | | |
| Total | 50,457 | 130,553 | 35,415 | 103,979 | 0 | 44,306 | 0 | 4,185 | 0 | 0 | 0 | 0 | 2,516 | 1,770 | 85,872 | 283,023 | 373, |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Interest rate risk management as of 31.12.2023

| 31.12.2023 | | | | | | | | | | | | | | | | | |
|----------------------------------|----------------|----------------|--------------------|----------------|--------------------|---------------|---------------------|--------------|-------------------|---------------|--------------|----------|-----------------|--------------|---------------|----------------|-----------------------------------|
| | Within 1 month | | Between 1-3 months | | Between 3-6 months | | Between 6-12 months | | Between 1-5 years | | over 5 years | | Total repricing | | Non-repricing | | Total repricing and non-repricing |
| | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF | FX | HUF |
| LIABILITIES | | | | | | | | | | | | | | | | | |
| Financial liabilities measured | 27,626 | 119,242 | 21,488 | 109,896 | 721 | 27,352 | 534 | 2,196 | 0 | 0 | 0 | 0 | 0 | 0 | 50,369 | 258,686 | 309,0 |
| Contracted | | | | | | | | | | | | | | | | | |
| Floating rate interest | 8,690 | 69,825 | 21,488 | 1,688 | 721 | 4,385 | 534 | 2,196 | 0 | 0 | 0 | 0 | 0 | 0 | 31,433 | 78,094 | 109,5 |
| Fixed rate interest | 18,936 | 49,417 | 0 | 108,208 | 0 | 22,967 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,936 | 180,592 | 199,5 |
| Derivative financial liabilities | 1,287 | 380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,017 | 0 | 0 | 0 | 0 | 1,287 | 2,397 | 3,6 |
| Derivative interest | 1,287 | 380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,287 | 380 | 1,6 | |
| Derivative interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,017 | 0 | 0 | 0 | 0 | 2,017 | 2,0 | |
| Derivative interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Derivative interest | 0 | 0 | 0 | 19,139 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,139 | 19,1 | |
| Derivative interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Derivative interest | 0 | 0 | 0 | 19,139 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,139 | 19,1 | |
| Derivative interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total | 28,913 | 119,622 | 21,488 | 129,035 | 721 | 27,352 | 534 | 2,196 | 0 | 2,017 | 0 | 0 | 0 | 0 | 51,656 | 280,222 | 331,8 |
| Net position | 21,544 | 10,931 | 13,927 | -25,056 | -721 | 16,954 | -534 | 1,989 | 0 | -2,017 | 0 | 0 | 2,516 | 1,770 | 34,216 | 2,801 | 41,3 |

Interest rate sensitivity analysis for floating rate financial instruments:

| | 31.12.2024 | | 31.12.2023 | |
|---|-----------------------|------------------|-----------------------|------------------|
| | Change (basis point)) | Effect on profit | Change (basis point)) | Effect on profit |
| Financial instruments with floating interest rate (HUF) | 200 | 1,445 | 200 | 677 |
| Financial instruments with floating interest rate (EUR) | 200 | -720 | 200 | -492 |
| Financial instruments with floating interest rate (USD) | 200 | -125 | 200 | 594 |
| Financial instruments with floating interest rate (CHF) | 200 | -2 | 200 | -5 |
| Total | | 598 | | 774 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

The Bank has analysed the effect of 200 basis point market interest rate movement on net interest income.

The below table shows the foreign currency (FX) position of the Bank in the main currencies. The other than main currencies are shown in the "other" column in HUF. The Bank also uses the VaR model to measure the Bank's foreign exchange risk.

Over the supervisory limits the Bank controls the FX positions by own limits also.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

The below tables show the exposure to FX risk by currencies

| | 31.12.2024 | | | | Total |
|--|------------|----------------|---------------|------------|----------------|
| | CHF | EUR | USD | Other | |
| Financial assets exposed to foreign exchange risk | | | | | |
| Cash and current accounts with central banks and other sight deposits | 25 | 190 | 179 | 102 | 495 |
| Financial assets measured at fair value through profit or loss | - | - | 150 | - | 150 |
| Financial assets measured at fair value through other comprehensive income | - | 352 | - | 0 | 352 |
| Financial assets measured at amortised cost | 31 | 236,536 | 75,252 | 0 | 311,820 |
| Off balance sheet items | - | 622 | 6,889 | - | 7,511 |
| Investments in subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Total | 56 | 237,699 | 82,470 | 102 | 320,327 |
| Financial liabilities exposed to foreign exchange risk | | | | | |
| Financial liabilities measured at fair value through profit or loss | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities measured at amortised cost | 162 | 266,986 | 86,118 | 128 | 353,393 |
| Off balance sheet items | 0 | 0 | 0 | 0 | 0 |
| Total | 162 | 266,986 | 86,118 | 128 | 353,393 |
| Net exposure to FX risk | - | - | - | - | - |
| | 106 | 29,286 | 3,648 | 25 | 33,066 |

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

The below tables show the exposure to FX risk by currencies*

| | 31.12.2023 | | | | Total |
|--|-------------|----------------|----------------|------------|----------------|
| | CHF | EUR | USD | Other | |
| Financial assets exposed to foreign exchange risk | | | | | |
| Cash and current accounts with central banks and other sight deposits | 38 | 26,590 | 39,686 | 194 | 66,508 |
| Financial assets measured at fair value through profit or loss | - | - | - | - | - |
| Financial assets measured at fair value through other comprehensive income | - | - | 18 | - | 18 |
| Financial assets measured at amortised cost | 34 | 127,792 | 84,739 | - | 212,565 |
| Off balance sheet items | - | 463 | 650 | - | 1,113 |
| Investments in subsidiaries | | | | | |
| Total | 72 | 154,845 | 125,093 | 194 | 280,204 |
| Financial liabilities exposed to foreign exchange risk | | | | | |
| Financial liabilities measured at fair value through profit or loss | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities measured at amortised cost | 186 | 155,685 | 123,405 | 280 | 279,556 |
| Off balance sheet items | 0 | 0 | -1,633 | 0 | 0 |
| Total | 186 | 155,685 | 123,405 | 280 | 279,556 |
| Net exposure to FX risk | -114 | -840 | 1,688 | -86 | 648 |

*On-balance and off-balance portfolio (capital, interest and ECL), without HUF

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (44) Risk management policy (continued)

Market sensitivity analysis

The Bank uses the Value-at-Risk (VaR) method to estimate the market risk of open positions and the maximum expected loss based on several assumptions about changes in market conditions. VaR indicates the maximum expected loss calculated from the distribution of value of the portfolio under certain confidence level (99%) and holding period (10 days).

Accordingly, the Bank uses VAR for the foreign exchange risk of its total banking portfolio and the securities held for trading (the Bank did not have any trading security exposure in these periods).

The currency risk of trading portfolio includes net open position of on-balance and off-balance sheet items.

| Exposure to market risk – Trading portfolio | 31.12.2024 | Average | Maximum | Minimum |
|--|-------------------|----------------|----------------|----------------|
| VaR position | 117,19 | 64,85 | 117,19 | 12,13 |

| Exposure to market risk – Trading portfolio | 31.12.2023 | Average | Maximum | Minimum |
|--|-------------------|----------------|----------------|----------------|
| VaR position | 5,81 | 5,92 | 7,38 | 5,12 |

The Bank uses the VaR model to measure the foreign currency risk level.

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

VI. Supplementary notes to capital

Note (45) Capital management, capital adequacy

The primary purpose of capital management is to ensure that the Bank operates prudently and the compliance with regulatory capital adequacy.

For the Bank, capital management is primarily based on the continuous monitoring of the capital position in the short term and in the long run strategic and business planning, which includes monitoring and forecasting the capital position.

Capital adequacy

The new capital adequacy directive (CRDIV / CRR) has set global capital requirements (Basel III agreement) under the EU legal framework. The new directives became effective from 1 January 2014. In the meantime, credit institutions have been subject to tighter prudential rules, in particular to ensure adequate capital reserves and liquidity levels. Thanks to these rules credit institutions become even more stable, their appropriate risk management capabilities associated with their activities and the coverage of potential losses during operation are improving. From 1 January 2018 the Bank's capital adequacy control is based on financial statements prepared in accordance with International Financial Reporting Standards.

| | 31.12.2024* | 31.12.2023* |
|---|---------------|---------------|
| I. WARRANTEE CAPITAL | 58,189 | 54,489 |
| I.1. CORE CAPITAL (TIER 1) | 38,318 | 35,350 |
| I.1.1. COMMON EQUITY TIER1 (CET1) | 38,318 | 35,350 |
| I.1.1.1. Share capital | 28,980 | 28,980 |
| I.1.1.1.1. Payment in excess of nominal value | 42 | 42 |
| I.1.2. Retained earnings | 10,193 | 7,642 |
| I.1.2.1. Previous years' retained earnings | 7,427 | 1,049 |
| I.1.2.2. Profit/loss can be considered | 2,766 | 6,593 |
| I.1.3. Other comprehensive income | 335 | -276 |
| I.1.4. Other reserve | 0 | 0 |
| I.1.5. General reserve | 414 | 414 |
| I.1.6. Adjustments to CET1 due to prudential filters | -26 | -32 |
| I.1.7. Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities | -2 | 0 |
| I.1.8. (-) Valuation adjustment due to prudent valuation requirements | -24 | -32 |
| I.1.9. (-) Intangible assets | -1,314 | -1,096 |
| I.1.10. (-) Insufficient coverage of defaulted exposures | -263 | -282 |
| I.1.2. ADDITIONAL EQUITY TIER1 (AT1) | 0 | 0 |
| I.2. SUPPLEMENTARY CAPITAL | 19,871 | 19,139 |
| I.2.1. Subordinated loan** | 19,871 | 19,139 |

*IFRS

KDB Bank Europe LTD. Separate Financial statements 31 December 2024
all amounts in million HUF (except when otherwise indicated)

Note (45) Capital management, capital adequacy (continued)

| | 31.12.2024* | | 31.12.2023* | |
|---|----------------|---------------|----------------|-------------|
| | RWA | Tőke | RWA | Tőke |
| Credit risk capital requirement | 256,344 | 20,507 | 209,403 | 16,1 |
| Market risk capital requirement | 0 | 0 | 0 | |
| | 428 | 34 | 103 | |
| Operational risk capital requirement | 23,506 | 1,880 | 20,563 | 1,1 |
| Total capital requirement | 280,278 | 22,421 | 230,069 | 18,1 |
| Warranty capital can be considered to cover risk | | 58,189 | | 54,1 |
| | TMM (%)** | | TMM (%)** | |
| CET1 capital adequacy ratio (%) | 13.67 | | 15.36 | |
| T1 capital adequacy ratio(%) | 13.67 | | 15.36 | |
| Capital adequacy ratio (%) | 20.76 | | 23.68 | |

*IFRS **Capital adequacy ratio

The Bank applies the CRR standard method for determining credit risk capital requirements.

Internal capital adequacy

The Bank has developed the internal capital adequacy assessment process in accordance with the requirements of Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and their supervisory review process, and Business Model Analysis (BMA) issued by NBH.

In addition to the minimum capital requirements for credit, market and operational risk as defined in Pillar I, the Bank determines further capital requirements under Pillar II. based on its own internal procedure.

Beyond the definition of the capital requirement, ensuring the adequacy of internal procedures, like internal limits, control procedures, risk management, consistency and efficiency of internal control is a prerequisite for prudential operation.

Operational risk

The Bank applies the Basic Indicator Approach (BIA) to determine the capital requirement for operational risk.