GRÁNIT Bank Plc.

GRÁNIT Bank Prudential Group consolidated financial statements

Disclosure
in accordance with the requirements of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR)

Annex 3

Qualitative information on ESG risks

31 December 2025

1. Integration of ESG risks into business strategy and processes

1.1 Material impacts, risks and opportunities, and their interaction with strategy and the business model

GRÁNIT Bank’s material environmental, social and governance (ESG) impacts, risks and opportunities within the framework of a double materiality assessment (DMA) in accordance with the European Sustainability Reporting Standard (ESRS), which comprehensively examines the sustainability aspects related to the Bank’s operations and provides a basis for strategic decision-making. The methodology applied during the DMA is detailed in the chapter entitled ‘The Double Materiality Assessment Process’ at 3.1.

The impacts, risks and opportunities (IROs) identified by the Bank as material, and their interaction with the strategy, are presented in the table below:

Environmental information

Material topic	Material impact, risk or opportunity	Timeliness and time horizon	Presence in the value chain	Related ESRS standard
GHG emissions from own operations				
Negative impact	Greenhouse gas emissions contribute to global warming. Through its own operations, the Bank Group emits greenhouse gases through the use of its company vehicles and the operation of its office buildings, which have an adverse impact on the environment.	Current – medium-term	Own operations	ESRS E1
The Bank Group’s approach	The GRÁNIT Group’s Scope 1 emissions during its operations arise from the fuel used in motor vehicles and the consumption of natural gas for building energy. Scope 2 emissions are calculated from the electricity consumption required for the company’s operations and the purchased district cooling energy. The Group measures the extent of its GHG emissions falling under the Scope 1 and Scope 2 categories. The Bank’s environmental impact is minimal thanks to its digital operations.			

Material topic	Material impact, risk or opportunity	Timeliness and time horizon	Presence in the value chain	Related ESRS standard
GHG emissions arising from the downstream value chain				
Negative impact	Greenhouse gas emissions contribute to global warming. The Bank Group's environmental impacts are primarily manifested through its financed portfolio. Financing sectors with high GHG emissions significantly increases the Bank Group's Scope 3 greenhouse gas emissions.	Current – short-term	Downstream	ESRS E1
The Bank Group's approach	As a credit institution, the majority of the Banking Group's environmental impacts stem from financed emissions classified under Scope 3, which play a decisive role in shaping its overall greenhouse gas footprint. A detailed breakdown of the Banking Group's Scope 3 GHG emissions will be provided in the 2026 sustainability report.			
The environmental impacts of financial products				
Negative impact	In the case of banks, the vast majority of emissions fall into the 'financed Scope 3 emissions' category, which encompasses emissions from financed activities. Through its services, the Bank contributes, via its business activities, to the emissions of individuals and companies, which may have a negative impact on the environment.	Current – short-term	Downstream	ESRS E1
The Bank Group's approach	Green loans are also featured in retail and corporate lending, and the Bank plans to introduce a green product in connection with its newly launched investment service. The Bank's liquidity policy reflects an interest in green bonds, which the Bank prefers over traditional bonds.			

Material topic	Material impact, risk or opportunity	Timeliness and time horizon	Presence in the value chain	Related ESRS standard
Environmental, social and climate change risk management				
Financial opportunities	The significance of environmental, social and climate change risks is constantly growing, as the frequency of extreme weather events rises, ESG regulations become increasingly stringent, and customer expectations continue to strengthen. Managing ESG risks can also lead to financial opportunities, as it opens up new business segments and reduces the Bank's broader risks.	Potential – medium term	Own activities	ESRS E1
The Bank Group's approach	GRÁNIT Bank has begun the structured integration of ESG considerations into its operations, with a view to ensuring regulatory compliance and reducing reputational risks. The Bank complies with the risk management practices required by Recommendation No. 10/2022 (VIII.2) of the National Bank of Hungary regarding environmental and climate change risk management.			
Integration of ESG into products				
Financial opportunity	Integrating ESG factors into products leads to better ESG risk management and has a positive impact on the environment and society. Furthermore, from a financial perspective, integrating ESG into products enables the Bank Group to enter broader sustainability markets and capitalise on opportunities offered by regulators to make ESG-conscious business decisions.	Potential – medium term	Own activities	ESRS E1
The Banking Group's approach	In the course of its investment services, the Bank offers (or may offer) green products, provided that these are included in its clients' product range or that their strategy includes increasing the proportion of green financial products. Through these, the Bank contributes to expanding the range of sustainable financial products and supports its clients' responsible investment decisions.			

Material topic	Material impact, risk or opportunity	Timeliness and time horizon	Presence in the value chain	Related ESRS standard
Energy transition risk in the portfolio				
Financial risk	If the Bank's customers fail to align their energy consumption and business processes with these requirements, this failure to adapt could result in financial vulnerability, which could ultimately lead to an increase in the proportion of non-performing loans.	Potential – medium-term	Downstream	ESRS E1
The Bank Group's approach	Transition risks arise from the economy's shift towards low-carbon operations and are primarily linked to changes in the regulatory environment, stricter environmental regulations, and the transformation of technological and market structures. Certain retail and corporate loan programmes arranged by GRÁNIT Bank support the financing of energy efficiency and renewable energy-based developments.			

Social information

Material topic	Significant impact, risk or opportunity	Timeliness and time horizon	Appearance in the value chain	Related ESRS standard
Attracting and retaining talent				
Financial risk	Ensuring a workforce of sufficient quality and quantity is of paramount importance to the company's operations, and attracting and retaining talent plays a decisive role in this. The development of products tailored to customers' needs depends to a significant extent on the expertise and capacity of the skilled workforce available to the Banking Group.	Potential – medium term	Own activities	ESRS S1
Financial opportunity		Potential – medium term	Own activities	ESRS S1
The Banking Group's	Failure to manage talent effectively can lead to higher staff turnover, which increases recruitment and training costs; therefore, the Banking Group places particular emphasis on supporting the attraction and retention of talent.			

<table>
<tr><th>Material topic</th><th>Significant impact, risk or opportunity</th><th>Timeliness and time horizon</th><th>Appearance in the value chain</th><th>Related ESRS standard</th></tr>
<tr><td colspan="5">Lack of work-life balance</td></tr>
<tr><td>Financial risk</td><td rowspan="2">Work-life balance is becoming an increasingly important factor for younger generations in the workplace, which may affect the ability to attract and retain staff. Failure to maintain an appropriate balance can result in poorer quality work, which may also affect financial performance, as well as having a negative impact on employees’ mental and physical health.</td><td>Potential – medium term</td><td>Own activity</td><td rowspan="2">ESRS S1</td></tr>
<tr><td>Negative impact</td><td>Current – medium term</td><td>Own activities</td></tr>
<tr><td>The Bank Group’s approach</td><td colspan="4">Most of the Bank’s units are characterised by overtime and high workloads, which the organisation is not always able to remedy by increasing resources, thus posing an increased risk. Excessive workload reduces staff satisfaction in the long term, increases the risk of burnout, has a detrimental effect on the working atmosphere, and negatively impacts productivity.</td></tr>
<tr><td colspan="5">Gender equality</td></tr>
<tr><td>Financial opportunities</td><td>The Banking Group can influence employee satisfaction and retention by promoting fair remuneration, equal treatment and equal working conditions. Gender equality can have a positive impact on employees’ well-being and motivation. This can contribute to more efficient work, which may also be financially beneficial to the Bank.</td><td>Potential – medium term</td><td>Own activities</td><td>ESRS S1</td></tr>
<tr><td>The Bank Group’s approach</td><td colspan="4">The Bank’s corporate social responsibility strategy includes the promotion of equal opportunities, which is also essential amongst employees. Gender equality is practised within the Bank Group; no distinction is made in terms of pay or positions on the basis of gender, and assessments in this regard are based solely on performance.</td></tr>
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<tr><th>Material topic</th><th>Significant impact, risk or opportunity</th><th>Timeliness and time horizon</th><th>Appearance in the value chain</th><th>Related ESRS standard</th></tr>
<tr><td colspan="5">Training and skills development</td></tr>
<tr><td>Positive impact</td><td rowspan="2">By fostering an environment that promotes continuous learning and development, the Banking Group can provide its staff with the tools to help them achieve their goals and progress along their career paths. If the Banking Group ensures that its employees acquire the appropriate, up-to-date specialist knowledge, this can lead to more efficient and higher-quality work, which may contribute to better financial performance.</td><td>Current – short-term</td><td>Own activities</td><td rowspan="2">ESRS S1</td></tr>
<tr><td>Financial opportunity</td><td>Potential – medium-term</td><td>Own activities</td></tr>
<tr><td>The Bank Group’s approach</td><td colspan="4">All departments place particular emphasis on training and skills development. The Human Resources Department provides support for the implementation of these initiatives, whilst the specialist departments are responsible for organising and delivering the training programmes. The Bank provides ESG training for staff working in key areas and organises annual training for members of the Board of Directors, thereby reinforcing a sustainability mindset and ethical business practices. The Human Resources Department monitors the completion of training programmes, ensuring transparency and compliance.</td></tr>
<tr><td colspan="5">Data security and data protection – cyber risks</td></tr>
<tr><td>Financial risk</td><td>Due to the nature of its operations, GRÁNIT Bank processes large volumes of personal data, the handling of which is governed by legislation. In the event of a successful cyberattack, a data breach involving the large volumes of personal data processed could have a negative impact on customers and would also entail financial risk. This risk may arise from financial extortion and damage to the bank’s reputation.</td><td>Potential – short-term</td><td>Downstream</td><td>ESRS S4</td></tr>
<tr><td>The Bank Group’s approach</td><td colspan="4">The Bank’s security system is multi-layered, which reduces the risk of successful attacks; however, due to the Bank’s digital operations, it requires particular attention. The Banking Group fully complies with the applicable legal requirements, and its Data Protection Officer ensures ongoing cooperation with the business units during product development.</td></tr>
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Material topic	Significant impact, risk or opportunity	Timeliness and time horizon	Appearance in the value chain	Related ESRS standard
Inadequate information provided to customers				
Financial risk	In the banking sector, it is of paramount importance to provide customers with accurate information and to protect consumers from potential abuse. Due to fierce competition, the effectiveness of the Bank's marketing activities is crucial to expanding its customer base.	Potential – medium-term	Downstream	ESRS S4
The Bank Group's approach	GRÁNIT Bank places particular emphasis on credibility, as transparency in contracts is of fundamental importance; non-transparent business practices can lead to a loss of customer trust, as well as reduced profitability and sanctions. The Bank helps customers understand its services by providing information available online. When a loan application is submitted, the Bank specifies the amount of credit available, which ensures transparent lending for customers.			
Access to products and services				
Financial opportunities	Ensuring that a broad section of society has access to its products represents a financial opportunity for the Bank, as it can achieve better results with a wider customer base and a more diverse product portfolio. An expanding customer base and a more diversified product portfolio can improve business results in the long term.	Potential – medium term	Downstream	ESRS S4
The Bank Group's approach	Ensuring access to products and services is a fundamental element of GRÁNIT Bank's business strategy and sustainable operations. The Bank is continuously developing its digital products and, in an increasing number of cases, introducing fully digital processes, meaning that customers do not need to visit its Budapest branches in person, which enables a broad section of society to access its services.			

Material topic	Significant impact, risk or opportunity	Timeliness and time horizon	Appearance in the value chain	Related ESRS standard
Lack of responsible market practices				
Financial risk	Should the Bank fail to meet regulatory expectations regarding the application of responsible market practices, this could result in financial penalties and reputational damage. A lack of responsible market practices could lead to a decline in the customer base, which in turn could result in a reduction in the Bank's market share.	Potential – medium-term	Downstream	ESRS S4
The Bank Group's approach	Legal proceedings brought against or by the Bank are negligible in number, whilst financial dispute resolution arising from consumer complaints occurs more frequently. Due to strong competition, the effectiveness of the Bank's marketing activities is key to expanding its customer base.			
Corporate social responsibility				
Financial opportunities	Community engagement can strengthen the Bank Group's brand and its public image, which may contribute to increased customer loyalty in the long term. Through corporate social responsibility, the Bank can help to foster and maintain a positive image of responsible corporate behaviour.	Potential – medium term	Downstream	Entity-specific
The Bank Group's approach	Placing even greater emphasis on social factors, GRÁNIT Bank has established a strategy specifically focused on corporate social responsibility, which is based on three pillars: social education, the promotion of equal opportunities, and support for sport and culture. Corporate social responsibility takes two forms at the Bank: on the one hand, long-term sponsorship; and on the other, grants provided without any expectation of return.			

Corporate governance information

Key topic	Significant impact, risk or opportunity	Timeliness and time horizon	Position in the value chain	Related ESRS standard
Anti-money laundering				
Financial risk	Failure to manage money laundering risks appropriately may result in regulatory sanctions and damage to reputation. The Banking Group's focus on combating money laundering can lead to social impacts that, in the long term, strengthen trust, encourage the spread of responsible practices, and support the sustainable growth and development of the economy.	Potential – medium-term	Own activities	ESRS G1
The Bank Group's approach	The Banking Group complies with and acts in accordance with anti-money laundering legislation. To promote the fight against money laundering (AML), the Bank operates a dedicated AML unit, whose primary task is to ensure that operations are aligned with the relevant legal requirements and the expectations set out in the recommendations of the National Bank of Hungary (MNB).			
Digitalisation and innovation				
Positive impact	Technology and innovation can benefit the environment and society in numerous ways – green technologies, environmental monitoring, communication and connectivity, access to education, reducing the carbon footprint, ethical artificial intelligence and data protection, etc.	Current – short-term	Core business	ESRS G1
Financial opportunity	When strategically integrated into the Bank's operations and business model, digitalisation and innovation can create numerous financial opportunities that contribute to revenue growth, cost reduction, increased profitability and long-term financial success.	Potential – medium-term	Own activities	
The Bank Group's approach	The Bank is constantly developing its products and increasing the level of digitalisation, which forms the basis of its operations as a digital bank. The Bank strives to implement solutions that enable fully digital customer service processes and is at the forefront of introducing related innovations.			

Key topic	Significant impact, risk or opportunity	Timeliness and time horizon	Position in the value chain	Related ESRS standard
Prevention and detection of corruption				
Financial opportunities	The prevention and detection of corruption and bribery are fundamental principles that may influence the Banking Group's exposure to various financial risks. The effective prevention and detection of corruption and bribery supports the Banking Group's regulatory compliance and helps to mitigate associated reputational risks.	Potential – medium-term	Own activities	ESRS G1
The Bank Group's approach	By preventing and detecting corruption, the Bank Group can foster a culture of responsibility and accountability, reduce the likelihood of ethical and legal breaches, and ultimately improve its financial stability and performance. GRÁNIT Bank has rules in place to prevent corruption, and all employees are required to undertake annual training in this regard.			

1.2 GRÁNIT Bank's activities and services

GRÁNIT Bank aims to make managing finances simpler, faster and more convenient through innovative digital solutions. It sees its mission as not only promoting financial literacy but also fostering an environmentally conscious mindset amongst its partners and customers.

The Bank's services

In its operations, the Bank distinguishes between three customer segments: it tailors its range of services to meet the needs of retail customers, SMEs and large corporations.

The Bank offers retail customers account packages with no account maintenance fees ("Bajnok", "Digitális", "Sztár", "Diák", "Diákhitel" and "Kamat plusz" packages), which can be opened via video call or by submitting a selfie. The Bank has special account packages for managing class funds (Class Fund Account) and holding foreign currency (Foreign Currency Account), whilst its HŐS account package has been created specifically for healthcare workers. When it comes to managing savings, it also offers its customers various deposit options and fixed-term deposits, long-term savings accounts and the opportunity to subscribe to government securities. The Bank offers various current account and mortgage loan schemes with favourable credit terms. The Babaváró loan is available via VideóBank, with a processing time of just 30 minutes from 2023; for mortgages, the Bank provides a preliminary credit assessment to prospective customers online within minutes. The Bank's range of bank cards includes the Gránit Neo Mastercard and the Gránit Standard Mastercard, whilst customers can also apply to the Bank for the Gránit Platinum Mastercard and Gránit World Elite Metal bank cards, which offer premium services. Also available in its range is the Gránit EUR/USD Mastercard embossed card, which can be used for payments and cash withdrawals linked to foreign currency accounts. Since 2022, all newly issued bank cards have been made from rapidly degradable plastic, which contains an additive that ensures, under appropriate waste management and composting conditions, that the PVC begins to degrade by microbes within 60 days.

The Bank offers SMEs a range of standard and even bespoke bank account packages, business foreign currency accounts in EUR, USD or GBP, as well as packages specifically tailored to the needs of start-up companies. At the end of 2023, the Bank launched a fully comprehensive online service for opening and managing business accounts without restrictions, which is available regardless of the company's size, legal form, or the number of registered directors and authorised signatories. For large corporations, the Bank provides documentary operations, treasury transactions, financing solutions and payment services, utilising digitalised solutions similar to those for retail products.

The Bank participates in a wide range of economic development and retail programmes (MNB NHP, NKP bond programme, Gábor Baross Reindustrialisation Loan Programme, Széchenyi card/loan schemes, MFB Pont, Eximbank refinancing schemes, CSOK, Green Loan programme), and has been a BUBOR quoting institution since 2018.

The Banking Group currently operates in Hungary and, amongst neighbouring countries, has a significant customer base in Romania thanks to its cross-border project.

In line with the MNB's Green Recommendation[1] , the Bank has integrated environmental risks into its credit rating and risk management processes, as detailed in the chapter entitled '3.2. ESG Risk Management Policy'.

1.3 Green Strategy

The Bank drew up its green strategy in 2021, underpinned by services developed alongside the advancement of digital banking solutions. As a result of the rapid development of information technology, society is increasingly moving towards digitalisation, which is giving rise to new

[1] Recommendation No. 10/2022 (2 August) of the National Bank of Hungary

demands in the financial sector and enabling banks, with the help of digital technology, to contribute to an ever-greater extent to the provision of efficient and resource-efficient financial services.

Environmental considerations

The environmental pillar of the strategy is based on the efficient use of resources resulting from the Bank's digital operations. Within the strategic environmental aspects, it sets out four key objectives: (1) environmentally conscious internal operations, (2) reducing emissions and (3) reducing energy consumption through digitalisation, (4) supporting sustainability through the development of green products.

Social considerations

In line with GRÁNIT Bank's corporate social responsibility strategy, it continuously strives to raise environmental awareness amongst the general public.

Governance aspects

The Bank's management continuously assesses the effectiveness of its sustainability objectives and actively supports sustainability-related training for relevant staff, thereby enhancing the necessary expertise. The Code of Ethics requires all members of the Bank to adopt an environmentally conscious approach and mindset.

1.4 ESG Strategy for the period 2026-2028

GRÁNIT Bank has drawn up its ESG strategy for the period 2026–2028. The strategy aims to gradually integrate sustainability considerations into the Bank's operations, in line with EU and domestic regulatory requirements, and is intended to serve as the basis for objectives to be defined at a later date. The strategy sets out the following main objectives:

- Measuring and reporting emissions
- Integration of ESG considerations into lending decisions
- Mapping environmental risks in the portfolio
- Managing operational risks
- Monitoring reputational risks
- Developing ESG expertise and organisational capacity
- Increasing the proportion of green assets and loans

The implementation of the strategy is based on four guiding principles:

- Gradual approach: The Bank has not yet set specific targets for ESG indicators. The first two years (data for 2025–2026) are to be regarded as a monitoring period, during which the Bank will collect data, test assessment methodologies and assess which indicators it can actually influence. Target values will only be set once this experience has been gained.
- Proportionality: The strategy is tailored to the Bank's size, business model and technological capabilities. ESG integration is implemented not as a separate system but by embedding it into existing processes, thereby avoiding an excessive administrative burden.
- Integration: ESG considerations are incorporated into business, risk management and operational processes. The ESG questionnaire and assessment become part of the client rating process; issuance data is integrated into liquidity, repricing, concentration and credit portfolio risk and control reports; and ESG training forms part of the human resources training system.
- Monitoring and feedback: KPIs and KRIs are monitored as part of the monthly liquidity, repricing, concentration and credit portfolio risk and control reports . Management bodies use these to assess the progress of the strategy and, where necessary, adjust measures or introduce new mitigation steps.

1.5 Stakeholders' interests and perspectives

In order to prepare its dual materiality assessment, the Bank Group surveyed its stakeholder groups. During the assessment, the Bank identified the specialist areas and subsidiary representatives involved in the preparation of the sustainability report, as well as other internal and external stakeholders, and designated internal representatives for external stakeholders. The additional stakeholders identified are set out in the table below:

Stakeholder categories	Internal representative for the stakeholder
Investors, shareholders, analysts	Investor Relations Board of Directors
Lenders, banks	Treasury Board
Our own employees	Human Resources Department
Regulatory and supervisory authorities	Compliance Division
Educational institutions, academia	Human Resources Department
Suppliers, subcontractors	Procurement and Administration Department
Customers	Retail Product Development and Sales Directorate
Media	Communications and PR Department
Civil society organisations, local communities	Communications and PR Department
Industry organisations and trade unions	Strategy and Analysis Division

Each member company of the Banking Group maintains relations with the relevant groups in accordance with its own organisational characteristics and the characteristics of the stakeholder groups. The Banking Group cooperates with its key stakeholders; one of the aims of engaging with them is to ascertain their views. During the dual materiality assessment (DMA), the identified stakeholders were involved both directly and indirectly; the precise process is detailed in the chapter entitled '3.1. The dual materiality assessment process'.

As part of the materiality assessment and review, the views and interests of external stakeholders regarding the strategy and business model were identified through internal representatives. The interests and views of internal stakeholders, such as employees, line managers and the Bank's governing bodies, are reflected in the Bank's business strategy.

The Bank Group engages with stakeholders in the following ways during the dual materiality assessment:

Stakeholders	Method of engagement	Method of taking the results into account
Risk Control Directorate	Ongoing support for the DMA, participation in IRO assessment and validation workshops, provision of expert	Incorporation of identified potentially relevant topics and IROs into the DMA, taking the assessment into account
Heads and representatives of operational areas related to ESG at Group level	Participation in IRO assessment and validation workshops; ensuring expert	Incorporation of identified IROs into the DMA, taking the assessment into account

Stakeholders	Method of engagement	Method of taking the results into account
Board of Directors, Supervisory Board	Review and approval of the DMA's findings	In shaping the final form of the DMA
Other stakeholders	Representation at IRO evaluation and validation workshops via internal	Incorporation of identified IROs into the DMA, taking the assessment into account

Of the Bank's administrative, executive and supervisory bodies, the Board of Directors actively participated in the dual materiality assessment; its members received regular updates from the Risk Control Directorate on the progress of the process, and they reviewed and approved the results of the DMA, thereby gaining an understanding of the stakeholders' views and the potential material impacts, risks and opportunities they had identified.

2. Integrating ESG risks into corporate governance

2.1 The role of the administrative, executive and supervisory bodies

Management Committee

At GRÁNIT Bank, the management body is represented by the Executive Committee. The Executive Committee is a standing committee established by the Board of Directors of GRÁNIT Bank. It has decision-making authority in the implementation of the strategy adopted by the Board of Directors, which includes, amongst other things, determining the direction of product development, sales, marketing and risk-taking. The Executive Committee does not restrict the tasks and powers of GRÁNIT Bank's other standing committees (the Assets and Liabilities Committee, the Credit Committee and the Non-Performing Loans Committee). The Executive Committee regularly monitors and reviews GRÁNIT Bank's day-to-day operations, the achievement of business objectives and compliance with regulations, and takes the necessary decisions where justified. The Executive Committee discusses and submits the consolidated strategy, annual financial, capital policy and investment plans to the Board of Directors for approval, and monitors the performance of the members of the GRÁNIT Bank Group on a monthly basis through controlling reports.

The Rules of Procedure of the Executive Committee are in line with the principles and provisions set out in the Bank's Organisational and Operational Regulations.

Board of Directors

The governing body with decision-making authority at GRÁNIT Bank is the Board of Directors.

The executive body of GRÁNIT Bank is the Board of Directors, which comprises the Chairman, the Deputy Chairman and other members of the Board. The Board of Directors consists of five members.

At the head of GRÁNIT Bank's organisational structure is the Chief Executive Officer, who is responsible for the Bank's operational management and also holds the office of Chair of the Board of Directors; the Chief Executive Officer's duties and powers are determined by the Board of Directors.

The Board of Directors has exclusive authority to:

- adopting the Bank's organisational and operational regulations,
- the approval of the Bank's separate and consolidated financial statements in accordance with the Accounting Act, and the proposal regarding the appropriation of the after-tax profit, and their submission to the General Meeting,

- the adoption of the Bank's separate and consolidated annual reports, as well as its sustainability report, in accordance with the Accounting Act, and their submission to the General Meeting,
- submitting the Bank's corporate governance report to the General Meeting,
- deciding on an increase in share capital on the basis of authorisation received from the General Meeting,
- deciding on the acquisition of own shares, subject to authorisation by the General Meeting,
- subject to the prior approval of the Supervisory Board, deciding on the payment of an interim dividend in lieu of the General Meeting,
- exercising the employer's rights in relation to the employment relationship between the Bank and its Chief Executive Officer, Deputy Chief Executive Officers and the Chairman of the Board of Directors, in accordance with the provisions of GRÁNIT Bank's Articles of Association,
- the proper keeping of the Bank's accounts,
- the appointment of the Bank's employees authorised to sign on behalf of the Bank,
- the adoption of the Bank's annual business plan,
- approving customer limits of a specified type and above a specified amount, as set out in the Bank's internal regulations approved by the Board of Directors,
- preparing reports on the management, the Bank's financial position and business policy at least once a year for the General Meeting and every three months for the Supervisory Board,
- maintaining the Bank's share register (unless otherwise provided for in the Civil Code or GRÁNIT Bank's Articles of Association)
- approving decisions relating to the establishment, operation and termination of the MRP (Employee Share Ownership Scheme), as well as its costs and expenses, within the framework set out in the Bank's Remuneration Policy,
- making proposals regarding the current Remuneration Policy framework,
- is responsible for the implementation of the remuneration policy adopted and reviewed by the Supervisory Board,
- making proposals to the Supervisory Board for the adoption of regulations concerning internal audit and the operation of internal control lines,
- to perform other duties specified in legislation, or pursuant to authorisation under legislation, as well as in the resolutions of the General Meeting,
- to take all decisions which do not fall within the exclusive competence of the General Meeting and which are not assigned to the competence of any other corporate body by the Bank's organisational and operational regulations or the Board of Directors' rules of procedure.

The detailed rules governing the operation of the Board of Directors and the division of duties and powers amongst its members are set out in the Board's rules of procedure.

Supervisory Board

At GRÁNIT Bank, the Supervisory Board constitutes the governing body with supervisory powers.

The Supervisory Board consists of five members, who serve as independent members of the Board.

Duties and powers of the Supervisory Board:

- it monitors the Bank's management on behalf of the General Meeting,
- ensures that the Bank has a comprehensive and effective control system in place, assesses the functioning of the Bank's internal control lines on an annual basis,
- examines the key business policy report, as well as any proposals falling within the exclusive competence of the General Meeting, and approves the corporate governance report,

- makes recommendations to the General Meeting regarding the appointment of the Auditor to carry out the statutory audit of the separate and consolidated annual accounts, and regarding the remuneration of, as well as regarding the appointment of the Auditor to be entrusted with providing an assurance opinion on the separate and consolidated sustainability report and their remuneration,
- oversees the Bank's internal audit organisation,
- reviews the Bank's annual and interim financial reports,
- prepares an annual report for the General Meeting,
- formulates recommendations and proposals based on the findings of audits carried out by the internal audit function,
- adopts the regulations governing internal audit and the operation of internal control lines,
- carries out an institutional-level assessment of the individual and collective suitability of members of the management body, as well as the suitability of persons holding key positions,
- approves the rules of procedure of the Audit Committee,
- performs other duties as specified by law.

The detailed rules governing the operation of the Supervisory Board are set out in the rules of procedure established by the Supervisory Board and approved by the General Meeting.

Audit Committee

The Audit Committee assists the Supervisory Board in overseeing the financial reporting system, selecting the auditor and cooperating with the auditor. The Audit Committee consists of five members, who are elected by the General Meeting from among the independent members of the Supervisory Board.

The duties and powers of the Audit Committee are as follows:

- issuing an opinion on the annual accounts,
- making recommendations to the Supervisory Board regarding the appointment and remuneration of the auditor to be appointed to carry out the statutory audit of the separate and consolidated annual accounts, and regarding the appointment and remuneration of the auditor to be appointed to provide an assurance opinion on the separate and consolidated sustainability reports,
- the preparation of contracts to be concluded with the auditor to be appointed to carry out the statutory audit of the separate and consolidated annual accounts, and with the auditor to be appointed to issue an assurance opinion on the separate and consolidated sustainability reports,
- monitoring compliance with the professional requirements and conflict-of-interest rules applicable to the auditor to be appointed to carry out the statutory audit of the separate and consolidated annual accounts, and to the auditor to be appointed to issue an assurance opinion on the separate and consolidated sustainability reports, carrying out tasks relating to cooperation with the auditor and, where necessary, making recommendations to the Supervisory Board regarding measures to be taken,
- assessing the functioning of the financial reporting system and making recommendations on the necessary measures to be taken,
- assisting the Supervisory Board in its work to ensure the financial reporting system is properly monitored,
- monitoring the effectiveness of the Bank's internal audit and risk management systems, as well as the internal controls affecting financial and sustainability reporting, and the financial and sustainability reporting processes, and making recommendations where necessary,
- monitors the statutory audit of the annual and consolidated annual accounts, as well as the activities aimed at providing assurance on the sustainability report and the consolidated sustainability report – in particular their implementation – taking into

account Act LXXV of 2007 on the Hungarian Chamber of Auditors, the findings and conclusions made during the quality assurance procedure conducted in accordance with Act LXXV of 2007 on Auditing and Public Oversight of Auditors ("Kkt.") by the authority responsible for public oversight of auditors, ,

- reviews and monitors the independence of the auditor, with particular regard to compliance with the specific requirements concerning the statutory audit of entities of public interest and the repeal of Commission Decision 2005/909/EC, as set out in Article 5 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, on specific requirements for the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC,
- informs the General Meeting of the results of the statutory audit and the assurance engagement relating to the sustainability report, demonstrates how the statutory audit and the activities aimed at providing assurance on the sustainability report have contributed to the integrity of the financial and sustainability reporting, and the role played by the Audit Committee in the reporting process,
- it carries out other duties falling within its remit under the law.

The detailed rules governing the operation of the Audit Committee are set out in the rules of procedure established by the Audit Committee and approved by the Supervisory Board.

In accordance with corporate governance requirements, GRÁNIT Bank sets out detailed rules governing the assessment of the individual and collective suitability of members of the management body and persons holding key positions, in line with Recommendation No. 1/2022 (17 January) of the National Bank of Hungary. These regulations cover professional competence, good business reputation, ethical conduct and decision-making free from undue influence. The assessment of collective suitability ensures diversity in leadership, strategic and risk management capabilities, and effective oversight. The assessment system is standardised at group level, is repeated at regular intervals, and contributes to maintaining responsible, transparent and sustainable corporate governance practices.

2.2 Oversight of impacts, risks and opportunities

The management of impacts, risks and opportunities identified by the Banking Group is not carried out by the governing bodies. The designated organisational units are responsible for the appropriate management of the relevant IROs. Each area has a reporting obligation to the relevant governing body; these reports are submitted on a quarterly, half-yearly or annual basis, depending on the area. The reports are submitted in writing and are reviewed and commented on by the governing bodies. On the basis of these reports, the governing bodies set and monitor the relevant area-specific targets.

In accordance with the corporate governance requirements set out in Sections 108–109 of the Hpt., as well as the expectations set out in the MNB's Recommendation No. 10/2022. (VIII.2.) (Green Recommendation), the Bank's governing body with management authority (the Board of Directors) is obliged to be aware of and understand climate change-related and environmental risks, and to exercise effective oversight over them. It is the responsibility of the governing body to ensure that the risks undertaken by the Bank remain consistent with its risk appetite, business strategy, internal regulations and policies, as well as with the applicable legal and regulatory requirements.

The Bank has designated the senior manager responsible for overseeing ESG risk management in its Organisational and Operational Regulations. The Deputy Chief Executive for Strategy and Analysis is responsible for the governance of ESG risk management, the management and control of climate change and environmental risks, and the implementation of the ESG risk management policy, in his capacity as the dedicated Chief Sustainability Officer (CSO). The CSO is supported in their work by the core organisational unit for ESG risk management, the Risk Control Directorate, which also supports all relevant business and service areas of the Bank in matters relating to ESG risk management. The senior executive responsible for ESG risk management (CSO) reports quarterly – in accordance with the best practice guidelines set out by the MNB – on the activities of, as well as on the Bank's position and progress regarding climate change and environmental risks, to the governing body with decision-making powers.

Of the Bank's standing committees, the Assets and Liabilities Committee (ALC) fulfils the remit of the ESG Committee.

The EFB's remit in the area of ESG risk management is:

- overseeing compliance with the requirements set out in the MNB's Green Recommendation, the MNB's ESG Recommendation, and EU and domestic regulations;
- providing regular updates to the Bank's management and board of directors on the status of ESG tasks;
- supporting and approving the preparation of the sustainability report, disclosures and regulatory data submissions;
- overseeing the setting and achievement of ESG risk management objectives, and monitoring the key risk indicators (KRIs) associated with these objectives;
- supporting the development and updating of relevant internal policies and processes, and providing prior approval;
- providing prior approval of the relevant internal policies.

By performing the tasks listed above, the Assets and Liabilities Committee ensures that ESG considerations are incorporated into all areas of the Bank's operations and remain consistent with regulatory requirements and the Bank's ESG strategy.

Within the Bank, the Risk Control Directorate is responsible for the operational aspects of the Bank's ESG risk management and sustainability-related tasks. The Risk Control Directorate is the central ESG risk management unit, which directs and coordinates the activities of the other relevant organisational units in this area. The Bank has an ESG specialist position within the Risk Control Directorate, thereby ensuring the necessary expertise within the organisation.

The Bank operates a professional consultation forum to discuss current issues relating to ESG risk management, involving the ESG officers of Group members and the relevant ESG officers of the Bank. This professional consultation forum operates under the name 'ESG Roundtable'. The ESG Roundtable is run by the Bank's ESG department, the Risk Control Directorate. The ESG Roundtable is not a decision-making body and therefore cannot pass resolutions or impose binding measures. Its role is to support Group-level governance as a forum for professional consultation and the formulation of recommendations, with particular regard to the implementation of ESG risk management and sustainability objectives. Through the roundtable's activities, knowledge is shared amongst Group members, regulatory and market trends are monitored, and best practices are collated and formulated into recommendations, which may be submitted to the Bank's relevant decision-making bodies for further discussion.

To ensure the sustainability report was prepared appropriately and to maintain up-to-date knowledge of sustainability regulations and market practices, the Bank utilised training delivered by external experts, in which members of the Bank's senior management also participated, thereby ensuring a proper understanding of the reporting process and regulatory requirements. The Bank's operational management (the Chief Executive Officer and his deputies) actively participated in the DMA process, with final approval being granted by the Board of Directors and the Supervisory Board.

2.3 Ensuring sustainability awareness

A key element in establishing and maintaining an appropriate, high-level ESG corporate culture is the system of ESG training. The Bank provides the necessary training on climate-related and environmental risks to employees, relevant specialist departments, relevant managers and members of the governing body with decision-making powers.

The Bank is committed to ensuring that all its employees, managers and decision-making bodies possess the knowledge required to manage sustainability, climate and environmental risks.

The Bank regularly trains and develops its staff's knowledge and expertise regarding the climate and environmental dimensions of finance, and ensures that staff are aware of the Bank's strategic goals, objectives and internal processes relating to climate and environmental risks, green finance and ESG risks.

Training for new employees

When new employees join the Bank, ESG-related training materials form part of the compulsory training programme, helping new employees to gain a comprehensive understanding of the Bank's sustainability aspirations and expectations right from the start of their employment.

Staff training

The Bank organises annual general training on ESG principles via its e-learning system, which is compulsory for all employees. In 2025, the training took place without a compulsory exam; from then on, it will conclude with an exam. The Bank monitors the completion of these training courses.

Specialist training

The Bank ensures that adequate human and financial resources are available to carry out tasks relating to climate change and environmental risks. To this end, the Bank ensures that the relevant organisational units – particularly those performing control functions – have clear powers and responsibilities to manage the risks in question effectively. The Bank provides mandatory annual ESG risk management training – covering an expanded range of topics – for staff working in the relevant specialist areas. This training also covers ESG considerations specific to product development.

Training for the governing body

Members of the Bank's Board of Directors receive training at least once a year on the topics of 'regulatory changes and requirements relating to sustainability' and 'the Bank's climate and environmental risk management framework and its response to sustainability considerations'.

2.4 Information provided to the Bank's administrative, executive and supervisory bodies and the sustainability issues they address

In 2025, the Bank Group conducted its second DMA assessment; the process for this assessment and the reporting procedure relating to the material impacts, risks and opportunities identified therein are set out in the Bank's Disclosure Policy.

The Bank's Risk Control Directorate is responsible for the operational management of the DMA process and the preparation of the sustainability report. Its role is to actively support ESG reporting, as well as to participate in the DMA implementation and validation process and in the IRO assessment. Maintaining contact with and providing information to representatives of the Bank's organisational units and the heads of subsidiaries is also the responsibility of this department.

The Risk Control Directorate reported to the Bank's Board of Directors on the progress of the DMA process and its results.

The specialist departments inform the Bank's management about the impacts, risks and opportunities identified during the DMA in different ways depending on the topic; this information is not provided via a separate channel but is integrated into the specialist departments' existing reporting practices.

For the time being, there are no specific guidelines for the governing bodies and their committees on how to take sustainability impacts, risks and opportunities into account when overseeing the Bank Group's strategy, decisions relating to its major transactions, and risk management procedures. The governing bodies take a stance in line with the Banking Group's long-term interests, and such considerations are made in accordance with generally accepted principles. Of paramount importance in the Board of Directors' objectives and activities are the enhancement of shareholder value, profitability and efficiency; risk management; and full compliance with external regulations in all respects, i.e. ensuring the most effective implementation of business, ethical and internal control policies. The Board of Directors is responsible for ensuring the effectiveness of internal safeguards and for safeguarding a sustainable business model that takes into account all relevant risks, including ESG risks.

During the reporting period, the members of the Board of Directors were briefed by the Risk Control Directorate on the impacts, risks and opportunities identified on the basis of the double materiality assessment. The Board of Directors reviewed and approved the impacts, risks and opportunities relating to the identified material sustainability issues. 1.1 The sub-section ' sets out in detail the material issues, the associated impacts, risks and opportunities, and the Bank's approach to them.

3. Integrating ESG risks into risk management

3.1 The dual materiality assessment process

GRÁNIT Bank identifies and assesses its ESG-related impacts, risks and opportunities through a double materiality assessment, which has been prepared in accordance with the guidelines of the ESRS (European Sustainability Reporting Standards) framework published by the European Union.

By carrying out the double materiality assessment and defining its material topics, the Bank Group can ensure that it focuses its resources on those areas where it can achieve the greatest environmental or social impact or financial opportunity, and where it can reduce its negative environmental impacts to the greatest extent necessary and prevent financial risks. The reporting requirements under the ESRS propose a methodological approach to the double materiality assessment and provide criteria for determining whether a sustainability issue may be material in relation to the Banking Group's operations. Based on this assessment, the Banking Group has identified the material ESG issues and related information disclosed in this report, setting out their relevance, associated risks, opportunities and impacts, key performance indicators and strategic objectives. The material sustainability issues have been identified with the aim of providing clear guidance to the Banking Group on compliance with the CSRD, which is based on the EU requirements implemented in the Hungarian Accounting Act[2] . Beyond legal compliance, sustainability is a fundamental strategic pillar of the Banking Group; therefore, the objective is not only to comply with the law but also, beyond that, to develop the service portfolio and to meet the needs of customers, financiers and shareholders to the highest possible standard, including the provision of accurate sustainability reporting. The impacts, opportunities and risks detailed in the previous chapter have a significant influence on the company's strategic approach.

During the reporting period, the Banking Group reviewed its material sustainability issues, taking into account recent geopolitical events, changes in market and stakeholder priorities, and relevant reporting standards.

[2] Act C of 2000 on Accounting

As a first step in the Group-wide double materiality assessment, GRÁNIT Bank defined the scope of the Banking Group and its associated stakeholders. As the Banking Group is largely engaged in the provision of financial services, potential sustainability issues were identified based on the impacts of these activities. Initially, the Banking Group drew up a long list of potential issues, which was then narrowed down to a shortlist following consultation with stakeholders, for further examination. Based on the potential topics, the Banking Group identified the resulting environmental and social impacts, as well as financial risks and opportunities (IROs). Representatives from the Bank’s specialist departments and experts from its subsidiaries were involved in identifying these. When assessing the materiality of the IROs, the Banking Group took the following criteria into account:

Criteria examined	Positive or negative environmental or social impact	Financial risk or opportunity
Current or potential	✓	
Time horizon	✓	✓
Occurrence within the value chain	✓	✓
Extent of impact	✓	✓
Scope of impact	✓	
Irreversible nature of the impact	✓	
Probability of the impact	✓	✓

Based on the materiality assessment, the Banking Group defined a materiality matrix which, in the case of impact materiality, took into account the severity and probability scores, whilst for financial materiality it considered the magnitude and probability.

The results of the dual materiality assessment were first evaluated and validated by the relevant functional areas and subsidiaries, and were subsequently approved by the Bank’s Board of Directors.

The results of the DMA and the identified key sustainability themes provide a starting point for the Risk Control Directorate to align the Bank Group’s operational activities with ESG risks. The new objectives and actions identified in response to the impacts, risks and opportunities identified during the DMA will be incorporated into the Bank Group’s ESG Strategy, as well as into the relevant risk management and corporate governance policies and procedures, over the coming years.

The Banking Group will repeat the DMA process in every reporting period to ensure that any operational and environmental changes are reflected in a timely manner in the material issues. The material impacts, and identified during the DMA are presented in detail in the chapter entitled ‘1.1 ’ .

3.2 ESG Risk Management Policy

The ESG Risk Management Policy sets out GRÁNIT Bank's framework for integrating climate and environmental risks, in accordance with Recommendations No. 10/2022 (VIII.2) and No. 7/2025 (VI.23) of the National Bank of Hungary. The document sets out that, in the course of its operations, the Bank assesses, at a systemic level, the short-, medium- and long-term climate change-related and environmental risks, as well as their impact on its business model, strategy and risk-taking practices. The Policy covers corporate governance, the management of credit, market, operational and reputational risks, and sets out a framework for sustainability indicators, data collection requirements and reporting processes.

A key element is the use of the ESG questionnaire, in line with the MNB's ESG recommendations, and the ESG assessment based on it, which is a central tool in the Bank's sustainability risk assessment practice. Through this practice, the Bank ensures that ESG considerations are taken into account in its lending activities. The purpose of the questionnaire is to collect data on corporate clients' environmental, social and governance performance in a structured manner, ensuring that the data is comparable and assessed consistently. The Bank assesses clients' ESG performance and risk on a scale of 1 to 10, which is directly integrated into the corporate client rating system and influences credit risk decisions with a 10 per cent weighting. The completed questionnaire and the results of the assessment form part of the credit decision documentation in every case, and the data is stored and updated in the Bank's dedicated database.

The Policy also sets out the most significant acute and chronic physical risks, as well as transition risks, from the perspective of the Bank's operations, and outlines the measures taken to manage and monitor them. Furthermore, the Policy sets out requirements for conducting a climate sensitivity analysis to assess the Bank's exposures. The Bank carries out regular monitoring, uses KPIs and KRIs, and ensures that climate and environmental factors are taken into account at all levels of strategic planning, governance and risk management.

The scope of the Policy is group-wide, thus covering all investments and activities subject to consolidated supervision. Its general provisions apply to the Bank's entire operations, and are therefore applicable to all organisational units and employees, as well as to the Bank's external partners. GRÁNIT Bank has designed its ESG risk management framework in a manner commensurate with the scale of its operations, its business model and the complexity of its activities, in accordance with the principle of proportionality. In developing and refining the Policy, the Bank also sought support from external experts, taking into account the relevant provisions of MNB Recommendation No. 12/2022 (11 August).

3.3 Measures aimed at managing environmental risks

Climate risk analysis and identification

The Bank's management fosters a risk culture that extends across the entire Bank and is consistent with the Bank's risk appetite and risk tolerance. To ensure this, the Bank identifies, measures and manages emerging risks. The primary tools for this include internal policies, regulations, guidelines, appropriate communication, and training programmes tailored to employees' roles and responsibilities in risk-taking, risk management and risk control, covering the Bank's activities, applicable regulatory requirements, and its credit risk strategy, policy and related procedures.

Physical risks are risks affecting the Bank that arise from the physical effects of climate change.

- Acute physical risks: These arise from specific events, primarily weather-related phenomena – such as storms, floods, fires or heatwaves – which may damage production facilities and disrupt the functioning of value chains.
- Chronic physical risks: These stem from long-term changes in the climate, including, amongst other things, temperature changes, rising sea levels, declining water resources, a decline in biodiversity, and changes in soil fertility.

Credit risks

The integration of ESG considerations into risk management procedures is also of paramount importance in terms of achieving more accurate estimates in credit risk and capital calculation models, as the climate resilience of individual sectors may vary significantly. In 2025, GRÁNIT Bank Nyrt. adopted its ESG Risk Management Policy, the aim of which is to set out and regulate the steps taken by the Bank to integrate climate and environmental risks into its operations, and to detail the procedures, tools and methodologies for measuring and mitigating these risks, as prescribed in Recommendation No. 10/2022. (VIII.2.) on the measurement and mitigation of these risks. The ESG Risk Management Policy sets out the processes required of the Bank for the identification and management of physical and transition risks.

The Bank has identified rising electricity prices as a relevant climate-related transition risk factor, particularly in the context of increasing cooling requirements linked to heat stress, which may affect the operating costs and energy consumption of the Bank's premises.

The Bank has not yet carried out a comprehensive scenario analysis to identify and assess climate risks; however, it has already partially incorporated certain aspects into its risk management policies. As part of this, the identified sector-level and geographical risks have been used to strengthen risk processes and support decision-making. In its retail lending activities, by applying the list of localities set out in its Collateral Valuation Policy, the Bank primarily grants loans against properties located in regions less exposed to climate change. This approach indirectly reduces exposure arising from physical risks.

The Bank does not yet have a comprehensive process in place to identify climate-related transition events in the short, medium and long term and to assess their impact on assets and business activities, nor has the Bank yet identified those assets and business activities that are incompatible with the transition to a climate-neutral economy, or for which significant efforts would be required to make them compatible with the transition to a climate-neutral economy.

The Bank has a climate sensitivity scenario analysis tool that enables it to quantify the impacts on the capital requirements and impairment of the loan portfolio when analysing various environmental and macroeconomic risk scenarios. It also examines how a newly introduced climate tax would affect impairment, exposure and capital requirements. The tool can be used to conduct climate and energy crisis stress tests. The aim of the climate stress test is to examine the consequences of introducing a carbon tax of a specified magnitude – assuming a given pass-through rate – on the capital requirements and impairment of the loan portfolio. The purpose of the energy crisis stress test is to examine the impact of a specified increase in natural gas prices – assuming a given pass-through rate – on the capital requirements and impairment of the loan portfolio. The Bank will carry out a climate sensitivity analysis on its exposures in 2026 and, depending on the results, will consider whether a change in capital requirements is necessary.

The Bank's strategy includes increasing the proportion of green financial products in its portfolio in both the corporate and retail segments. As part of this, it views loan applications aimed at improving energy efficiency, expanding the use of renewable energy and reducing GHG emissions favourably during the credit assessment process. The Bank applies the concessions set out in the MNB's retail and corporate Green Capital Requirement Concession Programme to loans and bonds that meet the relevant criteria. In corporate lending, this primarily concerns financing aimed at expanding the use of renewable energy. These products have a positive impact on the environment, whilst also offering financial benefits to the Bank through regulatory incentives.

When it launched the distribution of investment units at the end of 2024, the Bank also made Gránit Fund Management's Gránit Jövőkép ESG Equity Derivative Investment Fund available to its customers; this fund complies with Article 8 of the SFDR [3] as it aims to promote environmental and/or social characteristics.

When financing housing construction projects, the Bank assesses and continuously monitors compliance with energy efficiency requirements to ensure that the financed projects meet the environmental requirements set out in the MNB’s green capital requirement relief programme for housing. The project agreements include a reference to Government Decree No. 176/2008 (30 June) on the certification of the energy performance of buildings, which forms the basis for the technical expert’s assessment. Projects must demonstrably comply with the technical and energy requirements set out in the Decree, as certified by the technical expert in an authenticated form.

Operational risks

The Bank identifies and assesses climate- and environment-related risks in an integrated manner within its operational risk management framework, covering both its own operations and its outsourced activities. The risk assessment covers physical and transition risks, taking into account the relevant climate exposures arising from the Bank’s geographical location, as well as how climate events may affect the functioning of critical functions.

When identifying physical risks, the Bank examines chronic and acute climate risk factors and identifies those that are material to its operations. As a result of this analysis, the Bank has identified three chronic (temperature change, heat stress, temperature fluctuation) and three acute (heatwave, heavy rainfall, flooding) physical risks as material. In assessing these, the Bank examines how the risks might affect business continuity, the condition of buildings and infrastructure, and the safety of employees.

The assessment of exposure and sensitivity covers the Bank’s own premises, IT systems and outsourced services. The Bank pays particular attention to the effects of heat stress and heatwaves, which may affect both the health and working conditions of employees and the operation of critical IT infrastructure. In the event of catastrophic incidents (e.g. flooding, heavy rainfall), the Bank assesses operational disruptions caused by damage to buildings and restricted access for employees.

The Bank incorporates the results of its assessments of physical risks into its business continuity plans and monthly risk reports. Operational risk events related to climate-related events are identified separately in the loss data collection system and reported regularly to the governing bodies.

The Bank assesses its exposure to and sensitivity to climate-related physical risks on a qualitative basis as part of its operational risk management framework. The assessment covers the Bank’s own premises, IT infrastructure and outsourced activities, taking into account chronic and acute climate hazards arising from geographical location. The Bank assesses the probability of risks and their expected impact on business continuity and critical functions, and incorporates the results into its business continuity plans and risk reports.

During the assessment, the Bank primarily examines risks associated with heat stress, heatwaves, heavy rainfall and flooding, and evaluates how these might affect the operation of its sites, its IT infrastructure and critical business processes.

The Bank has not defined specific short-, medium- and long-term time horizons, but has adopted a general approach to identifying potential climate hazards and monitoring risks. In the absence of specific time horizons, risk management is primarily focused on understanding potential climate impacts and is not directly linked to capital allocation or strategic planning decisions.

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[3] Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector

Market risks

The Bank acknowledges that environmental and climate risks may indirectly affect market risks, as they can influence the valuation of financial instruments and demand for products. The Bank has reviewed its market risks and does not consider them to be material from an ESG perspective, as it does not hold a significant trading portfolio or more complex trading positions.

Liquidity risks

The Bank has reviewed its operations and exposures from a liquidity perspective and has determined that, due to its diverse corporate customer portfolio, its credit risk exposures do not exhibit any geographical or sectoral concentration. Accordingly, climate and environmental risks are not considered material under the principle of proportionality of liquidity risk

Reputational risks

The management of reputational risks forms part of the Bank's ESG risk framework. The Bank continuously monitors sustainability-related reputational risks associated with its operations, including employee reports on working conditions received via the official anonymous channel and trends in the gender pay gap.

3.4 Measures to manage social risks

3.4.1 Measures relating to our own workforce

Measures aimed at maintaining a motivated and satisfied workforce help to manage the risks associated with attracting and retaining talent, such as a competitive remuneration package, ongoing training, support for physical and mental health, flexible working arrangements, analysis of recruitment data, staff turnover and exit interviews, as well as strengthening the employer brand and collaborations with higher education institutions. The risks arising from a lack of work–life balance are mitigated by the option to work from home, internal and external training courses on topics relevant to employees, the 'Employee of the Year' award, and regular community programmes that strengthen corporate culture – such as themed breakfasts and weekly yoga classes. The effectiveness of training and skills development is supported by additional professional training courses, in addition to the compulsory annual compliance training, which promote personal and professional development and help maintain up-to-date specialist knowledge.

3.4.2 Measures relating to clients

Managing cyber risks

Data protection is of paramount importance to the Bank, as it handles large volumes of sensitive information. Cyber security incidents can lead to reputational risk and a loss of trust, which may have a direct impact on the Bank's standing. For GRÁNIT Bank, cyber security encompasses the processes, recommended procedures and technological solutions that help protect critical systems and the network from digital attacks.

At the Bank, cyber risks are managed across multiple layers in accordance with the following guiding principles:

Regulation and ensuring compliance:

- developing and regularly reviewing strategies, policies, regulations and procedures;
- continuous risk assessment and management;
- carrying out regular audits.

Technological compliance:

- conducting technical tests and their follow-up assessments;

- continuous monitoring, detection and response;
- use of automated self-protection mechanisms;
- continuous use of external expert support;
- the use of services to maintain and improve IT security levels on an ongoing basis (e.g. brand protection, DDoS protection);
- implementing industry best practices and applying standards and specifications.

Human risk management:

- regular internal security awareness training (e.g. awareness-raising circulars);
- regular internal general and specialist security training;
- customer education (in collaboration with Kiberpajzs), maintenance of a cybersecurity sub-page, social media campaigns, and education via eBank and NetBank.

The measures outlined form an integral part of the Bank's operations and were therefore implemented during the reporting period. In addition, the Bank's fraud prevention project continued in 2025. As part of the project, a real-time fraud prevention transaction monitoring system was rolled out, enabling the Bank to effectively prevent payment fraud. The system also provides real-time anti-money laundering filters, which support KYC (know your customer) processes and effectively reduce money laundering risks arising from credit transactions. The system has also been rolled out and gone live for retail and corporate customers, providing transfer limit management for each cash-substitute payment instrument.

These measures were devised taking into account risk assessments of the relevant groups, industry best practices, ongoing audits and trends specific to the sector.

Handling of customer complaints

To handle customer complaints, the Bank has established a separate Complaints Handling and Correspondence Team within the Customer Relations and Sales Department, thereby increasing the efficiency of responses and minimising reputational risks arising from failure to meet deadlines.

The Bank organises annual refresher training for staff involved in direct customer contact, as well as induction training for new colleagues. The staff concerned include employees at bank branches, the Digital Customer Centre (video and call centre) and the company carrying out outsourced activities, who perform the Bank's weekend and night-time on-call duties. The Bank has paid particular attention to ensuring the appropriateness of telephone conversations, correspondence and responses, so that communication with customers is empathetic and informative whilst complying with mandatory legal requirements.

In addition to this, in 2025 the Bank established a dedicated team within the Digital Customer Centre, led by a supervisor and operating as a first-line resolution system, whose aim is to resolve customer complaints during the very first call, so that they can be settled without the need for a formal complaint to be lodged.

The Bank's customers can lodge a complaint in the following ways:

- In person at the customer service desk at the Bank's head office, at the WESTEND Customer Centre, or via GRÁNIT TeleBank or GRÁNIT VideoBank.
- In writing at the customer service desk at the Bank's head office, at the WESTEND Customer Centre, by email to panasz@netbank.hu, using the Bank Card Transaction Complaint Form, via GRÁNIT NetBank, via the complaints handling interface available on the Bank's website, or by post.
- Within the Corporate Sales Department, individual customers are dealt with in person by the Bank's customer service representatives.

3.5 Measures aimed at managing corporate governance risks

GRÁNIT Bank and the Bank Group are constantly working to develop and maintain a positive corporate culture. Despite the dynamic growth of recent years, the importance of personal connections – typical of smaller companies – continues to play a defining role in the Bank's corporate culture, which is also reflected in direct communication with managers. To shape and maintain its corporate culture, the Bank regularly conducts employee surveys, the results of which are placed on the agenda of Executive Committee meetings, where employee feedback and the implementation of organisational values are discussed. The Bank supports employees' understanding of the organisation and the development of personal relationships through team-building events, where the company's strategy and objectives are also reviewed and discussed. In addition, the Human Resources Department conducts regular anonymous surveys to gather employees' opinions and comments, the results of which are also taken into account in the development of the corporate culture.

Mechanisms for identifying, reporting and investigating concerns

The whistleblowing system is operated by the Compliance Division in accordance with the provisions of Act XXV of 2023 on complaints and reports in the public interest, and on the rules governing such reports. The following may submit reports via the internal whistleblowing system:

- employees and sole traders currently working for or who have previously worked for the Bank Group,
- contractors, subcontractors, suppliers or persons under the supervision and direction of an agent who have commenced proceedings to establish a contractual relationship with the Banking Group, are currently in a contractual relationship with it, or have previously been in such a relationship,
- freelancers and consultants who work or have worked for the Banking Group,
- volunteers and trainees (paid and unpaid),
- shareholders (natural persons),
- persons performing administrative, auditing, supervisory or representative functions (hereinafter: representatives).

The Whistleblowing process provides an opportunity to report breaches of the law occurring at the Bank and the companies within the Banking Group that harm the public interest or integrity, with the greatest possible guarantee of confidentiality. The aim of the system is to ensure that any misconduct brought to light during the course of an employment relationship or through a legal or business relationship with the Bank Group is dealt with appropriately, whilst protecting the whistleblower against any retaliatory or discriminatory measures.

Reports can be made via a channel available 24 hours a day, seven days a week. The report must include the details necessary to identify the whistleblower (name, relationship to the company and contact details), a detailed description of the facts and conduct alleged to constitute a breach, and – where available – relevant documents, the applicable rules and any other information that may assist the investigation. The reporter must also declare whether they have any personal interest in the report.

Reports may be submitted in writing to the Compliance Division's email address, or in person to the compliance officer and/or the deputy chief executive for compliance. In addition, the reporter may request a meeting via the above channels to make the report, which the compliance officer is obliged to arrange within a reasonable time.

GRÁNIT Bank's Code of Ethics contains provisions on the prohibition of bribery and the fight against corruption, which are in line with the United Nations Convention against Corruption.

Internal channels for reporting misconduct:

- in writing, via email sent to the specified email address,

- in person at the offices of the relevant department,
- by telephone via the responsible member of staff in the relevant department,
- by anonymous report, in writing, in a sealed envelope placed in the ‘Whistleblowing’ box located in the Compliance department.

All employees are required to complete the annual compliance training, which also covers the topic of reporting misconduct.

Combating money laundering

The day-to-day operational tasks of the AML department include continuous transaction and customer monitoring. As part of this, daily measures are taken which form the basis for risk-based decisions, such as reporting to the authorities, complying with requests for information from the authorities, or even terminating customer relationships.

Prevention and detection of corruption and bribery

To prevent and detect corruption and bribery, the Compliance Division includes in its audit plan an audit entitled ‘Compliance Audit of Ethical Standards’, during which it examines procedures in the relevant areas to identify risks that could give rise to corruption. Should any suspicion of corruption arise, the Internal Audit Department may also launch a special investigation, even in parallel with the Compliance Division.

The investigation is conducted by the compliance officer and subsequently reviewed by the Deputy Chief Executive for Compliance. The Internal Audit Department – acting as the third line of defence – monitors compliance processes in accordance with its annual plan. In addition, the Compliance Division prepares a quarterly report for the Board of Directors and the Supervisory Board, in which it draws attention to risks where necessary and recommends that the necessary measures be taken.

Employees receive email notifications from the Legal Department regarding any amended company policies, regardless of which regulations are affected. If the change affects a policy applicable to the entire organisation, the notification will be sent to all employees. In addition, the updated information will be included in the materials for compulsory training and examinations.

The key topic of the annual compulsory compliance training and exam is corruption and its prevention. The training material is available in e-learning format on GRÁNIT Bank’s internal information portal (Moodle). Once employees have familiarised themselves with the training material, they may sit the exam, which ensures they have acquired the required level of knowledge. Completion of the training is mandatory for all new employees within 30 days of the start of their employment, and must be repeated annually by all employees – including senior executives and managing directors. The internal portal manages the list of those required to undertake the training and examination, as well as the deadlines for these. The Bank’s management receives online notifications regarding completion or non-completion of the training. The Board of Directors and the Supervisory Board do not currently receive specific training on this matter. The training thus covers 97 per cent of the functions exposed to risks.

The GRÁNIT Group has identified those high-risk roles which, due to their duties and areas of responsibility, are exposed to the risk of corruption and bribery. Such roles include those where

- the employee has large sums of cash under their supervision;
- the employee’s decisions shape the organisation’s internal rules and regulations;
- the employee is included on the organisation’s list of decision-makers and/or wields significant influence;
- the employee is a middle manager or holds a higher position;
- the employee is responsible for preparing business decisions (strategy, procurement, transactions, etc.);
- the employee is a highly privileged user in the IT department;
- the employee is a member of staff or a manager in the security department;

- in the course of their work, the principle of trust is very strongly emphasised without any controls;
- the incentive scheme is counterproductive from a risk (security) perspective.

The Banking Group does not apply any additional procedures to prevent corruption in high-risk roles. Corruption risks are minimised due to the Banking Group’s headcount, the effective functioning of existing controls, the alignment of defences and rapid communication.