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## Independent Auditors' Report

To the shareholder of Magyar Export-Import Bank Zrt.

*Opinion*

We have audited the consolidated financial statements of Magyar Export-Import Bank Zrt. and its subsidiary (collectively, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

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

**Recoverability of loans and advances to banks and insurance companies, loans and advances to other customers (2023: net carrying amount: HUF 1,528,308 million and HUF 860,644 million, accumulated impairment loss: HUF 5,742 million and HUF 66,963 million, 2022: net carrying amount: HUF 1,195,483 million and HUF 446,979 million, accumulated impairment loss: HUF 4,369 million and HUF 59,510 million)**

Refer to Note (3.7); (6); (7); (15) and (30) to the consolidated financial statements

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
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Impairment loss represents Group's best estimate of the expected credit losses ("ECLs") within loans and advances to Groups and insurance companies and to other customers at amortized cost at the reporting date. We focused on this area as the measurement of impairment loss requires the Group to make complex and subjective judgements over the amounts of any such impairment.
Impairment losses on individually assessed loans are based on the Group's judgment in estimating the present value of expected future cash flows and the probability of the estimated outcomes, which are inherently uncertain. The present value of expected future cash flows is affected by, amongst others, the estimate of the expected proceeds from the sale of the related collateral and estimated period for collateral disposal.
Collective impairment is determined by the Group by a rating-based approach at customer level, which considers historical experience and identification of exposures with a significant increase in credit risk ("SICR"). Based on the assigned rating, estimates of the probability of default and the potential loss given default are the significant elements to determine the collective loss allowance. The Group uses complex models to estimate probability of default and loss given default and the development of multiple scenarios used in the estimate as well as assumptions, methods and selection of data require from the Group significant degree of judgment.
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Our audit procedures included amongst others the following procedures:
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<li>We updated our understanding of and evaluated the Group's process for estimating ECL, and assessed the design and implementation of related controls, in particular the controls associated with the completeness, appropriateness and accuracy of the estimation of ECL. In particular, we evaluated the appropriateness of the model governance procedures applied by the Group.</li>
<li>With the assistance of our own IT specialists we evaluated the general IT controls and application level IT controls over the ECL calculation.</li>
<li>We assessed whether the relevant standards' definitions of SICR and default, and loan staging criteria, were appropriately and consistently applied</li>
<li>We performed a specific loan assessment for a sample of individually significant customer loans by reference to the underlying loan documentation, which among others included the correspondence with the borrower, the loss allowance estimates prepared by the Group's credit risk officers, the available financial information, latest independent appraisals made on the collaterals, related internal committee minutes, and consideration of the resolution period estimated for the credit impaired loans. We assessed collateral values with reference to valuations performed by approved appraisers engaged by the Group, furthermore we involved our own property valuation specialists. In addition, we examined past due information and industry benchmarks.</li>
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| The ECL estimate incorporates forward-looking information through various forecasted macroeconomic variables and their estimated impact on the economy and ultimately on the ECL estimate. The determination of macroeconomic variables and the weighting of macroeconomic scenarios contain a high degree of estimation uncertainty given the current volatile macroeconomic environment. There is a risk that ECL estimate applied does not properly incorporate the unprecedented changes in the economic environment.<br><br>The Group has to deal with the challenges of ECL models that were not designed for economic shocks. When underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions of the entity management overlays may be necessary.<br><br>Detailed disclosures are required to be presented in the notes to the consolidated financial statements related to the changes of credit risk and the related responses of the Group. The evaluation of the relevance and appropriateness of these disclosures is a complex exercise and it is challenging from audit point of view.<br><br>Due to the significance of loans and advances to banks and insurance companies and to other customers as well as the significant degree of complexity and judgment required from the Group in determining expected credit losses this matter required our increased attention in the audit and therefore has been considered as a key audit matter. | • With the assistance of our own financial risk management specialists, we evaluated the impairment models and the underlying estimation parameters, including the management overlays, and recalculated the expected credit losses for the loans assessed collectively for impairment.<br><br>• We assessed the completeness, accuracy and relevance of data used for estimates relating to valuation of loans to customers.<br><br>• We evaluated whether the macroeconomic forecasts, used as the input data in the ECL models, are within the range of general market benchmark and the forecast published by the National Bank of Hungary.<br><br>• We evaluated the completeness, accuracy and adequacy of disclosures related to impairment of loans. |

**Valuation of Investments measured at fair value through profit or loss and Investments accounted for using the equity method (2023: HUF 32,824 million and HUF 94,444 million, 2022: HUF 34,367 million and HUF 88,973 million)**

Refer to Note (3.17); (9); (10); (33.2) and (34) to the notes to the consolidated financial statements

| **The key audit matter** | *How the matter was addressed in our audit* |
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| Investments measured at fair value through profit or loss and Investments accounted for using the equity method comprise investments in venture capital and private equity funds.<br><br>The investments in venture capital and private equity funds *measured at fair value through profit or loss* are measured by the Group by reference to the net asset value of the funds determined by the fund managers on a fair value basis. These venture capital and private equity funds made individually significant investments, which underlying investments are mostly in the early investment phases, and furthermore operate in industries significantly affected by the changing macroeconomic environment. Therefore, the determination of fair value of the underlying investments involves significant estimation uncertainties and judgement relating to the expected future cash flows generated by the underlying investee.<br><br>In case of investments in venture capital and private equity funds *accounted for using the equity method* the determination whether the fund meets the definition of an investment entity might have a significant effect on the recognized amount of the investment. This is because the Group is required to apply the equity method based on the fund's financial statements in which the underlying investments in subsidiaries are either measured at fair value (when the fund is an investment entity) or are consolidated (when the fund is not an investment entity). The determination of whether a fund meets the definition of an investment entity requires the Group to apply significant judgement in analyzing the characteristics of the fund and the relationship between the Group and the fund.<br><br>Due to the significance of Investments measured at fair value through profit or loss and Investments accounted for using the equity method as well as the estimation uncertainties | Our audit procedures included amongst others the following procedures:<br><br>• We obtained an understanding of the Group's policies for and processes of investing into venture capital and private equity funds.<br><br>• We obtained an understanding of the Group's processes for and the controls implemented over the measurement of investments.<br><br>• We assessed the appropriateness of the Group's conclusion on whether the funds meet the definition of an investment entity.<br><br>• We assessed the design and implementation of the controls applied by the Group in the process of regular reconciliations of net asset values between the fund manager and the Group and assessed the Group's process to monitor the reports prepared by the fund managers supporting the net asset value of the funds and the fair value of the underlying investments.<br><br>• We assessed whether the net asset values of venture capital and private equity funds reported by the fund managers provide appropriate basis for valuation purposes in accordance with relevant standards. For the equity accounted investments in funds that are not investment entities we tested whether the equity method was applied based on the consolidated financial statements of the funds prepared in accordance with the standards and the Group's accounting policies.<br><br>• We examined the mathematical accuracy of calculations related to the valuation of investments as of the reporting date.<br><br>• We assessed the relevance and completeness of the disclosures made by the Group relating to the significant estimation uncertainties and |

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| and judgments described above we considered this area to be a key audit matter. | significant applied judgements associated with the investments in funds. |

*Other Matters*

We draw attention to Note 2.1 to the consolidated financial statements which describes that these consolidated financial statements are not intended for statutory filing purposes. Therefore, this report does not constitute an independent auditors' report in accordance with Sections 156-158 of the Act C of 2000 on Accounting in force in Hungary.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Budapest, 15 April 2024

KPMG Hungária Kft.

Nagy Zsuzsanna

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Zsuzsanna Nagy
*Partner*