

SUMMARY

The status and responsibilities of the MNB (the central bank of Hungary) are laid down in the Fundamental Law of Hungary, while the detailed rules of its organisation and operation are set out in a cardinal act. Due to the constitutional status of the MNB, it is important that the principles of responsible management laid down in the Fundamental Law of Hungary are fully applied in its financial management and that its operations set an example for other organisations managing public funds and assets. The need to give priority to these principles is also declared in the MNB's Statute, which states that the MNB's operations should be characterised by purposefulness, lawfulness, transparency, credibility, regularity, cost-efficiency, and that the organisation should pursue responsible cost management to set an example in improving the efficiency of public finances.

Due to the public role and duties of the MNB, as well as the Hungarian and EU legal background that ensure its independence, the framework and conditions of the MNB's financial management have specific features that are significantly different from those of other economic operators. One such feature is that there is no specific 'ceiling' on the financial resources available for the MNB's non-monetary management, i.e. the financial resources required for the implementation of its plans and objectives are, in effect, 'unlimited'.

In the MNB's financial management related to non-monetary activities, the limits are established primarily by the MNB's enforcement of the principles laid down in the Fundamental Law of Hungary and the MNB's Statute, as well as by the external control bodies, such as the National Assembly, the entity exercising at all times the proprietary rights acting on behalf of the Hungarian State, the SAO in respect of the MNB's activities and financial management other than its core duties, and the MNB's Supervisory Board, which consists of elected and delegated members. Transparent and verifiable financial management is indispensable for the proper functioning of external controls.

The MNB's financial management is characterised by the fact that the costs and expenses associated with its operation, the financial performance of capital transfers to its subsidiaries, i.e. the amount of the related cash outflows and the resources that can be used in its financial management are not limited by its revenues or by the amount of money that can be derived from the finances, budget or treasury accounts depending on external economic processes that determine public sector revenues (tax revenues, the country's economic situation, etc.).

At the same time, in addition to the income and expenses arising from monetary activities, the costs and expenses incurred in the financial management of the MNB may also have an impact on the potential reimbursement liability of the central budget, due to their impact on profit or loss and, through this, on equity. Pursuant to Article 166(3) of the MNB Act, where the MNB's amount of equity is below the subscribed capital for a

prolonged period of time, it must be ensured by direct reimbursement to the retained earnings provided by the central budget, that the amount of MNB's equity is, in order to comply with the principle of financial independence, at least at the level of the subscribed capital within a reasonable period of time. (It should be noted, however, that the rule of equal annual instalments over five years from the central budget was still in force for a significant part of the audited period.)

The SAO audit involved three areas in relation to the operational and financial management characteristics of the MNB during the audit period. Due to their magnitude, the audit classified the real estate investment and renovation activities of companies, over which ownership rights are exercised by the MNB and are under the direct and indirect influence of the MNB (MNB-Ingatlan Kft. (MNB-Real Estate Ltd.), Optimum-Gamma Ingatlanbefektetési Kft. 'v.a.' (Optimum-Gamma Real Estate Investment Ltd. 'under winding-up') and Optimum-Omega Ingatlanbefektetési Kft. (Optimum-Omega Real Estate Investment Ltd.)) as a priority. The audit also included, as a second area of the MNB's financial management, the examination of procurement procedures and related accounts for other investment and operational purposes, as well as its reporting and information obligations. As a third area, the SAO audited the development of the framework for the MNB's activities related to the supervision, control and regulation of the financial intermediation system, as well as its activities as a resolution authority.

THE AUDIT HAS FOUND that the MNB's financial management related to real estate investments and renovations in the audited period did not meet the requirement of cost-efficiency, as it was not in line with the general financial situation and typical financial management processes of the country and the system of public institutions. It was also found that the MNB did not take into account its own financial situation (its very significant accounting loss) in its financial management decisions related to the real estates, failed to assess the long-term loss-increasing effects of investments and failed to take savings measures in response to the negative effects of changes in external circumstances (significant price increases in the construction industry).

When assessing the implementation of cost-efficient financial management, it is necessary to take into account that, in the post-pandemic period, restrictive financial management was a general feature of economic actors and thus of the entire organisational system of public finances. In this context, financial management decisions and processes at economic operators were characterised by general cost-saving efforts, including the review or postponement of investments, and, in the case of public finance organisations, by the reduction of budget appropriations, the postponement of investments or the radical reduction of the associated expenditure.

The audit also found that, while ignoring the requirement for cost-efficient operation, the MNB made decisions in the course of real estate investments and renovations that weakened and hindered the activities of the organisations exercising oversight over its

financial management. In this respect, the audit found a lack of transparency regarding the MNB's real estate investments and renovations, and a failure to present investment plans and financial impacts in a consistent manner to the entities exercising oversight.

1. Real estate investment and renovation activities of companies under the direct and indirect control of the MNB in the exercise of its ownership rights

The SAO assessed the real estate investment and renovation activities of three companies under the MNB's control and the related ownership practices. The companies audited and the properties concerned are listed in Table 1.

Table 1

	MNB SUPERVISION CENTRE AND MONEY MUSEUM	MNB BUDA CENTRE	HOUSE OF WISDOM	MNB HEADQUARTERS*	EDUCATION AND CONFERENCE CENTRE IN BALATONAKARATTYA**	BURG HOTEL
MNB-Ingatlan Kft.	X	X	X	X	-	-
Optimum-Gamma Ingatlanbefektetési Kft. 'v. a.'	-	-	-	-	X	
Optimum-Omega Ingatlanbefektetési Kft.						X

*: The renovation of the MNB Headquarters was carried out by MNB-Ingatlan Kft., and the property was owned by the MNB.

** : The Education and Conference Centre in Balatonakarattya became the property of MNB-Ingatlan Kft. on 12 April 2023.

Source: Based on data provided by the MNB and edited by the SAO

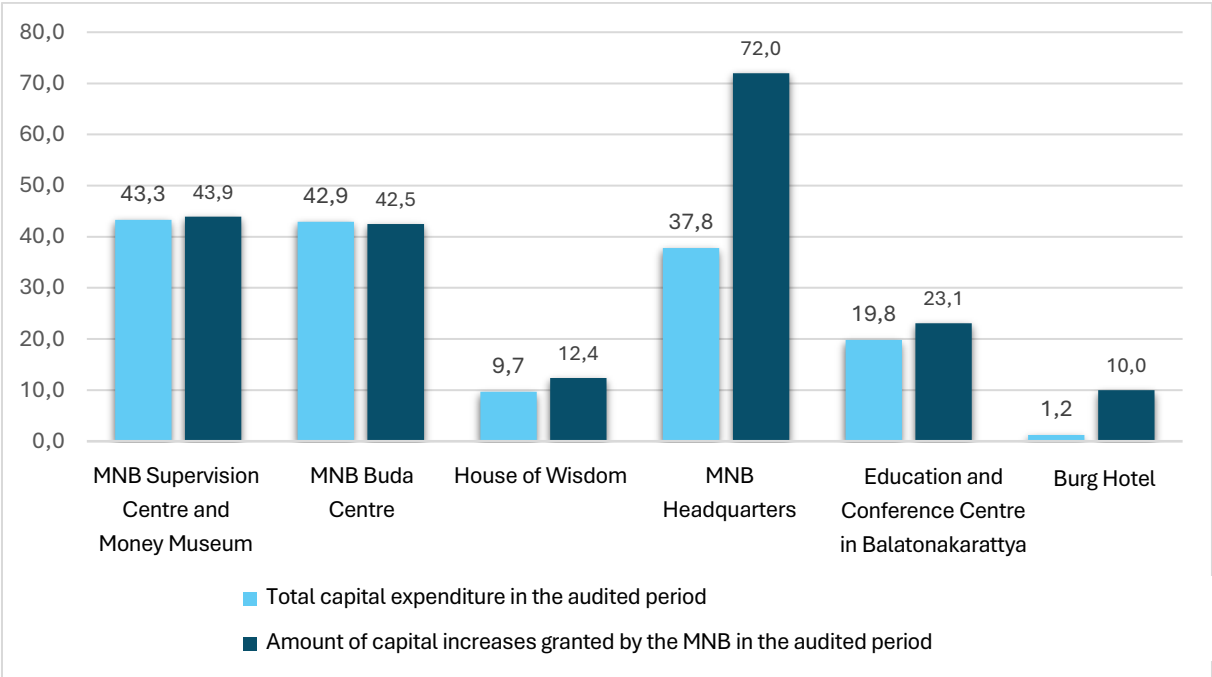
As from 31 May 2019, MNB-Ingatlan Kft. has been entirely owned by the MNB. MNB-Ingatlan Kft. has owned the Buda Palace15 property, which houses the MNB Supervision Centre and Money Museum, since 2016, the MNB Buda Centre housing the MNB staff, since 13 December 2021, and the House of Wisdom (Bölcs Vár) property, which houses the Monetary Council and other representative meetings, since 20 September 2019. Optimum-Gamma Ingatlanbefektetési Kft. 'v.a.', which, after 2017, owned the Education and Conference Centre in Balatonakarattya (Balatonakarattyai Oktatási és Konferencia Központ; BOKK), an organisation that provides the MNB's education, training and welfare services, was acquired by MNB-Ingatlan Kft. on 11 May 2020. In addition, on 28 February 2022, MNB-Ingatlan Kft. acquired Optimum-Omega Ingatlanbefektetési Kft. and, with it, the property of Burg Hotel.

Between 2019 and 2023, the MNB provided funds to MNB-Ingatlan Kft. through a total capital increase of HUF 204.0 billion for the acquisition and development of real estate serving the MNB's activities, as well as for the reconstruction of the MNB Headquarters. The value of the real estate investments made by MNB-Ingatlan Kft. and the companies it

owns in the period between 2019 and 2023 was HUF 154.7 billion. Chart 1 illustrates the amount of investment expenditure and related capital increases per real estate investment.

Chart 1

REAL ESTATE ACQUISITIONS AND PROPERTY IMPROVEMENTS OF MNB-CONTROLLED COMPANIES AND THE AMOUNT OF CAPITAL INCREASES GRANTED BY THE MNB BETWEEN 2019 AND 2023 (IN BN HUF)



Source: Based on data provided by the MNB and edited by the SAO

During the evaluation of the real estate investment and renovation activities detailed above, the SAO focused on transparency and the application of cost-efficiency resulting from the principle of responsible management, in line with the principles laid down in the Fundamental Law of Hungary and the Statute of the MNB, in addition to examining other relevant aspects of the procurement procedures.

a) Assessment of transparency

In order to enforce the transparency requirement set out in the legislation and the MNB's Statute regarding the real estate investments and renovations carried out by the MNB on the scale detailed above, in an exceptionally high value, it should have been ensured that the information flow was of the highest possible level and quality. This is particularly important for external actors, such as the Minister of Finance exercising ownership rights over the MNB and the National Assembly, but also for those operating the control mechanisms, such as the decision-making body, the internal departments, or the supervisory board.

The audit revealed that the MNB had set up a company structure to carry out real estate purchases and developments for its activities. The MNB carried out the investments and renovations through the companies under its direct and indirect control. For this reason, the costs of real estate investments made by the companies under the MNB's control to enable the MNB's operations and to enact the MNB's decisions were not included in the MNB's financial (investment) plans, records, reports, or comparative analyses of planned and actual investment costs prepared after the end of the financial year and sent by the MNB to the National Assembly's Standing Committee on Economics. Due to the real estate investment scheme developed, the clear legislative intention of transparency, as expressed in the reporting and information obligation required in the MNB Act, could not be implemented in respect of property investments carried out by the MNB, MNB-Ingatlan Kft., Optimum-Gamma Ingatlanbefektetési Kft. 'v.a.', and Optimum-Omega Ingatlanbefektetési Kft.

The 2023 report by the MNB's Supervisory Board also confirmed that the MNB's real estate investments are not sufficiently transparent. The report states that 'A good number of MNB's construction projects are not included in the investments because the construction is carried out by a project company or MNB-Ingatlan Kft. In these cases, the construction is financed by capital injections and the completed property is transferred to the MNB's balance sheet upon completion of the project. This is the scheme recently used by the MNB for financing, among others, the construction of the BOKK, the renovation of the Buda Centre and the renovation of the Szabadság Square Centre. It is generally accepted that, as with the situation of subsidiaries, this solution does not make central bank investments sufficiently transparent.' (Note by the SAO on the quoted text: even though the capital increases do appear in the MNB's balance sheet, the value of the investment expenditure for the reconstruction of the Headquarters will be transferred to the MNB's balance sheet only after the project is completed.)

In this structure, controls over real estate investments and renovations were also significantly weakened, since they were not fulfilled by the MNB's Supervisory Board, which has public law powers, but MNB-Ingatlan Kft.'s Supervisory Board, delegated by the Governor. In addition, the MNB's Supervisory Board did not have any controls over the investments and renovations financed by the MNB with capital infusions, but carried out by MNB-Ingatlan Kft. and its subsidiaries.

The application of the legislative intent was also hindered by the fact that, in breach of the MNB Act, the MNB failed to fulfil its obligation to inform the Minister responsible for public finances of decisions of major importance, associated with the management of its operations. In the SAO's view, in order to ensure transparency in line with the legislative intent, the obligation to provide information also covers information on decisions related to the reconstruction of the Headquarters and on the financing, in the form of capital

infusions, of large-scale expenditure for investments related to real estate owned by companies under its control and of special interest to the MNB.

Particular emphasis should be placed on the 'atypical' scheme developed by the MNB for the investment (reconstruction of the Headquarters) carried out by MNB-Ingatlan Kft. on the Headquarters property owned by the MNB. In this scheme, investment expenditure – with the exception of contracts for design preparation and coordination – was listed in the records and reports of MNB-Ingatlan Kft., the coordinator of the investment. As a result, the investment expenditure related to the reconstruction of the Headquarters was not reported by MNB directly, in detail and in a way that could be scrutinised by the Minister of Finance, the Supervisory Board of the MNB, the Executive Board of the MNB or the MNB's departments, which limited the broad internal and external flow of information necessary due to the scale of the real estate investment.

Another feature of the 'atypical' investment scheme was that the MNB's possibilities for ownership controls were also reduced. At the same time as the MNB's decision to start the reconstruction of the Headquarters, the MNB amended the Deed of Foundation of MNB-Ingatlan Kft. in a way as to limit the controls of the MNB's Executive Board over the renovation of the Headquarters, as it removed its exclusive powers over non-strategic decisions related to the reconstruction of the Headquarters exceeding HUF 100 million. The MNB has reduced the powers of the Supervisory Board of MNB-Ingatlan Kft. and, consequently, its oversight obligation by the fact that the Supervisory Board of MNB-Ingatlan Kft. has ceased to function as a decision-making supervisory board as of 24 January 2020, meaning that, as of that date, the Supervisory Board of MNB-Ingatlan Kft. has lost its competence to make decisions on matters with associated finances between HUF 30 million and HUF 100 million, which was transferred to the discretion of the Managing Director of MNB-Ingatlan Kft.

The proper flow of information and ownership controls over MNB were further limited by the fact that, between 2020 and 2022, the MNB's Executive Board made all decisions regarding MNB-Ingatlan Kft. out of session, in the context of accelerated procedures. This way, the MNB's Supervisory Board was only informed of these decisions ex post through the quarterly reports prepared by the MNB's Executive Board for the MNB's Supervisory Board.

The serious lack of proper information in line with the scale of the reconstruction works associated with the Headquarters is also confirmed by the fact, revealed by the SAO audit, that the proposal and the annex of the Executive Board's Resolution No 180/2020 (09. 14.) approving the project description and design of the reconstruction of the Headquarters contained a different budget amount. In contrast to the gross amount of HUF 70 billion indicated in the Resolution of the MNB's Executive Board implementing the project, the annex to the proposal of the Executive Board's decision contained the gross amount of HUF 55 billion, based on expert calculations. It was also found that the

MNB did not have at its disposal a preliminary expert calculation supporting the gross amount of HUF 70 billion indicated in the proposal for the Resolution of the MNB's Executive Board, and no such document was presented during the audit. As a consequence, the audit was not able to verify the soundness of the decision to carry out the project.

In addition to the MNB's Supervisory Board, the supervisory boards of the business organisations owned by the MNB and involved in the implementation of the investments are also essential elements of the controls over real estate investments and renovations. The audit revealed that the Supervisory Board of MNB-Ingatlan Kft. did not carry out a preliminary review of the submission of 20 founders' resolutions concerning the HUF 70.0 billion capital increase and its use in the period between 24 January 2020 and 23 June 2020, in breach of the provisions contained in its rules of procedure and the Civil Code. Subsequently, as of 23 June 2020, the duties of the Supervisory Board of MNB-Ingatlan Kft. under the Civil Code were reduced to the duties set out in the Supervisory Board's rules of procedure, meaning that it was no longer obliged to examine any other proposals submitted to the founder. For these reasons, the Supervisory Board of MNB-Ingatlan Kft. did not carry out a preliminary review of the decisions concerning the capital increase of HUF 138.0 billion allocated to MNB-Ingatlan Kft. and its use in the period between 2020 and 2022.

Based on a combined assessment of all these facts and circumstances, the President of the SAO addressed a presidential call for action to the Governor of the MNB during the audit, as provided for in the SAO Act. In the call for action, the President of the SAO called for the establishment or restoration of controls over the economic activities of MNB-Ingatlan Kft. related to the renovation of the Headquarters building to ensure an equivalent level of ownership, management and other controls required by law as if the MNB were to carry out the reconstruction of the Headquarters building as its own investment, and to adequately ensure the prevention of the wasteful use of public funds.

Based on the call for action of the President of the SAO, the MNB amended the Deed of Foundation of MNB-Ingatlan Kft. in a way as to ensure that

- all decisions on matters equal to or exceeding HUF 100 M are within the sole powers of the Founder;
- the Supervisory Board is required to carry out a preliminary review of the proposals submitted to the Founder.

b) Assessing cost and resource savings

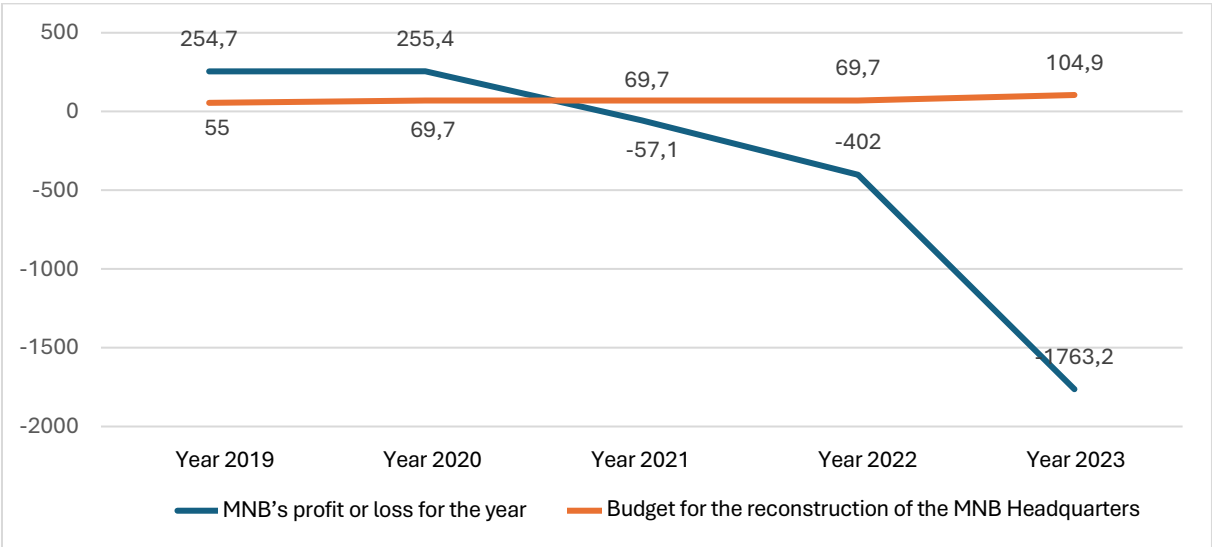
Compared to other organisations financed from public funds, the MNB has special operational and management characteristics. At the MNB, the financing side of expenditure on property investment and renovation (including capital infusions) has much weaker constraints than in the case of a body financed from the budget or a state-

owned company operating on revenue from sales and other income. Therefore, the strength of financial controls applied by the MNB to its expenditure on real estate investments and the associated measures for cost and resource savings are of particular importance. Certain circumstances revealed by the SAO audit in relation to real estate investments and renovations seriously contradict the requirements of cost and resource savings expected of public entities.

The audit revealed that the budget for the reconstruction of the MNB Headquarters was increased significantly on several occasions, to almost double the amount. Following the reconstruction, the number of staff that can be accommodated in the MNB Headquarters was significantly reduced, to less than half of the earlier number. Based on the data and information available for the audit, the MNB has not taken any decision or action to reduce investment costs, while it incurred steadily increasing losses in the period between 2021 and 2023, and the construction sector experienced drastic price increase. The evolution of the budget for the reconstruction of the Headquarters and the MNB’s profit or loss for the year are shown in Chart 2.

Chart 2

DEVELOPMENT OF THE INVESTMENT BUDGET FOR THE RECONSTRUCTION OF THE HEADQUARTERS AND THE MNB'S PROFIT OR LOSS FOR THE YEAR IN THE PERIOD BETWEEN 2019 AND 2023 (IN BN HUF)



With regard to saving costs and resources, the audit revealed several facts and circumstances in the area of operations and investments where it was clear that the savings aspects were not being respected.

- Optimum-Gamma Ingatlanbefektetési Kft. ‘v. a.’, a company under the indirect majority influence of the MNB, has set up a new education and training centre in

Balatonakarattya, financed by the MNB by way of a capital increase of HUF 23.1 billion through MNB-Ingatlan Kft. The MNB has not demonstrated that cost and resource saving considerations were taken into account in the related decision making process.

- In 2023, the MNB financed the operation of the BOKK through a capital increase of HUF 0.9 billion provided to MNB-Biztonsági Zrt. In addition, it ensured the use of the property and the coverage of operation costs by transferring the expenses related to the holidays spent at the resort by its employees and their relatives to the employees' SZÉP card offering fringe benefits in the form of leisure and recreation allowances. The holiday allowances granted to MNB employees for BOKK holidays resulted in the recognition of HUF 1.2 billion in 2023 and HUF 1.5 billion in 2024 in personnel expenses in the MNB's accounts.

In BOKK, the company holiday scheme was used by 2,177 people (employees: 615, relatives: 1,562) in 2023 and 2,662 people (employees: 669, relatives: 1,993) in the period between January and October 2024. The allowances provided by the MNB to BOKK employees who used the resort facilities amounted to HUF 1.9 M in 2023 and HUF 2.2 M in 2024, on average per employee, in addition to the net annual allowance of HUF 0.8 M provided for employees holding SZÉP cards. It can be stated that the amount of cafeteria per capita at the MNB exceeded, by several times, the amount of benefits provided to workers in the public sector, or even in the private sector.

- Based on these findings, it can be concluded that the MNB did not apply cost-efficiency considerations in using BOKK for corporate holidays, given that 100 percent of the holiday costs were reimbursed by the MNB.
- The MNB financed, at considerable cost, the construction of conference rooms suitable for Monetary Council meetings in three properties in the audited period, with questionable justification.
- The MNB's 2014 real estate strategy already included the need to reconstruct the Headquarters, i.e. the idea of rebuilding the structure. Nevertheless, prior to the reconstruction of the Headquarters, on 2 December 2019, the modernisation of the Headquarters' security system was completed and commissioned, amounting to an investment of HUF 2.7 billion. Of the commissioned assets, the MNB scrapped a group of assets with a cost value of HUF 1.3 billion in 2022, with reference to the reconstruction of the Headquarters.
- In 2020, the MNB approved a capital increase of HUF 1.3 billion for the acquisition of artworks (groups of sculpture) in connection with the real estate investments of the Buda Palace and the MNB Buda Centre. In addition, in 2020 and 2021, MNB-Ingatlan Kft. raised HUF 5.6 billion in capital for the purchase of artworks for the decoration of the real estate leased to the MNB.
- The operating costs of the MNB's banking operations, particularly those related to the maintenance, operation and rental of real estate, increased significantly in the

audited period, by 363.2 percent, to HUF 11.0 billion in 2022. The increase in costs was mainly due to the significant expenses related to the rental and operation of the new properties (MNB Supervision Centre and Money Museum, MNB Buda Centre and House of Wisdom).

Based on these facts and circumstances, it can be concluded that, in several respects, neither cost and resource saving considerations, nor the requirements for a responsible cost management, as laid down in the Fundamental Law of Hungary and the Statute of the MNB, have been met in the MNB's operations. The MNB has not provided the SAO with evidence that it has taken any cost and resource saving measures, or that it has considered the possibility of taking such measures, in respect of the real estate investments and renovations audited. It is important to stress that the investments and renovations, which represent significant expenditure items, took place in an external environment in which the public sector as a whole, market organisations and the private sector were interested in significantly reducing expenditure and costs. The negative effects of the failure to take savings measures were exacerbated by adverse changes in the external environment.

Another fact pointing to the lack of consideration for saving costs and resources is that, contrary to the MNB's Real Estate Strategy, which sets the preservation of the existing condition of the historic building and the restoration of its original state as far as possible as success criteria for the Headquarters, the Headquarters' loft space was redesigned by adding new functions, such as VIP floors with community spaces, a fitness room, restaurants and a representative meeting room, that do not directly serve the MNB's core functions.

c) Assessment of other relevant circumstances

The audit revealed as additional significant aspect that, in the preparatory procedure prior to the conclusion of design and construction contracts, the MNB and the companies under its control – MNB-Ingatlan Kft., Optimum-Gamma Ingatlanbefektetési Kft. 'v. a.', and Optimum-Omega Ingatlanbefektetési Kft. – established a partner selection scheme where the investment supplier was selected by an external partner. In this scheme, the related processes were moved one level further away from the internal control system operated by the MNB. This is also confirmed by the fact that the MNB and the companies under its control did not have all the documents related to the operation and, therefore, could not provide them to the team of auditors.

As a circumstance related to the conduct of the pre-contracting procedure, the audit revealed that the company (Somlai Invest Zrt.) that carried out the preparation of the BOKK investment project performed by Optimum-Gamma Ingatlanbefektetési Kft. 'v. a.' was affiliated with, in a parent/subsidiary relationship, with the contractor (RAW Development Kft.). The tasks of Somlai Invest Zrt. included the preparation of calls for

tenders, the solicitation and evaluation of tenders, as well as the selection of contractors or participation in the selection process.

The SAO also found this circumstance in the case of Optimum-Omega Ingatlanbefektetési Kft. during the development of Burg Hotel. In this case, the business organisation (RAW Development Kft.) that carried out the planning and construction of the investment was affiliated with, in a parent/subsidiary relationship, the company (Somlai Invest Zrt.) that participated in the preparatory procedure as the project manager.

In the case of investments carried out by MNB-Ingatlan Kft., Optimum-Gamma Ingatlanbefektetési Kft. 'v. a.', and Optimum-Omega Ingatlanbefektetési Kft. as a result of the selection procedures, the majority of the investment expenditure, amounting to HUF 95.8 billion, or 86.1 percent of the investment value excluding the purchase price of individual properties, was paid to business organisations belonging to the same group of stakeholders (Somlai Invest Zrt. and RAW Development Kft., Raw Facility Kft. and Somlai Design Kft.). It can also be seen that the majority of the turnover of these companies, belonging to the same group of stakeholders, in the period between 2018 and 2022 was generated by the MNB, by business organisations under the direct or indirect influence of the MNB, by MNB foundations or by their business organisations.

Since the issues identified in relation to the preparatory procedures for the award of contracts and, as mentioned above, the lack of transparency and controls raised the possibility of contract overpricing, the President of the SAO sent a call for action in relation to the reconstruction of the Headquarters building, which was also underway at the time of the audit, requesting an investigation into whether the relevant contracts represented proportionate value, including the works already performed and the financial accounts. In his reply letter, the Governor of the MNB provided information about ordering an investigation of the construction contract and its amendments, in particular with regard to their proportionate value, by the Supervisory Board of MNB Ingatlan Kft.

Following the call for action sent by the President of the SAO and the order of the Governor of the MNB, the Supervisory Board of MNB-Ingatlan Kft. investigated, with the involvement of a forensic expert, the general design and construction contract for the reconstruction of the Headquarters together with its amendment. In the context of the audit, the forensic expert appointed by the Supervisory Board of MNB-Ingatlan Kft. did not find any overpriced items. The Supervisory Board of MNB-Ingatlan Kft. decided about the forensic expert's offer for the performance of the task in the Supervisory Board's Resolution No 14/2023 (12. 07.). According to the Supervisory Board's Resolution, the expert's task was to carry out a full examination of the construction contracts and their amendments relating to the reconstruction of the Headquarters building, covering, in particular their proportionate value, the works already performed and the financial

accounts. The forensic expert issued their opinion within 13 calendar days, on 20 December 2023.

In the light of the investigation results, the MNB has not taken any further action, nor has it informed the President of the SAO about any measures for saving costs and resources.

In addition, it should be pointed out that, when the SAO audit was closed, a full investigation of the reconstruction of the Headquarters was underway, commissioned by the MNB's Supervisory Board and involving a third-party expert.

2. Other investment and operational procurement procedures, MNB grants and central budget accounts, as well as reporting and information obligations

The regulatory environment established and operated by the MNB in compliance with the provisions of Article 17 of the Accounting Act was compliant. The MNB had the necessary accounting regulations in place and acted in accordance with the regulations for the selected sample items without material weaknesses. The MNB has prepared a detailed annual plan of its operating costs and investments, a comparative analysis of planned and actual operating and investment costs at the end of the financial year, and an accounting statement. At the same time, as already noted by the audit, due to the atypical structure of the real estate investment, the MNB's annual plan and analysis did not include the costs and expenses related to the renovation and development of the properties at issue. Consequently, the annual plans and the comparative analyses were not suitable for obtaining data on the MNB's real estate management.

In the audited period, the MNB ensured the regularity of the acquisition and accounting of property rights, intellectual products and equipment. The transfer of the assets without compensation was generally carried out, documented and accounted for in compliance with the provisions of the Accounting Act and the MNB's Financial Manual 4-1018, and the scrapping of the assets was carried out in compliance with the rules.

For the sample items audited, the MNB ensured the regularity of the procurement procedures and accounting records related to their operating costs.

The payment and accounting of the subsidies granted by the MNB for the period between 2020 and 2022 were regular.

The MNB's accounts for the central budget for the period between 2020 and 2022 were regular in respect of the equalisation reserves, the Single Treasury Account and dividends paid.

3. The framework for the supervision, control and regulation of the financial intermediation system and for the activities as a resolution authority

The MNB has regularly established a framework for the supervision, control and regulation of the financial intermediation system, as well as the framework for its activities as a resolution authority.

Given the size of the investments and renovations and SAO's limited audit options, the financial impact of the consequences of the problems and weaknesses related to the cost-efficient and transparent operation and the limited controls could not be identified in the context of this audit. However, it can be stated that the maintenance and operation of the real estate assets created through the real estate investments and renovations, as well as the depreciation of the increased value of the real estate, will result in a significant cost increase for the MNB's management in the long run.