

## **Interim dividend payment procedure of MKB Bank Plc.**

With its General Meeting Resolution No. 11/2021 (15 December) (the '**Resolution**') MKB Bank Plc. (the '**Company**') decided on 15 December 2021 by to pay interim dividend of HUF 4,300,000,000 (i.e. four billion three hundred million HUF) to the shareholders of the Company.

Based on the above, **the gross interim dividend per ordinary share with a nominal value of HUF 1,000 is HUF 43.** The amount of the gross interim dividend actually payable to a shareholder is calculated by multiplying the number of shares held by the shareholder by the gross interim dividend per share, rounded up to the nearest whole forint amount in accordance with the rounding rules.

The Resolution designated the Board of Directors to determine the date of payment of the interim dividend within the framework set by the Articles of Association.

Pursuant to the Board of Directors' resolution 13/2022. (31 January), **the first date of payment of the interim dividend (E day) is 14 February 2022.**

### **1. General rules for the payment of the interim dividend**

- 1.1. Pursuant to Section 5.3.11 of the Articles of Association, the provisions on the payment of dividend shall apply mutatis mutandis to the payment of the interim dividend.
- 1.2. Pursuant to Section 5.3.2 of the Articles of Association, the Company shall apply to KELER Zrt. for shareholder verification for the payment of dividends as a corporate event. The cut-off date for shareholder verification (the '**Dividend Cut-off Date**') is the fifth (5th) stock exchange trading day prior to the dividend payment commencement date. The rules relating to the shareholder verification are set out in the rules and regulations of KELER Zrt. in force from time to time.
- 1.3. Pursuant to Section 5.3.5 of the Articles of Association, a shareholder is entitled to a dividend if (i) they are entered in the share register on the basis of the result of the shareholder verification requested for the Dividend Cut-off Date and (ii) their shareholding does not violate the provisions of the applicable legislation. The shareholder is entitled to receive the dividend in proportion to their capital contribution already made.
- 1.4. Pursuant to Clause 5.3.6 of the Articles of Association, if a dividend payment request is received after the Dividend Cut-off Date the Company will pay a dividend if (i) the securities account manager certifies that the shareholder held the number of shares indicated in the dividend payment request on the Dividend Cut-off Date and declares that no dividend has been paid on these shares and (ii) the KELER Zrt. notice certifies that the securities account manager is entitled to issue a certificate in respect of the number of shares specified in the application for dividend payment.
- 1.5. The request for dividend payment shall lapse five (5) years after the dividend payment commencement date. The uncollected dividend shall be paid into the retained earnings of the Company.
- 1.6. If the annual accounts prepared after the payment of the interim dividend show that no dividend can be paid, the shareholders shall be obliged to repay the interim dividend at the request of the Company.

## **2. Method of payment of the interim dividend**

- 2.1. The Company shall apply to KELER Zrt. for shareholder verification prior to the payment of the interim dividend. The Dividend Cut-off Date is 7 February 2022 (E-5 day).
- 2.2. Accordingly, the shares of the Company shall entitle to an interim dividend if purchased no later than 3 February 2022 (E-7 day).
- 2.3. The account holders of the securities accounts of the shareholders shall provide the data of the shareholders to KELER Zrt. in the course of the shareholder verification process according to the procedure announced by KELER Zrt.
- 2.4. The determination and accounting of the interim dividend payable to each shareholder and the determination of the tax and contribution payment obligations required by law will be based on the data provided by the account managers as described above, therefore, we would like to draw the attention of the respected shareholders to the fact that they should consult their account managers by 7 February 2022 at the latest to ensure that the data to be provided by the account managers to KELER Zrt. are complete and accurate.
- 2.5. Interim dividend may be paid to shareholders whose securities account manager has provided KELER Zrt. with all the necessary data. If a shareholder is not identified or is not correctly identified by the account manager during the shareholder verification process, the shareholder may be replaced during the period of payment of the interim dividend. In the case of incomplete data, the interim dividend will only be paid after the data have been supplied. On the basis of the additional information provided, the payment of the interim dividend will be executed in the month following the month in which the missing information is provided. The Company and KELER Zrt. shall not be liable for any delays resulting from incomplete or late data provision by the account managers.
- 2.6. The Company shall pay the interim dividend to the shareholders by transfer from the starting date of payment of the interim dividend. The payment will be made directly to the shareholder's bank account, provided that the shareholder has so instructed through their account manager and the beneficiary's bank account number was provided during the shareholder verification process. Failing this, the interim dividend is transferred to the shareholder's account manager, who credits it to the shareholder's account.
- 2.7. The Company shall not be liable to pay interest on the withdrawal of the interim dividend after 14 February 2022.

## **3. Taxation rules**

- 3.1. In the case of interim dividends paid to individuals resident in Hungary, the dividend income originating from the Company's ordinary shares as listed shares is subject to a personal income tax of 15% pursuant to Section 8(1) of Act CXVII of 1995 on Personal Income Tax. Interim dividend is deemed to be income at the time it becomes dividend. At the time of the payment of the interim dividend, the Company deducts the 15% personal income tax and pays it to the tax authority. A private individual is only required to declare the interim dividend received as income if it has become a dividend in the tax year, otherwise it is only required to be included as an information item in the personal income tax return for the tax year.
- 3.2. Dividend income from ordinary shares in the Company is not subject to social contribution tax.

- 3.3. In the case of interim dividends paid to non-resident individuals, tax deductions from the interim dividend will be made on the basis of conventions on avoiding double taxation, provided that the individual proves their tax residency and, if the relevant tax treaty provides, the person entitled to the dividend is also the beneficial owner of the dividend and has provided us with a declaration to this effect from the beneficial owner. If the individual's non-resident/beneficial owner status is not certified, the tax deduction will be made in accordance with the rules applicable to resident individuals.
- 3.4. As the Company is a Reporting Hungarian Financial Institution subject to the reporting obligation under Section 43/H of Act XXXVII of 2013 on Certain Rules of International Public Administration Cooperation Related to Taxes and Other Public Duties (**Tax Cooperation Act**), the tax residency is established in accordance with the multilateral agreement between competent authorities (Competent Authority Agreement and Common Reporting Standard, 'CRS') on the automatic exchange of information on financial accounts defined in the Tax Cooperation Act and the European Council Directive 2014/107/EU (**DAC2**) and, in the case of states involved in the data supply, as laid down in the due diligence rules of the Tax Cooperation Act.
- 3.5. In the case of shareholders who are tax residents in states not covered by DAC2 and CRS reporting or to whom the Company is not required to apply the due diligence rules (e.g. because the shareholder does not have a financial account with the Company), the tax residency will continue to be determined on the basis of the certificate of residence and the beneficial owner's declaration.
- 3.6. The certificate of tax residency is a copy of the document issued by the foreign tax authority in English, its translation into Hungarian or a copy of one of these. Proof of tax residency must be provided for each tax year even if tax residency has not changed since the previously submitted tax residency certificate.
- 3.7. If the convention on avoiding double taxation with the country of residency of the individual allows for a higher tax deduction than the Hungarian tax rate in force, only the personal income tax calculated at the standard rate may be deducted.
- 3.8. If there is no double taxation convention between the individual's country of residence and Hungary, the tax deduction is at the standard rate of 15%.
- 3.9. In the absence of any of the information listed in Section 2.4 (in particular the communication of the tax identification number), the paying agent will not pay the interim dividend until the information is provided.
- 3.10. No tax deduction will be made in the case of interim dividend payments on shares registered in a permanent investment account, neither for domestic nor for foreign individuals.
- 3.11. The Company shall issue a certificate of income for the payment of the interim dividend and send it to the shareholders by post.
- 3.12. The Company does not deduct any tax advance from interim dividends paid to a resident legal entity, but only declares it as income if it becomes a dividend, which income is tax exempt.
- 3.13. The Company shall not deduct any tax advance from interim dividend paid to a non-resident legal entity. The tax liability on the income arising when the interim dividend becomes a dividend shall be determined in accordance with the legislation of the State of tax residency.

- 3.14. Should you have any further questions regarding the interim dividend, please do not hesitate to contact us at +36-1-327-8600 or by e-mail at [investorrelations@mkb.hu](mailto:investorrelations@mkb.hu).

Board of Directors of MKB Bank Plc.

*Important notice*

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