

SUSTAINABILITY REPORT 2022

MBH Bank Nyrt.



CEO'S ADDRESS

Dear Reader,

Following the largest merger in Hungarian banking history, we are publishing our first sustainability report as MBH Bank, the second largest financial institution in Hungary. As a leading market player, we are committed to our responsibility for sustainability, both as a financial institution through our lending and investment activities, and in our own operations, internal processes, employee community and business strategy. We aim to be a key player in creating a sustainable economy.

MBH Bank took its current form through two major mergers, where first Budapest Bank merged into MKB Bank in spring 2022, and then in spring 2023 Takarékbank and MKB Bank merged. Building on the very rich heritage of our former member banks, we have been striving since the beginning of the merger process to preserve and further develop the good practices of our predecessors in the field of corporate social responsibility and sustainability. Building on this tradition and taking advantage of the momentum of the transformation, the bank has made significant steps in its ESG efforts during 2022. These building blocks now enable us, as MBH Bank, to work with the high level of commitment and effectiveness that characterises our current operations in the sub-fields of environmental, social and corporate governance, indicated with the respective letters of the ESG. We are therefore very proud that this report could be produced.

In 2022, we created a single ESG and sustainability function to manage our sustainability projects and processes in an integrated and cross-functional way. Simultaneously, since last year, a growing range of ESG training courses has been made available to both employees and management to ensure that knowledge of sustainable finance, ESG risk management and national and international best practices is deeply embedded in day-to-day work. Also in 2022, we developed our ESG strategy, which integrates the initiatives launched by the Bank's predecessors into a coherent framework.

We want to lead with a good example by paying special attention to reducing our ecological footprint, so one of the pillars of our ESG strategy is to achieve climate neutrality. The regulatory environment is constantly changing, new ESG trends and opportunities are emerging every day, and a shift to climate neutrality has become inevitable. We are proactively shaping our own operations, our employees' and customers' perceptions and, of course, our business to adapt quickly and flexibly to changing expectations. But adapting to an increasingly complex regulatory environment and tightening emissions targets is not just about obligations, it is also about business opportunities and benefits: from digital improvements, to energy efficiency gains, to reaching a customer base committed to protecting the environment.



The financial sector has an unquestionable responsibility to mitigate the negative impacts of climate change. Our vision is to be a responsible partner in green finance, leading the way in promoting green finance and sustainable investment. We are working to create an ever-expanding range of products and services that will help both our retail and corporate clients to achieve their own sustainability and climate goals. Product development goes hand in hand with the fine-tuning of our risk management framework, where we have also made significant progress over the past year.

We value industry and international collaborations and alliances, and in this spirit we reinforced our commitment to ESG by joining the UN Guidelines for Responsible Banking at the end of last year. The path we have embarked on by signing up to the Guidelines leads us through the analysis of the environmental, social and economic impacts of our business portfolio to the setting and implementation of tangible targets.

Investing in the future - money, time or other resources - is now a necessity. It is our duty, our obligation and in all our interests, and I hope that this approach will continue to gain ground as it has done in recent years.

Below, we also detail the steps we took in 2022 in the spirit of ESG for a more sustainable, liveable future.

Enjoy reading our report.

With best regards:

Dr. Zsolt Barna
MBH BANK
Chairman and Chief Executive

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1. ABOUT THE REPORT

GRI 2-1, 2-2, 2-3, 2-5

1. ABOUT THE REPORT

The Report summarises the Bank's environmental, social and governance (ESG) activities. The Bank publishes the Report in accordance with the BSE (Budapest Stock Exchange) ESG

Reporting Recommendations, currently on an annual basis, with a continuous drive for improvement.

Content and scope of the report	The Report presents the Bank's approach to ESG and its performance. As the name change took place on 1 May 2023, the report on operations in 2022 still refers to the company as MKB Bank. The scope of the report also includes the data of Budapest Bank Zrt. which was merged into MKB on 31 March 2022.
Reporting organisation	MBH Bank Nyrt. (hereinafter: MBH Bank), prior to the name change MKB Bank Nyrt. <i>Registered office: 1056 Budapest, Váci u.38.</i>
Reporting period	Financial year 2022 (1 January 2022 to 31 December 2022)
Reporting cycle	Annual
Aspects taken into account in the preparation of the report	The Report has been prepared in accordance with the GRI Standard (2021) ¹ "in accordance" level of compliance.
Third party verification	The information and data in the Report have not been verified by an external party.

The impact of banking integration on the approaches used in this report

In December 2020, Magyar Bankholding Zrt. was established to implement the merger of the three banking groups - MKB Bank, Budapest Bank and Takarékbank. As the first step of the merger, Budapest Bank Zrt. was merged into MKB Bank on 31 March 2022, and as the second step, Takarékbank Zrt. was merged into MKB Bank on 30 April 2023. The merged bank, created on 31 March 2022, temporarily operated under the

name MKB Bank Nyrt. in 2022. Following the second round merger, the entity has continued to operate under the name MBH Bank Nyrt. from 1 May 2023.

As the Sustainability Report covers the year 2022, the organisation will be referred to as MKB Bank or Bank. The data and information presented includes the data of Budapest Bank as the first step of the merger.

Questions about the ESG report or published information are welcome at investorrelations@mbhbank.hu.

¹GRI (Global Reporting Initiative) is the most widely accepted and used sustainability reporting framework at international level.





2. ABOUT MKB BANK

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MKB Bank was one of the oldest members of the Hungarian banking system in 2022. Combining more than 70 years of experience with modern digital banking solutions, it served both its retail and corporate customers at a high level of professionalism. It has traditionally had a strong corporate, premium and private banking client base, as well as advisory and analytical skills.

In 2022, MKB Bank had more than 4,800 employees and 131 branches. In 2022, our bank continued to provide a full range of financial services in Hungary through its members. Its activities combined respect for traditional banking values and openness to innovative financial solutions, especially digitalisation. As a result, in 2022 MKB Bank was at the forefront of innovative financial solutions in Hungary.

IN 2022, THE BUSINESS ACTIVITIES OF MKB BANK PLC. COVERED THE FOLLOWING SECTORS:

- banking services
- financial and operational leasing
- financial and investment services
- other lending

In 2022, the Bank had strong market positions in a number of other segments, including micro, small and medium enterprise lending, leasing, agri-food and a wide range of money and capital markets and investment activities. In 2022, the Bank continued to seek to build partnerships with key market players through strategic cooperation agreements, creating win-win situations that can foster sustainable growth.

Mission, core values

MKB Bank has been committed to supporting the economic and social development of Hungary. It has provided its partners with high quality, safe and mutually beneficial services based on corporate values such as tradition, innovation and cooperation.

As a responsible company in 2022, it has continued to consider it important to contribute to the development of the community, the well-being of stakeholders in the natural and social environment and the progress in life of its employees and the people of Hungary, in accordance with its economic potential. By making a significant contribution to public spending, paying staff wages and benefits and maintaining domestic jobs, our Bank has made a direct and indirect

economic impact. It has provided its partners with high quality, safe and mutually beneficial services based on corporate values such as tradition, innovation and cooperation.

Future goals under the revised image of MBH Bank Nyrt.

MBH Bank Nyrt., which will be operating under a new name at the time of the sustainability report (2023), will continue to build on the values and experience of the more than 70 years old MKB Bank Nyrt. MBH Bank's strategic goal is to become one of Hungary's leading banks.

As one of the largest bank groups in Hungary, we also want to be at the forefront in achieving sustainability goals, as the banking sector plays a key role in achieving sustainability goals as an engine and financier of the economy. Therefore, we aim to create an infrastructure and a range of products and services for both retail and corporate customers that will help them achieve their own sustainability and climate goals.

Professional memberships of MKB Bank

In 2022, MKB Bank was a member of several professional organisations and partnerships, such as the American Chamber of Commerce (AmCham), Electronic Payment Service Providers Association, Hungarian Business Leaders Forum, Joint Venture Association (JVSZ), Hungarian Banking Association, Hungarian Factoring Association, Hungarian Forex Association, Hungarian Association of Mechanical Engineering and Energy, (MAGEOSZ), Hungarian Economic Association, Hungarian Project Management Association, Hungarian Interbank Operational Risk Database (HunOR), Association of Social Utility Investors, National Association of Entrepreneurs and Employers, Chambers of Commerce and Industry.



Economic performance

MKB Bank has been characterised by stable business performance and responsiveness. Maintaining these capabilities was a key priority for the business in 2022. A detailed presentation of the Bank's economic performance in 2022 is included in the Annual Individual Financial Report Individual Annual Financial Statements which, due to its financial approach, presents the cash flows between stakeholders: the income generated and the payments to each stakeholder group (shareholders, employees, state), i.e. the economic value distributed.

MKB's financial ratios were significantly affected by the merger of Budapest Bank on 31 March 2022, both on the balance sheet and the profit and loss account. In total, MKB Bank's profitability was positive: our merged bank realised a profit of HUF 64.637 billion in FY 2022 based on its after-tax result under International Financial Reporting Standards („IFRS”).

- HUF 7,468.8 billion in individual balance sheet total
- HUF 4,207.0 billion in customer deposits
- HUF 2,565.3 billion in customer loans

ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED BY MKB BANK NYRT (2022)²

Category	Type	2022
Economic value generated (HUF th)	Revenues	316,377,433.10
Allocated economic value (HUF th)	Operational costs	63,398,953.66
	Employee wage costs, benefits	62,208,751.48
	Payments to investors (interest, dividends, etc.)	4,300,000.00
	Payments to government (taxes, fines)	38,983,310.21
	Community investment (charity, CSR, etc.)	5,926,433.99
Economic value retained (HUF th)	-	141,559,983.75
Profit and loss items not included in the above category (HUF th)	Risk cost	59,305,653.30
	Modification result	17,617,262.98
	Interest refunds	-
Profit/loss after taxation	-	64,637,067.48

²In line with the scope of the report, the table includes the individual financial data for MKB Bank Nyrt. in the year 2022, i.e. the data of the merged MKB and Budapest Bank, and does not include the other members of the Group.





3. MKB BANK'S KEY ESG RESULTS IN 2022

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Reducing our environmental footprint, green finance

HUF 50.5 billion solar power plant portfolio at the end of the year.
Financing of HUF 54.83 billion for green certified offices.

Ethical business conduct

88.56% of branches are accessible.
100% of staff trained in GDPR.

Desirable workplace

We have been awarded the Family Friendly Place certification mark, which recognises the Bank's efforts as an employer to support families.
25% women on boards, 64% among employees.
99.73% of employees with permanent contracts.
350 trainees at the Bank.

Social engagement

Support 100 disadvantaged students with scholarships per year.
The Magyar Bankholding Group donated HUF 10,500,000 to help refugees from Ukraine through the Bridge for Transcarpathia aid programme.





4. SUSTAINABILITY FOR MKB

4. SUSTAINABILITY FOR MKB

MKB Bank continued to support the sustainable functioning of the domestic economy in 2022 through its operations and targeted activities. These efforts were also supported by the integration process of the Bank, as the development of new processes, structures and strategy provided the right momentum for the Bank to prioritise the issue of sustainability and integrate it into

its daily operations. We believe that, in addition to the challenges, the merger also represents a competitive advantage that cannot be recouped, and we had to act now in the area of sustainability. As a responsible financial institution, we aim to integrate ESG aspects into our business strategy in order to give sustainability a higher profile in business decisions.

Merger and other ESG challenges and opportunities

In 2022, the main challenge for MKB Bank was the merger, which was quite a drain on the Bank's resources. The challenge was also posed by the high interest rate environment and the unfavourable economic situation, which pushed product development to the background, as MKB Bank was unable to offer interest rate subsidies. Under these difficult circumstances, MKB Bank committed itself to sustainability and established an ESG strategy - now at bank holding level - and started implementing it during the year.

As part of the bank merger process, a unified organisational governance structure was created from October 2021, so the appointed managers were responsible for the management of

all three member banks³ of the bank holding, not just MKB Bank. A separate ESG area was created.⁴ MKB Bank's commitment to sustainability is demonstrated by the appointment of a Chief Sustainability Officer (CSO) at senior management level of the bank group, András Puskás, then the Senior Advisor to the Chairman (already Deputy CEO at the time of the publication of the report). As the person responsible for ESG and Sustainability and as Head of the Chairman's Cabinet, his activities are supported by the ESG and Sustainability function under his direct management, which carries out the tasks defined in the strategy in cooperation with the Bank's other functions. The ESG governance structure is discussed in more detail in sub-section 4.2 ESG Governance.

4.1 ESG STRATEGY VISION AND PILLARS

The framework for MKB Bank's ESG activities was defined by the Group-wide Sustainability and Climate Strategy adopted at the end of 2020, the implementation of which continued in 2022 along a two-pronged approach: the Bank sought to take into account and integrate ESG aspects into its core business from a financial and service perspective, on the one hand, and into its operations, on the other.

The ESG strategy of Magyar Bankholding was then prepared, which superseded MKB's strategy and added corporate

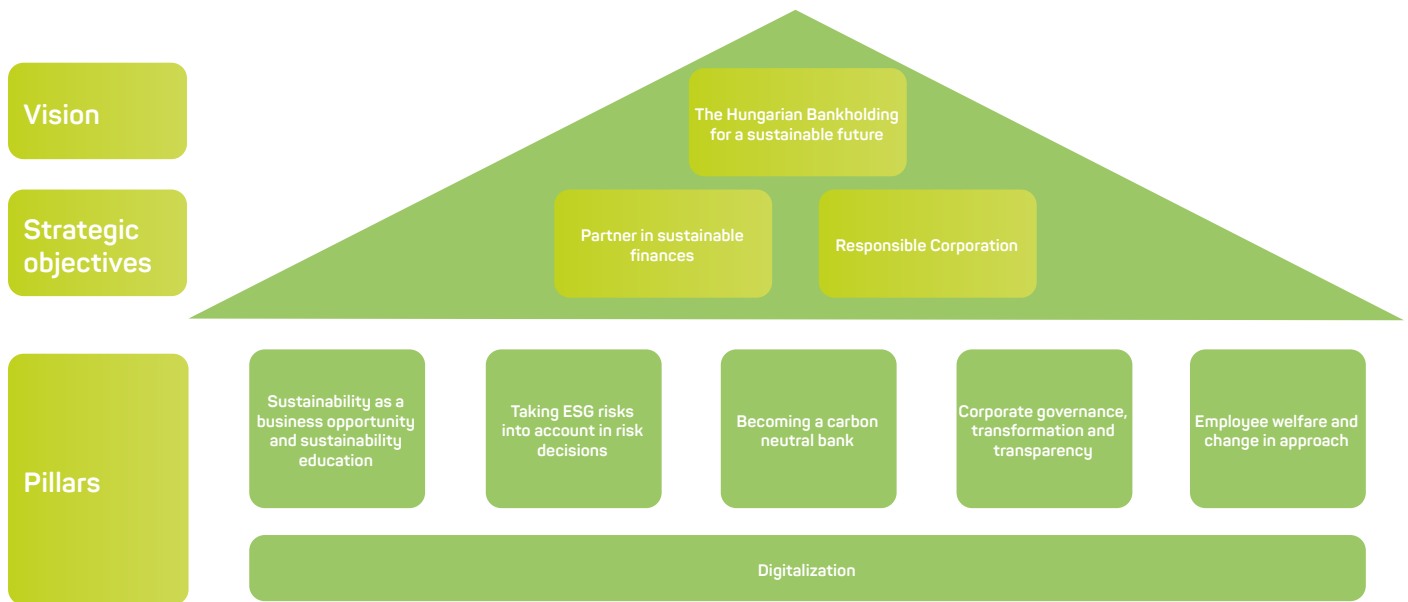
governance and employee well-being to the existing strategic focus areas. The new ESG strategy identified new directions and tasks based on the sustainability-related initiatives undertaken by the member banks so far and also set out a framework for measuring back. The realisation of the strategic vision is supported by two strategic objectives (mission), one stemming from Magyar Bankholding's role as a financial institution ("Partner in Sustainable Finance") and the other setting out directions for its own operations as a "Responsible Group". Five strategic pillars have been assigned to the implementation of the strategic objectives.

³MKB, Budapest Bank, Takarékbank

⁴Although this Sustainability Report applies only to MKB Bank, the ESG aspects defined in the ESG Strategy apply to all three members in terms of day-to-day operations.



8. DIAGRAM: VISION, STRATEGIC OBJECTIVES AND PILLARS



The ESG Strategy is aligned with Magyar Bankholding's business strategy. Digitalisation efforts support, among others, decarbonisation goals and sustainability-related product and service development.

Progress in 2022

Detailed short, medium and long term (six months, one year, three years and beyond) action plans have been drawn up, with areas of responsibility identified, to ensure the successful implementation of the strategic objectives.

In line with the strategy, a key project during 2022 was the project to integrate ESG aspects into the risk management framework, which was carried out for all three member banks, based on the progress made in the implementation of the MNB Green Recommendation Action Plan, and as a result the Bank

now has an ESG risk assessment methodology for all customer segments. During 2022, the development of the Green Loan Framework also started, including the creation of a dedicated area and the launch of risk management processes. The aim is to increase the green lending portfolio and, at operational level, to provide employees with tangible, clear documentation on what the Bank considers to be a green transaction. The annual work will result in the implementation of the Green Loan Framework in 2023. More details on these two projects can be found in sub-section 6.1 ESG risk management.

Also remarkable is the preparation of the Net-Zero Banking project in 2022, which will include the Bank's carbon footprint calculation and the development of a net-zero strategy during 2023. MKB Bank also considers the award of the Family Friendly Place title in 2022 as an outstanding success.

Joining the UN Principles for Responsible Banking

In October 2022, the Bank joined the United Nations Environment Programme's Responsible Banking Guidelines (UN PRB). We consider the UN PRB to be the most impactful initiative in the sector, and our membership is a signal to the market of our commitment to the ESG strategy. Work will continue in the coming years, and we plan to join other international cooperation efforts.



ESG efforts of a social nature are generally more difficult to measure than, for example, environmental impact, but they also need to be given high priority in order to ensure that in the future we not only neutralise our emissions that are harmful to the environment, but also maximise our social impact.

Society expects companies to serve social goals and contribute to a better world. In the spirit of our strategy, as one of Hungary's leading banks, we are committed to the economic and social development of our country, especially in view of our future market share and weight. It is inevitable that the considerations behind the „S” in ESG are embedded in our business strategy.

Partnerships such as the UN Guidelines for Responsible Banking, which we joined in 2022, are not only an important

part of setting ambitious, measurable goals and being part of an international community, but also give us an important tool to measure and monitor the social and economic impacts of our business activities, not just environmental ones. Our first such impact assessment will be conducted in 2023.

András Puskás, Deputy CEO, Chief Sustainability Officer

The table below details the steps under the strategy that were completed in 2022 or were in the process of being completed in 2022, from which they will be completed/closed within 0.5-1 year:

Strategic pillar	Tools supporting the strategy	Tasks started in 2022
Sustainability as a business opportunity and sustainability education	<ul style="list-style-type: none"> · Developing new green and socially sustainable products and services · Sustainability promoting fundraising and financing · Training and sensitisation among customers 	<ul style="list-style-type: none"> · Green / social analysis of current products · Preparation for the rapid development of new green product · Sensitising customers and other external stakeholders on sustainability and ESG aspects

Strategic pillar	Tools supporting the strategy	Tasks started in 2022
Taking ESG risks into account in risk management decisions	<ul style="list-style-type: none"> · Defining risk appetite and setting up a framework · Implementing ESG aspects in the risk management framework · Defining the data needed to measure and manage ESG risks and developing integrated ESG data collection and monitoring · Integration of ESG aspects into ICAAP⁵ framework (risk materiality analysis) · Development of a credit risk management process at MBH level integrating ESG aspects 	<ul style="list-style-type: none"> · Identification of risky sectors/ concentrations · Supplementing risk policy with ESG aspects · Development of sectoral strategies with ESG aspects · ESG data gap analysis for Pillar 3 compliance · Extending the large corporate credit risk management process to integrate ESG aspects · Development of a credit risk management process for SMEs, integrating EGS aspects · Development of a retail credit risk management process that integrates ESG aspects.



Strategic pillar	Tools supporting the strategy	Tasks started in 2022
Becoming a carbon neutral bank	<ul style="list-style-type: none"> · Improving energy efficiency · Achieving carbon neutrality · Reducing the ecological footprint of Magyar Bankholding · Setting up a science-based target framework 	<ul style="list-style-type: none"> · Assessment of the energy needs of Magyar Bankholding buildings · Evaluation Net-Zero Banking Alliance membership · Setting Net Zero targets · Preparing a comprehensive (Scope 1, 2 and 3) greenhouse gas (GHG) inventory · Extending the ecological footprint reduction plan from member bank to group level · Setting up a non-validated Science-based target framework

Strategic pillar	Tools supporting the strategy	Tasks started in 2022
Corporate governance, transformation and transparency	<ul style="list-style-type: none"> · Integrating ESG considerations into corporate governance processes · Developing an internal sustainability transparency and ESG reporting mechanism · Obtaining an ESG rating · Integrating an ESG approach into the operating model · Publication of a Sustainability Report · Establishing implementation and control of the ESG strategy 	<ul style="list-style-type: none"> · Conducting shadow rating to obtain ESG certification and identify and implement improvement measures · ESG rating gap analysis against the selected rating agency's expectations · Obtaining and continuous improvement of ESG rating · * Signature of the UN Principles for Responsible Banking (PRB) · Establishing a dedicated ESG organisational unit · Data gap analysis of reporting obligations for sustainability reporting · Compliance with EU Taxonomy and Pillar 3 disclosures · Publication of Sustainability Report (for 2022 only for MKB)

⁵Internal Capital Adequacy Assessment Process (ICAAP): National and EU regulation on capital adequacy requires all credit institutions and investment firms to develop an internal capital adequacy calculation process to assess the amount of capital that the institution considers necessary to cover potential losses arising from the risks assumed by it and those that will incur, based on its own calculations. The process therefore includes a comprehensive risk analysis, which identifies and assesses the material risks of the institution.



Strategic pillar	Tools supporting the strategy	Tasks started in 2022
Employee welfare and change in approach.	<ul style="list-style-type: none"> · Incorporating an ESG approach into integrated banking operations · Education and sensitisation of employees · Employee programmes · Developing a remuneration and motivation system 	<ul style="list-style-type: none"> · Assessment of ESG competence/ commitment of executive board members · Holding an executive board training and preparing an employee training plan · Synthesis and compilation of ESG training materials · Employee sustainability sensitisation and ESG training · Developing an internal data sharing platform for ESG news and data · Launching health promotion programmes for employees · Family Friendly Place title at Bankholding level · Introduction of an ESG ambassador programme.

GOALS FOR THE FUTURE

Tasks for 2023 include obtaining ESG certification, developing the Green Loan Framework and implementing the Net-Zero Banking project, delivering ESG training at director level, laying the foundations for the ESG repository, and describing and

publishing the exact functioning of the ESG area. A further objective of the Bank is to review and complement the business strategy by integrating ESG aspects into the responsibilities and responsibilities of the different business areas.

4.2 ESG GOVERNANCE

MKB Bank has also improved its corporate governance processes based on the new ESG strategy at the bank holding level. ESG/sustainability objectives and activities were supported by internal instructions and policies in 2022.

The ESG strategy, which sets out the main directions for progress, has been defined by the Bank's Highest Executive Board. The detailed tasks of the strategy were developed by the ESG and Sustainability Function, while its implementation was coordinated by the ESG Area, with the involvement of the relevant business areas. The ESG strategy was reviewed on an annual basis due to the changing legislative and market environment. The top governance body evaluated the predefined KPIs on a semi-annual basis in cooperation with stakeholders. The Supreme Governing Body was also

responsible for reviewing and approving the information provided in the Sustainability Report. The results of the materiality assessment were presented by the ESG and Sustainability Function to the Chief Sustainability Officer for approval.

The ESG strategy declares that the executive body and key personnel should have full information on the ESG strategic objectives and the achievement of the related actions. During 2022, the ESG area reported to the senior management committees on the progress and activities of the ESG organisation in quarterly status reports.

In 2022, the Bank adopted a list of KPIs to work towards over the coming years, with reports at least every six months. In addition, a target has been set to establish an ESG Committee of senior managers at the end of 2023 to set annual ESG



targets. This will give a coordinating role to the ESG discipline to bring the issues to an expert, operational level and implement them.

In order to inform senior management, the preparation of a dedicated senior management training on sustainable development, planned for 2023, in line with the MNB Green Recommendation started in 2022⁶.

4.3 ESG TRAINING AND AWARENESS RAISING

In 2022, MKB Bank continued to strive to ensure that its customers and employees embrace and represent sustainable and environmentally conscious values in their workplace and in their personal lives.

A key strategic pillar is to raise awareness of sustainability - both among our customers and our employees - and to promote a change in employee attitudes. The latter is partly on the professional side, in lending, risk management, product development, but also in a series of smaller and bigger steps that affect our daily life and operations. This is why, as a responsible employer, we also pay great attention to organising voluntary opportunities for employees interested in sustainability - we plan to lay the foundations of our own forest in 2023 with the help of colleagues - to inform them about good practices - our department has created a dedicated page on the intranet, which we intend to gradually develop into an ESG knowledge centre - and to involve a wider range of employees in sustainability initiatives, step by step.

András Puskás, Deputy CEO, Chief Sustainability Officer

Sustainability-conscious employer brand building

We also shared sustainability tips with employees in a three-part poster campaign in four headquarters in Budapest and in Békéscsaba. In the field of employee events, two eco-workshops were held this year with Réka Nagy "Eco Mom", and our employees participated in the PET Cup, a river cleaning and waste collection water event. In line with the ESG strategy, the Bankholding-wide CSR strategy established in 2022 also aims to involve employees in sustainability efforts, e.g. through internal education programmes and the creation of internal

ESG-focused voluntary and employee engagement initiatives. More information on MBH Bank's CSR activities can be found in chapter 10 Corporate Social Responsibility.

ESG education

During the year, regular and recurring training sessions included a general ESG e-learning for all employees, aimed at demonstrating the importance of the topic and providing basic knowledge. Despite an extremely difficult merger period, a significant number of employees completed the training, which we plan to transform into a mandatory, annual recurring training in 2023.

In 2022, we prepared for the basic ESG training of 800-1000 sales and risk management staff, scheduled for January 2023, with 5 suitable training sessions. Continuing education for the dedicated ESG team was provided throughout the year.

External awareness-raising campaigns

In 2022, CSR, ESG and sponsorship coverage accounted for 15% of all press coverage. Among these, MKB Bank joined the Mastercard Priceless Planet coalition in November 2022. Within the framework of the campaign, we conducted a nationwide representative green finance survey among young people, the results of which were used to launch an educational and awareness-raising campaign.

We also encourage our retail customers to adopt habits that prioritise sustainability and raise awareness of green financial products. As an example, we have launched a customer information campaign to raise awareness of the harmful environmental impact of home maintenance and household energy, as well as domestic rules and incentives for energy efficiency in the home.

⁶The MNB Green Recommendation aims to improve the awareness and preparedness of the domestic banking sector in relation to climate change and environmental risks and new regulatory challenges. The document sets out expectations for the management of these risks and the integration of environmental sustainability considerations into banks' business activities.



4.4 INVOLVEMENT OF STAKEHOLDERS

In 2022, MKB Bank's operations continued to impact a number of stakeholders, who, to varying degrees, influenced the company through their activities. In its dealings with all its stakeholders, the Bank applied fair treatment based on respect and appreciation. In order to conduct our operations responsibly, we maintained ongoing, structured, two-way communication with our stakeholders, reflecting on their feedback.

We have identified as internal stakeholders the groups of owners, managers and employees, and as key external

stakeholders the customers and other stakeholders detailed in the table below. We have sought to continually improve the quality of our contacts (information gathering and provision). The issue of sustainability has become increasingly prominent in the dialogue with stakeholders.

The table below sets out the main issues raised by them and the form of contacting them, broken down by stakeholder group.

STAKEHOLDER GROUP	Channels of communication with stakeholders	Key topics	
Internal stakeholders	Owners	General Meeting annual, quarterly financial reports, disclosures analyses investor relations	stability corporate governance financial performance ESG
	Management	everyday work internal reports	financial performance ESG
	Employees (including agency workers and trainees)	representation of interests (Works Council) intranet, email management briefings internal instructions, rules and regulations internal events training courses work discussions	financial performance ethical operation responsible employment (benefits, recognition, training, equal opportunities, work-life balance, occupational safety) volunteering sustainability in everyday life



STAKEHOLDER GROUP	Channels of communication with stakeholders	Key topics
Retail and corporate customers	website newsletter social media interfaces personal, telephone and e-customer service satisfaction measurement complaint handling business meetings customer trainings public reports marketing and PR communication	products and services, data and information protection, financial education, customer-oriented service, complaint handling, digitalisation developments, sustainability
Suppliers	partner meetings audits, inspections, official correspondence	a correct customer relationship, corporate governance, quality control
Competitors, professional organisations	professional representation organisational memberships associations (e.g. banking associations)	regulations affecting the industry fair competition sustainability
Authorities, public bodies	website reports, accounts checks official correspondence	transparency cooperation compliance corporate governance pricing complaint handling consumer protection
NGOs, local communities	strategic partnerships grants events expert opinions	social engagement cooperation, sustainability
Media	website annual report press releases interviews marketing and PR campaigns events	stability financial performance business ethics responsible communication social engagement sustainability innovation digitisation

External stakeholders



4.5 MATERIALITY ASSESSMENT

In preparing the report, MKB carried out a materiality assessment to identify material issues for the institution. We report on the results achieved in 2022 on the basis of the topics considered material. As a form of stakeholder engagement, the materiality survey has been used to channel the views of internal stakeholders (managers and ESG ambassadors).

The survey was conducted with the involvement of an external expert, exclusively for MKB Bank, and consisted of three steps:

1. Compilation of a long list of themes
2. Impact assessment, stakeholder identification
3. Stakeholder survey, data evaluation, short topic list

In compiling the thematic list, based on the characteristics of the benchmark banks and MKB, the external expert compiled a long list of 50 items on potentially relevant topics, which was then merged to a short list of 20 items covering the main thematic areas. Respondents were asked to rate each of the 20 themes on a scale of 5 in an online questionnaire, and the final list of 10 relevant themes was then drawn up.

The materiality assessment also took into account the ESG rating principles, including the rating criteria of Moody's and Refinitiv rating agencies, as well as the UN Guidelines for Responsible Banking.

As a result of the survey, the following 10 relevant topics were selected, in order:

1. Business stability and flexibility (Chapter 2: About MKB Bank)
2. Data protection and cyber security (Chapter 7.3: Information security and data protection)
3. Creating value for customers, increasing customer satisfaction (Chapter 7: Responsible service delivery)
4. Transparency and regular communication with stakeholders (Chapter 5.1: Corporate governance structure, Chapter 9.4 Information and awareness raising)
5. Transparent ownership, management and organisational structure and operation (Chapter 5: Good governance)
6. Supporting Hungary's economic and social development (Chapter 2: About MKB Bank)
7. Responsible employers and maintaining a balanced working environment (Chapter 9: Responsible employment)
8. Integrating ESG considerations into business strategy (chapter 4: Sustainability for MKB)
9. Promoting the conservation of natural resources (chapter 6: Partner in sustainable finance, chapter 8: Reducing our environmental footprint)
10. Sustainable and responsible asset, investment and financing portfolio and resource mobilisation (chapter 6.2: Partner in green finance)





5. GOOD GOVERNANCE

5. GOOD GOVERNANCE

In 2022, MKB Bank continued to focus on ensuring its operations in line with sustainability principles (ethical conduct, transparency, legal compliance). It strived to develop and operate an effective and efficient corporate governance system in line

with best market practice, responsible corporate governance and responsible procurement.

5.1 CORPORATE GOVERNANCE STRUCTURE

The Bank has addressed the issue of ensuring "Transparent ownership, management and organisational structure and operation" as a key issue. Accordingly, in line with the BSE Corporate Governance Recommendations⁷, it has prepared and published its 2022 Responsible Corporate Governance Report. The Bank's governance structure has taken into account the legal, regulatory and stock exchange requirements, as well as the specificities of the business.

The highest governing body was the seven-member Board of Directors⁸, whose chairman also had an executive role. Board members serve for a maximum of five years. In the nine-member Supervisory Board six independent members performed their tasks. The economic, environmental and social performance was managed through the functioning of the Governing Board and internal audit.

The Board of Directors is responsible for setting up standing committees. The governing bodies, including their composition, are described on pages 3 to 14 of the Corporate Governance Report.

The selection of the members of the governing bodies in 2022 was regulated by the Nomination Policy of MKB Bank Nyrt. The Bank attached importance to the diversity of the governing body and the independence of the candidates. In the selection process, the Bank ensured non-discrimination on the grounds of gender, ethnic or social origin, religion or belief, membership of a national minority, wealth, geographic location, age, sexual orientation and other categories.

The Bank has elected members with a diverse range of expertise, regional and industry experience and backgrounds to its governing bodies wherever possible. The Bank has also paid particular attention to gender representation on its Boards and has made efforts to achieve a 15% representation of women. To fulfil these aims we were committed to prefer the sub represented gender in the given body among two similarly qualified and suitable nominees for the given position, in case no other professional reason justifies the other.

Remuneration policy

The general principles of remuneration were set out in the Remuneration Policy in the year of the report, in line with national and EU legislation. MKB Bank has applied the Remuneration Policy to all employees, including members of the highest governance body and senior management. While the remuneration of the internal members of the highest governance body and senior management was in accordance with the Remuneration Policy, the external members of the highest governance body received fixed remuneration. The Policy was made public within the organisation and was accessible to all employees.

In December 2022, Magyar Bankholding adopted a new remuneration policy applicable to all its member banks, including MKB, which takes into account the sustainability principles and aspects of the current situation, as ESG aspects are part of the overall corporate performance targets. The new incentive scheme is performance-based and includes highly differentiated options for executives to recognise strong performance and outstanding contribution.

Under the new Remuneration Policy, all components of remuneration had to be linked to either Base Salary or Performance-related remuneration. The Chairman of the Board of Directors and the members of the Supervisory Board and the Supervisory Board may receive a monthly (or other) honorarium, the terms of which were detailed in the Remuneration Policy. For more information on the approach to remuneration of employees, please read Chapter 9, Responsible employment.

The Bank provided information on the remuneration of members of the Board of Directors and senior executives in accordance with our disclosure obligations under the law. As part of the overall corporate performance objectives, ESG considerations have been incorporated into the remuneration system for senior management, including sustainability, CSR, health and safety.

MKB Bank had a Remuneration Committee, whose task was to prepare decisions for the Supervisory Board on the operation of the Remuneration Policy and to monitor compliance with the policy. The Supervisory Board of MKB was responsible for

⁷The Corporate Governance Recommendations published by the BSE are designed to formulate guidelines facilitating compliance by public limited companies (issuers) with all internationally recognised rules and standards of responsible corporate governance in the course of their operation.

⁸as at 31 December 2022



the adoption of the Remuneration Policy, its amendment in the framework of the annual review and the supervision of its implementation. In addition to the regular annual review, the Supervisory Board could, if necessary, amend the Policy in the context of ad hoc reviews.

Conflict of interest rules

The general principles and framework for the management of conflicts of interest, including the definition of conflicts of interest⁹, were set out in the Group Conflict of Interest Policy 2022, supplemented by the Bank's Conflict of Interest Policy. MKB's senior management was committed to managing conflicts of interest at the organisational and personnel level in a manner that was in the best interests of MKB's owners, employees and customers. The topic itself is coordinated by General Compliance.

The Nomination Policy stipulated that members of the Bank's Board of Directors and Supervisory Board may not have any conflict of interest in relation to the Bank. In order to prevent and resolve potential conflicts of interest, members of the Executive Boards were required to make declarations at the time of entry, during the nomination process and on an annual basis, which were verified by Compliance. In case of a detected

conflict of interest, Compliance provided feedback to the parties concerned.

Establishing a single organisational structure

A key element of the merger was the creation of a single organisational governance structure in Magyar Bankholding and its member banks. Accordingly, since 16 November 2021, the Deputy CEOs and Managing Directors of Magyar Bankholding exercised professional and labour management control in the Group's member banks. In line with this, a unified committee structure has been established, under which the Management Committee (MC), the operational decision-preparation and decision-making body of the Magyar Bankholding Group covering the entire range of operations, has been operating since November 2021 with the functions taken over from the former Executive Committee. The MC decides on general and strategic issues submitted to it, on matters of a business nature concerning the operation of the MBH Group, the organisation of the company, the management, administration and development of human resources.

In addition to the above, preparations started for the 2023 merger, including the development of a complex programme to manage the process, including corporate governance issues.

5.2 ETHICAL OPERATION, FAIR BUSINESS PRACTICES

The ethical standards and core values were set out in the Code of Conduct of MKB Bank Nyrt.¹⁰ in force in 2022, which was publicly available on the website. The Code contained the Bank's values and the standards of conduct that help to achieve them. Ethical behaviour was expected of the Bank's partners, suppliers and, of course, its staff. In 2022, there were no significant changes in the regulatory and operational framework of the Code of Conduct, but the merger of MKB Bank and Budapest Bank harmonised the regulation and the procedures of the Ethics Committee, the decision-making forum for individual decisions on ethical matters.

In 2022, Compliance was responsible for the enforcement of business ethics within the Bank, supported by the internal regulations issued by Compliance, as well as internal

information on current information, mandatory training and compliance experts. Ethical conduct, anti-corruption, respect for human rights and non-discrimination were part of the general Compliance training. Training with an examination was compulsory for all new entrants, and compulsory annual refresher training with examination was provided to all employees.

The Bank was committed to non-discrimination and human integrity. It ensures equal opportunities for all stakeholders - including potential and existing customers and staff. The Bank rejects all forms of discrimination.

Ethics notifications and whistleblowing

In line with the Whistleblowing Policy, the Bank continued to operate a whistleblowing system in 2022, which provided an anonymous means for colleagues and third parties to report

⁹Cases of conflict of interest include, but are not limited to, holding an executive position / board membership in another organisation; shareholding, financial interest in a supplier or other interested party; controlling shareholder; related parties, significant relationships, transactions and significant receivables, etc.

¹⁰Following the completion of the triple merger, the Code of Ethics of MBH Bank has been in force since 1 May 2023.



any irregularities, perceived shortcomings or inappropriate staff practices.

Other forums:

- Ethics Committee for the professional handling of high-profile cases
- Works Council - as the primary employee representative forum - Ethics and Conciliation Committee to clarify operational irregularities or employee disagreements.

MKB Bank was one of the first to sign the Code of Conduct for Commercial Banks in Hungary, and has since then been committed to it.

Complaint handling

MKB Bank provided its customers the opportunity to make complaints through several channels. The aim was to make complaints handling, investigation, recording and evaluation an integral part of its corporate culture in order to ensure customer satisfaction and a higher level of service.

The investigation of complaints was strictly regulated by the Bank's Complaints Handling Rules in force in 2022. Complaints were handled in a non-discriminatory manner in line with the principle of equal treatment, with priority given to resolving complaints, investigating them promptly and, in the case of a justified complaint, rectifying the errors found. The Bank regularly analysed the comments received and used the results to improve its services and customer treatment.

In terms of complaints handling, the policies and processes were harmonised in connection with the merger of MKB Bank and Budapest Bank and the operational practices continued with the MKB regulatory framework in the year under review. In order to assess the effectiveness of the complaints handling process, Compliance continuously supported and monitored the complaints handling activities, mainly with a view to mitigating compliance-relevant risks.

5.3 REGULATORY COMPLIANCE

In 2022, MKB Bank continued to operate in full compliance with national and EU legislation, guaranteed by the system of lines of defence. The Compliance area, which operated as an independent department, aimed to support the Bank's lawful business and operations, to perform auditing, advisory and opinion-forming tasks related to data transfer, confidentiality and insider information management, money and capital market compliance, conflict of interest, prevention and deterrence of money laundering and terrorist financing, consumer protection and other compliance activities, and to support the management bodies by providing opinions, data and information.

Three lines of defence

MKB Bank has implemented three levels of internal controls within the organisation to ensure full compliance with the law.

- The first line of defence was the control built into the processes, management control and other functions that also exercise control (e.g. HR, Controlling, Accounting, etc.).
- This was complemented by specific control functions (e.g. Risk Management, Data Protection Officer, Compliance, Security Officer, etc.) as a second layer of protection.
- The third level of protection was the organisationally and functionally independent Internal Audit.

Regarding General Compliance, in 2022 the annual review of the regulations was carried out, as well as the harmonisation of the regulations related to the merger of Budapest Bank and MKB Bank. The most significant measure in view of the merger was the harmonisation and review of the common compliance framework, after which the Bank developed its common operational practices taking into account best practices.

Internal regulation and external supervision

The areas of internal regulation for compliance activities were:

- Compliance Policy
- Anti-corruption policy
- Conflict of interest policy
- Code of Conduct and rules for investigating ethics complaints
- Complaints Handling Policy
- Fraud reporting policy
- General operating rules based on the principles set out in the Policies
- Administrative instructions containing the rules for implementing the provisions of the regulations, as well as internal instructions for each area.

The level of protection outside the organisation was reported by the independent auditor, and finally, discrepancies could be reported by the authorities and clients. Together, this provided a very high level of multifaceted assurance that all processes within the Bank were operating in accordance with the rules.



The General Compliance area has also kept a high level of track of ESG-related legislative and regulatory changes. In addition, a separate ESG area has been and continues to be operational in our Bank, with the task of monitoring changes in ESG-related legislation and regulations and their impact on the Bank (for more details, see chapter 4.2: ESG governance).

Number of significant non-compliances

The low number of administrative procedures involving fines and non-monetary sanctions in 2022 is also an indication of regulatory compliance. MKB Bank considered a significant non-compliance with the legislation to be a non-compliance identified in a decision or an audit report issued in an investigation procedure by bodies acting within their statutory control powers, whether or not the decision or audit report sanctions the case of non-compliance by imposing a fine.

In 2022, the total number of cases of non-compliance was 12 and the total value of financial penalties imposed in the reporting period is HUF 328.325 million. Of the cases of non-compliance with legislation and/or voluntary commitments, 6 were related to the provision of information on products and services, where the Bank violated the legal provisions on the investigation and response to complaints, the completeness and comprehensibility of the responses to complaints and

the timely settlement of the instalment of the loan granted to the consumer. All of these cases also resulted in financial penalties.

During the past three years, no competition proceedings or other legal proceedings relating to anti-competitive behaviour, antitrust or monopoly law violations, fraud, insider trading, market manipulation or irregularities were brought against the Bank. There were no confirmed cases of corruption or non-compliance with marketing communications.

Compliance-based risk assessment

In the General compliance area, which includes the consumer protection and core compliance sub-areas, a compliance risk assessment has been carried out for the year 2022. The most significant risks, in particular with regard to the merger of MKB Bank and Budapest Bank, were identified in relation to the following activities:

- Product sales and customer relations;
- Marketing communications;
- Complaints handling;
- Investigating entities performing outsourcing activities;
- Management and recording of conflict of interest situations.

5.4 RESPONSIBLE PROCUREMENT

As one of Hungary's leading banks, MKB Bank continued to work with a number of suppliers throughout 2022, following responsible procurement processes and practices in line with legal obligations and internal ethical standards. Ensuring the security of customer data and banking systems is a priority, which was also taken into account when developing supplier relationships.

The procurement area is responsible, among other things, for achieving the right balance between quality, price and reliability, and for assessing and, where appropriate, coordinating the mitigation of supplier-related risks during the supplier selection process. Among other aspects, procurement was carried out in an environmentally friendly and energy efficient manner, without restricting competition (principle of equal treatment) and in compliance with ethical standards.

The principles and framework of the procurement were defined by the Procurement Rules of MKB Bank Nyrt. in force in 2022,

which were approved by the Management Committee. The Policy was reviewed in 2022 in relation to the integration but no major modifications were made. The objective of objectivity, transparency, fair and efficient tendering and (legal) compliance in procurement remains continued to apply. The Procurement Rules state that procurement staff shall not accept any external remuneration or preferential treatment for their work, other than their remuneration at work. Suppliers are expected to comply with applicable legislation in their contracts.

In the majority of cases, MKB Bank uses its own model contract for agreements with suppliers, which includes the supplier's acceptance of the Code of Conduct. It deviates from this practice only in the case of contracts with larger companies, where only the supplier's standard contract can be accepted. During the procurement procedure, tenderers declare indirectly the absence of conflict of interest by signing the procurement declaration and the successful tenderers declare directly the absence of conflict of interest by signing a document to this effect, which is verified by Compliance.



The supplier risk management process is designed to ensure the safety of MKB Bank and its customers. The aim is to identify outsourced services from a risk perspective and to set up a business continuity planning system, whereby suppliers are categorised into low, medium or high risk groups in terms of financial, operational and transactional risk. If any of the risk dimensions is high, the supplier is automatically placed in a high risk category. In this case, the supplier's contract is automatically subject to an annual mandatory review and the continuation of the supplier relationship requires senior management approval, sometimes accompanied by risk mitigation measures. In rare cases, at the end of the risk assessment process, the supplier relationship is terminated by the Bank.

Due to the nature of its activities, MKB Bank's most important suppliers are service companies. Within the bank, IT, property management and marketing are the areas with the highest value of purchases. In 2022, purchases exceeding HUF 1 million were related to around 509 suppliers. The Bank works mostly with domestic suppliers. The share of foreign suppliers is dominant only in cloud services. Domestic suppliers are preferred due to the ease of contact, the same economic environment, business culture and legal conditions.

Changes in procurement as a result of the merger

As a result of the merger, in 2022 the cooperation with existing suppliers continued with a stronger utilisation and the former Budapest Bank's suppliers were added, increasing their number and creating a duplicated delivery system. The main areas of procurement remained unchanged and became more focused: the marketing area was involved in the preparation for the launch of the new brand, IT with the integration of systems, and the real estate area due to the management of the larger branch network. In the year 2022, the procurement processes for the new organisation were being developed, particularly in terms of rules.

During 2022, a strategic procurement module has been developed to further develop the electronic procurement

channels already in use and reduce paper-based administration. This is particularly important to ensure transparency and security, also in view of the increased procurement volume resulting from the merger.

In 2022, sustainability was not yet an evaluation criterion in procurement, as the focus was on brand replacement rather than upgrading investments. Fleet and real estate procurement, however, was already being conducted with environmental and energy efficiency in mind. The future formal integration of environmental and social considerations could be determined by the ESG and sustainability discipline in agreement with the areas of procurement demand.





6. PARTNER IN SUSTAINABLE FINANCE

6. PARTNER IN SUSTAINABLE FINANCE

In the transformation of the economic sphere, financial institutions are of particular importance, as their operations have a multiplier effect on other market players. The financial sector therefore has an unquestionable responsibility to promote the conservation of natural resources and mitigate the negative effects of climate change. This is illustrated by the fact that it is estimated that a bank's business portfolio can account for up to 700 times its own greenhouse gas emissions, and some estimates even more.

In order to achieve its strategic mission - „MBH, partner in sustainable finance” - Magyar Bankholding ESG aims to create an infrastructure, a range of products and services, a risk framework and a customer education platform for both retail and corporate customers that will help them to achieve their own sustainability goals. The challenge for the near future is to ensure that the Group can adapt sustainability products and services with a rapid response time and, in the medium term, to seize the opportunity to bring to market products that promote social sustainability, which are not yet widespread in our country. These are also the objectives of MKB Bank for 2022.

When we talk about the relationship between the environment and large companies, a bank is not usually the first thing that comes to mind, even though we have a lot to do in this area. Just looking at how much our nearly 10,000 employees can do to help the environment in their daily work is a significant impact, but the Bank is also committed to building a sustainable future for our business: we strive to introduce and promote innovative green financial solutions, and many of our products and services specifically support sustainability and environmental efforts. These include financing transactions for renewable energy systems or sustainable transport, or the ECO-loan, which helps Hungarian households to modernise their energy consumption or to buy energy-efficient new homes. Paperless administration is now almost a prerequisite, but we are trying to apply green banking in every possible area.

Ildikó Ginzer, Deputy Chief Business Officer for Standard Services

6.1 ESG RISK MANAGEMENT

To be a true partner to our customers in sustainability, we aim to understand their ESG operations. By incorporating this knowledge into our risk management system, we aim to promote more sustainable lending objectives in our lending and investment practices. The Bank first introduced ESG considerations in 2021 in MKB Bank Nyrt's Risk Strategy, which aims to improve the portfolio in terms of sustainability. MKB worked for that objective. In 2022, MKB continued to work towards this goal; in line with the MNB's Green Recommendation, it continued to add ESG aspects to its risk management and lending processes.

As a significant part of the Bank's operations in 2022 was still covered by lending activities, we considered it necessary to measure sustainability risks in this area first. Our programme to assess our customers' ESG readiness in terms of available data and quality of reporting, and to educate them on the importance of sustainability, was completed in 2022.

In developing the Green Loan Framework, the aim is to increase the green lending portfolio and, at operational level, to provide employees with tangible, clear documentation on what the Bank considers to be a green transaction. The Green Loan Framework project will be implemented in 2023, as a result of preparatory work in 2022.

The supplementation of the risk management system with ESG aspects was completed in 2022, as a result of which the Bank now has an ESG risk assessment methodology for all lending processes and client segments - retail (housing), micro, small, medium and large enterprises. A policy has been issued first for large corporate and specialised lending, but it will be rolled out to other segments by 31 December 2023. ESG risk assessment is carried out on a client and transaction basis, with low-medium-high risk categories defined. For large corporates, a narrative analysis is also performed, while for other segments, OPTEN and EBRD Heatmap are used. In addition, the Bank has developed its sector strategies and published its Sustainability Policy and ESG Policy. The framework is being continuously developed in line with current regulations and industry best practices, now under the name MBH Bank Nyrt.

Our objective was to assess the existing total loan portfolio from an ESG risk rating perspective, defining a baseline from which the banking group could increase its green loan portfolio. With this knowledge we will shape our business and risk strategy, which will indirectly impact the environment.

The programme was closely linked to our business objective to provide our customers with competitive products and services that promote environmental and social sustainability, taking



SK7, FN-CB-410a.2

into account international and domestic sustainability trends, and that effectively help them achieve their own sustainability goals.

Banks should prioritise environmental sustainability and the fight against climate change. So they should develop lending and investment policies that support environmentally friendly projects and avoid business activities that cause environmental damage. Green finance aims to promote sustainable economic growth and minimise environmental damage. In order for us, as banks, to engage in green finance, it is essential that we proceed with a clear set of values in mind.

András Puskás, Deputy CEO, Chief Sustainability Officer

In 2022, a PMO project was also launched to ensure the Bank's compliance with the ESG disclosure requirements under Pillar 3 (P3)¹¹ of the Capital Requirements Reporting (CRR).

From 2023, the Bank aims to develop a single retail and corporate data taxonomy, fully integrate ESG considerations into credit risk processes, quantify operational risks and integrate ESG considerations into the risk appetite framework, risk models and stress tests, and in the longer term into internal capital requirement calculations.

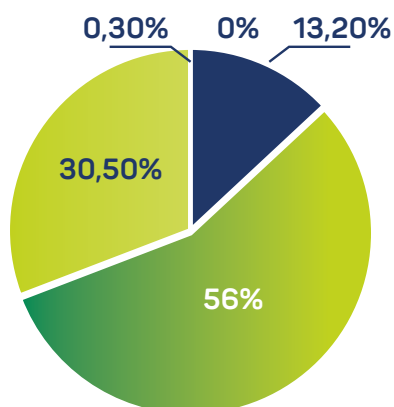
Implementation of the action plan under the MNB Green Recommendation¹²

In 2022, MKB continued its efforts to implement its business and risk strategy in line with the requirements of the MNB's Green Recommendation, and has therefore defined an Action Plan for compliance. The 3 member banks (BB, MKB, MTB) plan to carry out most of the tasks necessary to comply with the Green Recommendation already at the level of MBH, but in 2022, actions were also completed for MKB, including the projects mentioned above to support compliance. The merger has slowed down processes somewhat, as time and cost intensive system improvements were required for several tasks. Full integration of climate change and environmental risks into the business strategy is expected by 2023, now at Bank Group level.

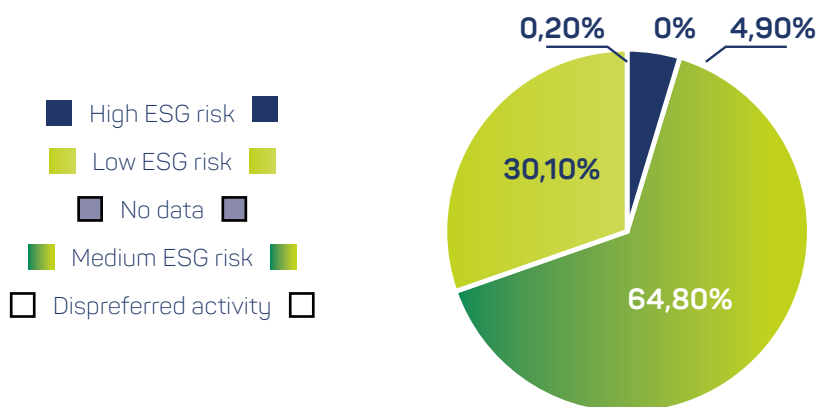
ESG risk exposure of the bank portfolio

In order to assess and monitor the corporate portfolio from an ESG perspective, a regular annual ESG assessment of clients and transactions is required, which the Bank carried out in 2022 based on the EBRD (European Bank for Reconstruction and Development) categories:

LARGE CORPORATE EXPOSURE - ESG ASSESSMENT (%)



MEDIUM CORPORATE EXPOSURE - ESG ASSESSMENT (%)

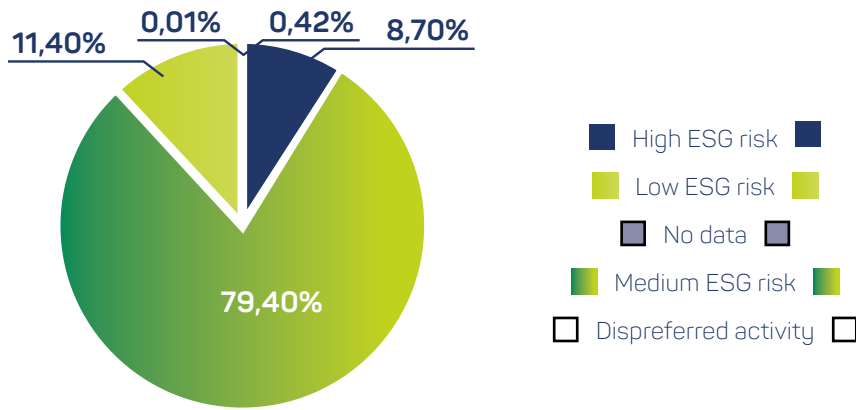


¹¹P3 is the European Union's obligation to disclose qualitative and quantitative information on the risks to which banks are exposed and on their capital and risk management, with the aim of increasing transparency and strengthening market discipline. EUR-Lex - 32022R2453 - HU - EUR-Lex (europa.eu)

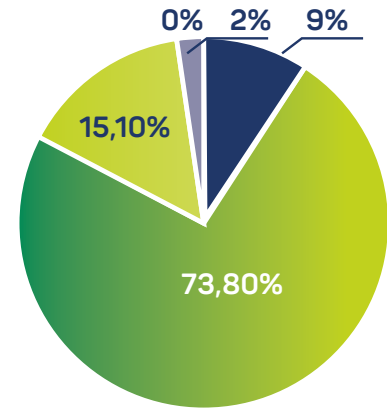
¹²In 2021, and renewed in 2022, Magyar Nemzeti Bank issued a recommendation to credit institutions to address climate change and environmental risks and to mainstream environmental sustainability aspects, in order to encourage banks to operate more sustainably by setting clear priorities. The MNB expects domestic credit institutions and branches to move to green operations by 2025, i.e. to identify, measure, manage, monitor and disclose environmental risks related to climate change, by completing three time phases. Credit institutions were and are required to comply with these central bank requirements gradually, from 15 September 2022, July 2023 and January 2025.



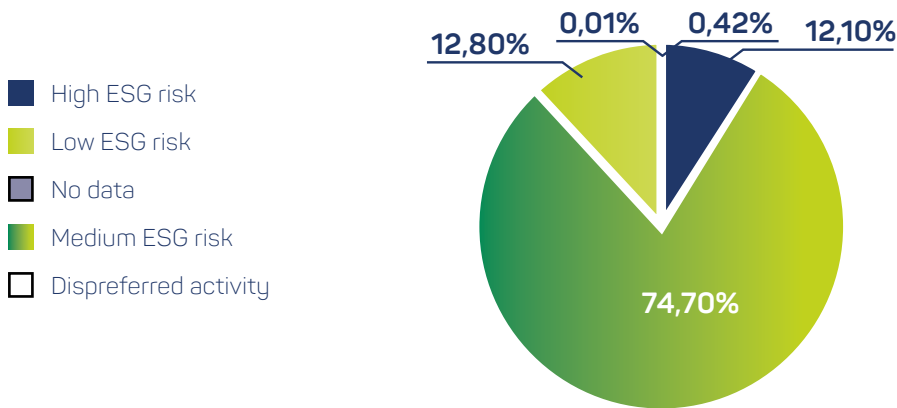
ENVIRONMENTAL RISKS



AGRICULTURAL EXPOSURE - ESG ASSESSMENT (%)

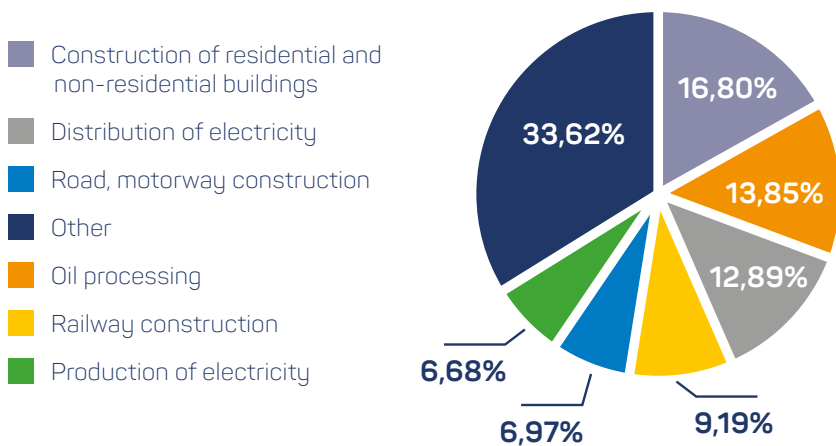


SOCIAL RISKS



Bank portfolio exposure to social risks based on EBRD Heatmap (2022)

HIGH RISK SECTORS IN THE PORTFOLIO



Sectoral breakdown of risk identified as a high risk in the portfolio (2022)



PROHIBITED AND DISPREFERRED ACTIVITIES¹³

MKB Bank has defined annually at Group level the prohibited activities in which it does not provide financing and the activities in which it does not give preference and intends to control and/or restrict financing more closely (discretionary activities). The

Risk Strategy of MKB Bank in force in 2022 specifically states that MKB Bank does not take risks in relation to activities that would result in environmental degradation or jeopardise the Bank's sustainability objectives.

6.2 PARTNER IN GREEN FINANCE

The Bank has sought to develop a sustainable and responsible asset, investment and funding portfolio and fund raising. So, it aims to continuously reduce the environmental footprint of the activities it finances.

As a financing institution, our priority in this regard is to make loans available that help customers achieve their sustainability goals. In 2022, we were already making a difference on both the corporate and retail side, by supporting our retail customers' energy efficiency efforts through our retail active loan products (e.g. financing heating retrofits, solar panel installations), but also by making available an increasing number of online loan products that indirectly help reduce greenhouse gas emissions. On the corporate side, it is important to highlight loan targets that promote sustainability, such as the implementation of a solar park or the financing of commercial real estate whose operation and design is aimed at, or at least close to, zero emissions. We have also introduced sustainability in bonds, underwriting a sustainable green corporate bond that supports the achievement of a green goal. MKB Bank's 2022 green products and initiatives are presented below.

GREEN CORPORATE PORTFOLIO

On the corporate lending side, MKB Bank has played a catalytic role as a commercial bank in green financing, which has become even more evident since the outbreak of war in 2022. In the context of increased energy prices, corporate customers were typically motivated to reduce energy costs and mitigate risks when starting their investments. In 2022, the focus shifted towards working capital loans, as volatile exchange rates prompted clients to create a safety and liquidity buffer. Investment loans were also requested, but investments were

typically postponed due to high lending rates and a high interest rate environment. However, this logic did not apply to investments to improve sustainability and energy efficiency, which have picked up recently.

Despite the economic difficulties, MKB Bank's green lending in 2022 did not decline to the same extent as other investment and project loans. Of the investment loans, those that were intended to serve some kind of green lending purpose typically remained in the market.

Existing businesses have mainly used loans for energy saving investments, such as solar panels, modernisation projects or upgrading heating systems.

Society's expectations of agriculture and the food industry go far beyond the production of goods, and the provision of food, our most basic human need, is its greatest responsibility, whatever the circumstances. In addition, fewer and fewer rural dwellers are having to provide good quality food to increasingly populated cities, while the amount of land under cultivation is constantly decreasing. The sector must therefore increase its efficiency and competitiveness, but this also requires a change of attitude from us, the consumers. Worldwide, 30-40% of food produced is wasted, and consumers are responsible for the vast majority of this waste .

Many people think that increasing efficiency and competitiveness is irreconcilable with ESG considerations, but we at MBH Bank's Agri-Food Business Line are convinced that the two can be achieved together, and that it is possible to operate the Hungarian food economy sustainably from an environmental, social and economic perspective. This requires modern investments, innovation and smart solutions, not least a reliable financier who is familiar with the sector and the current

¹³Simplified list of prohibited activities: manufacture of and trade in arms, munitions and explosives; manufacture of military combat vehicles; trade in diamonds and gold/precious metals; financing of political aims.
Simplified list of dispreferred activities: retail sale of petroleum-based fuels; trade in gas; food and beverages, food and beverages preserving sub-sector; agent wholesale trade; wholesale of beverages; wholesale of beverages; trade of waste; mining; retail/wholesale of watches and jewellery; pawnbroking; debt collection; electronic money issuer; payment system operator; payment service provider; lending transactions with cities, municipalities, local government associations and non-profit institutions outside Hungary.



challenges, who sees farmers as partners and helps them to achieve their sustainability goals - without sacrificing their financial performance. Sustainability cannot be achieved at the expense of business rationality. However, agriculture is a highly adaptable sector and, if properly applied, ESG objectives can improve the performance, results and value of a business. It can thus gain a competitive advantage and better positioning, thus strengthening the Hungarian productive base and consumer demand for domestic products.

Dávid Hollósi, Managing Director, Agri-Food Business Unit

Lending for renewable energy production and green bond buying

In 2022, MKB Bank continued to support green economic goals and the fight against climate change by lending for renewable energy production and purchasing green bonds. The Bank also applied a capital requirement discount for these products. MKB Bank's internal incentive scheme was designed to favour green lending (especially in the area of project finance), as it aimed to develop a green loan portfolio.

- MKB Bank continued to be at the forefront of project finance in 2022, providing loans for the construction of solar parks. At the end of 2022, the Bank's portfolio of solar power plant financing amounted to HUF 50.56 billion. Compared to 2021, this represents an increase of around HUF 15.85 billion¹⁴, equivalent to 2% of the corporate loan portfolio.
- The green bond portfolio purchased under the MNB's Bond Funding for Growth (BGS) amounted to around HUF 22.04 billion in the bank's portfolio, which also represents an increase of around HUF 8 billion¹⁵ compared to 2021.

solar power plant portfolio worth HUF 50.5 billion

Support for green property development

The Bank's portfolio of office buildings with environmental certification (e.g. BREEAM) exceeded HUF 54.83 billion at the end of 2022. MKB Bank financed, among others, the third phase of Futureal Budapest One office project, which, in addition to the BREEAM environmental building certification system, was among the first in Hungary to obtain the international WELL Building Platinum pre-certification. The certificate recognises aspects of building design that have a positive impact on the health and well-being of employees.

Other products

- In 2022, MKB Bank also offered green options within the framework of the state-subsidised loan schemes under the *Széchenyi Card Programme MAX and GO*. More information on these products can be found in chapter 6.3. Preferential and socially responsible products
- BUPA - Online Billing and Green Business Questionnaire
The free, digital invoicing software provides businesses with a paperless way to complete their administration, reducing the amount of paper they use and saving costs. In addition, businesses can assess their impact on the environment by completing the BUPA Green Business Questionnaire. By completing the questionnaire, they can get tips and advice on how to make their business greener. There are also educational blog posts on the BUPA website on how to effectively green your business.

Future Goals:

On the passive corporate product side (deposit and account management), the Bank prepared in 2022 the Green Monthly Flat Rate Account Package, which, in addition to enabling completely paperless services, will have other environmental impacts: for every account opening in 2023, the Bank plans to install a kestrel breeding nest in cooperation with the Hungarian Ornithological and Nature Conservation Society.

GREEN RETAIL PRODUCTS

In 2022, MKB Bank continued to help its retail customers to achieve environmentally friendly housing by offering a number of preferential loan schemes:

Growth Loan Program Green Home Program (NHP ZOP)

The credit institutions participating in the MNB NHP Green Home Loan Programme were allowed to provide housing loans of up to HUF 70 million per borrower, with a maximum term of 25 years, for the purchase or construction of energy-efficient new residential properties. MKB Bank was one of the first to introduce the MNB NHP Green Home Loans at the end of 2021, but disbursed the bulk of the loan volume in 2022. NHP ZOP accounted for 6.5% of the Bank's total loan volume disbursed in 2022, demonstrating the importance of this loan type in a larger context.

¹⁴That growth mentioned is the result of the combined effect of the merger of the former Budapest Bank and continued growth.

¹⁵That growth mentioned is the result of the combined effect of the merger of the former Budapest Bank and continued growth.



Mortgage Loans - MKB Bank ECO preferential home loans

MKB Bank's ECO schemes were market housing loans for modernisation and purchase aimed at improving energy efficiency. In November 2022, MKB Bank introduced a new ECO mortgage loan product to finance improvements aimed at reducing energy consumption of Hungarian households and the diffusion of renewable energy technologies, such as solar collectors, solar panels, insulation, window replacement or boiler replacement.

With the introduction of the ECO Modernisation Loan, ESG aspects were also laid down in a separate regulation: in line with the requirements of the MNB Purchase Programme, MKB Bank, as a refinanced credit institution, undertook to inform its customers about the environmental sustainability aspects related to consumer mortgage loans and the contribution of consumer mortgage loans to environmental sustainability goals.

Other products

- In the case of personal loans, the Bank promoted loan objectives that support energy efficiency and offered a favourable interest rate for those with sufficient income.

Future Goals:

- The Bank plans to place increasing emphasis on assessing the ESG preferences of its investing clients, and in this context will seek to gather information on ESG-related product features from its investment product supplier partners on an increasing scale.
- In 2022, we also started preparing the MBH Green Certified Consumer Friendly Home Loan scheme, further expanding our green residential portfolio.

6.3 PREFERENTIAL AND SOCIALLY RESPONSIBLE PRODUCTS

A viable economy can be achieved by businesses, the population and MKB's customers together, with the appropriate cooperation of the state. MKB provided assistance, expert advice and resources for that, with the long-term needs of its customers in mind. Accordingly, in 2022, it continued to play an active role in offering state-supported products.

Discounted retail products

MKB SZÉP Card

In the operation of the MKB SZÉP Card in 2022, the return to the pre-pandemic period was the key feature on the benefits side.

Among the government measures that allowed for a change in the use of the card according to needs, the discontinuation of extra benefits on the benefits side as of 1 January 2022 had a negative impact. On the user side, the reliefs remained unchanged and spending options were further expanded. All this contributed to the fact that spending in 2022 was still higher than the benefit received. The Bank also had to prepare for two significant changes in the legislation on SZÉP cards at the end of 2022 (merging of sub-accounts, one-off fee on unused funds), which were successfully met.

MKB SZÉP Card also achieved good results in 2022:

MKB SZÉP Card results in 2022

Number of MKB SZÉP Card holders	249,280 people
Number of employer transactions	1.4 million
Value of employer contributions	HUF 28.5 billion
Number of transactions by MKB SZÉP Card holders	5.7 million
Annual amount spent by MKB SZÉP Card holders	nearly HUF 31.9 billion
Average annual value of assets in MKB SZÉP Card accounts	HUF 11.7 billion
Number of SZÉP Card acceptance points	Over 35,000



Other socially responsible retail products

MKB Bank also helped its customers in a social sense by selling the following products and subsidies. In the interest of social responsibility, the MEOSZ accessibility subsidy was also available through the Bank for people with reduced mobility. This non-refundable state subsidy, available through the credit institution, can be used for the accessibility of housing (new and existing).

The *Family Home Building Grants* available in 2022 through MKB Bank were:

- *A baby grant* to support young couples' home ownership goals. Compared to 2021, there was a 53% increase in the portfolio disbursed in 2022.
- *CSOK (Family Housing Allowance) grants¹⁶ and tax rebate grants*, which supported the purchase, modernisation and extension of properties available in rural regions and smaller settlements. Compared to 2021, there was a 111% increase in the portfolio disbursed in 2022.
- *Home renovation grant*, which also supported the modernisation and renovation of the property of families with children. Compared to 2021, there was a 57% increase in the portfolio disbursed in 2022.

Discounted corporate products

In 2022, MKB Bank continued to pay special attention to SMEs, even in the face of difficult economic conditions caused by the drastic increase in energy prices and inflation in the year of the report. In December 2022, we conducted a survey among SMEs to assess how they react to the economic environment, with the aim of interpreting events from their perspective and, if necessary, making product changes based on the reflections.

In 2022, the change in the rules on the specific tax for small taxable businesses (kata) was a key issue, and we also asked businesses about their experiences with this in a market survey. To facilitate the management of the changeover, MKB Bank provided a tax change calculator on the BUPA platform.

Széchenyi Card Programme

In 2022, our Bank continued to be an active participant in the Széchenyi Card Programme, which is continuously renewed with state support, with the aim of promoting the competitiveness of the domestic SME sector and creating conditions for sustainable growth.

in 2022, MKB Bank was the market leader in the Széchenyi Card Programme MAX and GO, which can be applied for with green modes.

Future Goals:

The Bank intends to continue to expand its range of state-supported products in the future, and plans to implement the green mode of the Baross Gábor loan scheme in 2023, already as part of Bankholding.

¹⁶In 2022, CSOK was available for purchase, construction, extension and Village CSOK for purchase & extension and/or modernisation.





7. RESPONSIBLE SERVICE PROVISION

7. RESPONSIBLE SERVICE PROVISION

The Bank's core objective was to create value for its customers and increase customer satisfaction, which it achieved through user experience-based services.

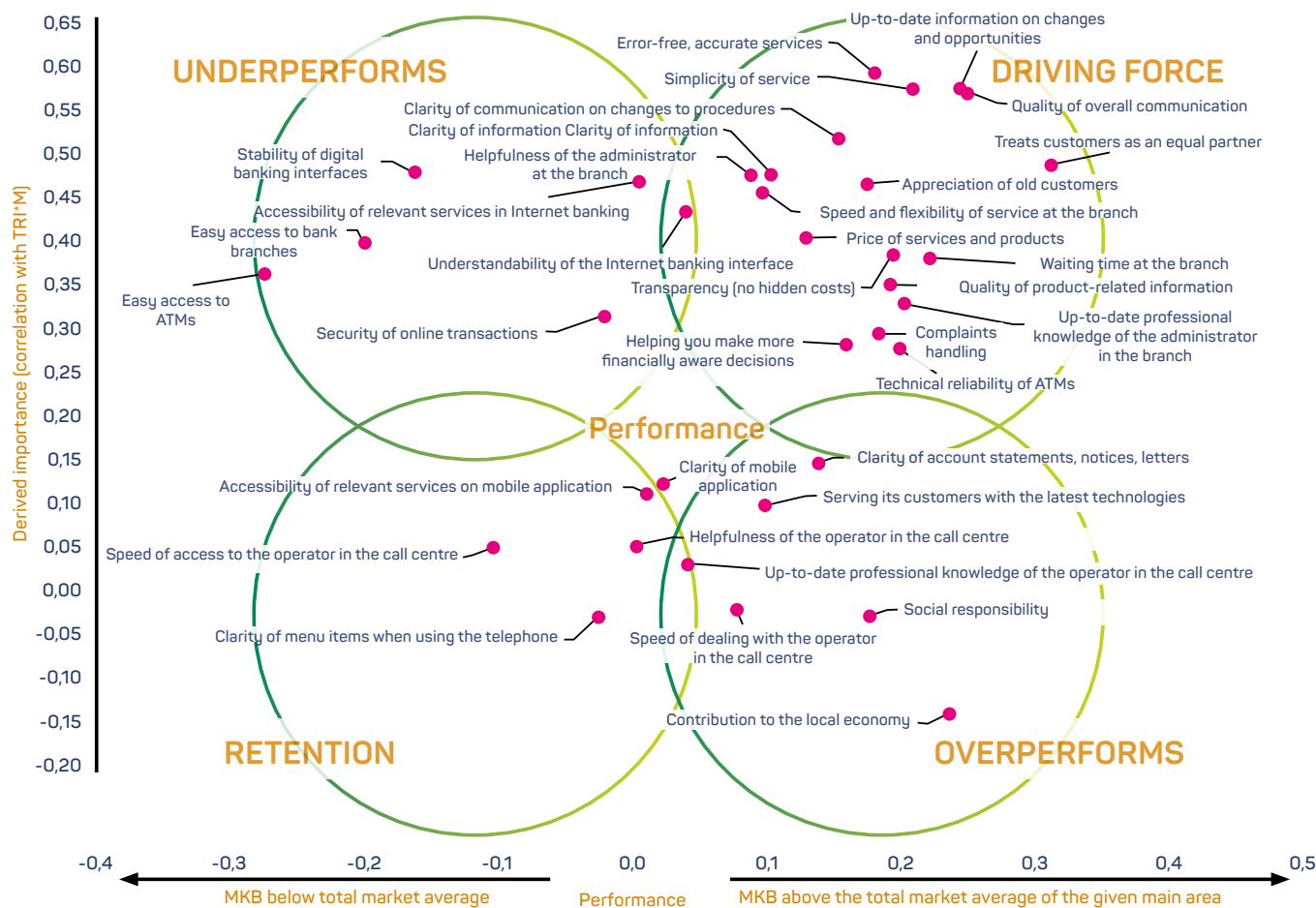
7.1 CUSTOMER SATISFACTION

The results of satisfaction surveys are the basis for the development of our services, so in 2022 we conducted surveys on mortgage, personal loan and complaint handling services, customer segment surveys¹⁷, customer experience surveys and a branch customer experience index to understand customer views and expectations. In terms of measured customer satisfaction indicators, we combined NPS (Net Promoter Score), Willingness to Repurchase, Propensity to Leave, Satisfaction, Ease of Use. Customer impact analysis was also carried out following the merger of MKB Bank and Budapest Bank in connection with the bank integration.

The Net Promoter Score (NPS) research¹⁸ used to measure satisfaction and loyalty varies by segment in the survey: in the retail segment, the highest score was measured among private banking customers (87 points), which ranked MKB Bank first among domestic banks in 2022, ahead of the sector average. The satisfaction of corporate customers increases with the segmentation of companies: the highest satisfaction score was measured among medium-sized corporate customers (34 points), which placed MKB Bank below the sector average (38 points).

Our customers recommend our bank mainly because of our friendly, helpful staff. Fast, flexible administration is high on the list of recommendations. While a personal advisor with excellent expertise gives us a competitive advantage, there is significant potential for improvement in the digital space.

PERCEPTION OF MKB BANK AMONG RETAIL AND CORPORATE CUSTOMERS BASED ON THE EVALUATION OF DIFFERENT RESEARCH METHODOLOGIES IN 2022



¹⁷In terms of segments, in 2022 we examined the retail MASS, premium retail, private banking retail, micro corporate, small corporate and medium corporate segments, using a nationally representative sample.

¹⁸The NPS may vary between -100 and +100. A higher score reflects higher customer satisfaction.



Ugyfélé-1

Continuous improvement of our services

The Bank has planned the development of its services to strengthen these factors. Based on nearly 300 interviews conducted to measure the customer experience maturity index, we identified the main actions to be presented to senior management. The development of branch colleagues was assessed through regular monthly branch mock examinations and improvement recommendations were made based on the findings.

7.2 DIGITALISATION AND INNOVATION

Digitalisation represents both a new opportunity and a challenge for financial sector players, and MKB Bank has made it a priority to ensure digital channels that provide a high level of data security and customer experience also in 2022.

Electronic services

Electronic services are an integral part of customer focus and guaranteeing the customer experience. MKB Bank was committed to ensuring that customers use electronic services as much as possible, and provided both online and mobile banking free of charge. In recent years, the Bank has reduced the number of documents to be printed (e.g. switching to electronic statements and introducing the mobilsign application, which digitally generates the account opening contract for customers). We also supported the use of e-services for new customers with an educational call.

Information to be highlighted: In 2022, we introduced a major step forward in enterprise services with the launch of the Enterprise Mobile Application¹⁹, and ViCA authentication supporting two-factor authentication²⁰.

In the area of corporate services, the payment, factoring and foreign exchange services, the Instant Payment System and Open Banking services, as well as NAV services, were also provided electronically.

Coordinating and developing digital channels

Due to the creation of Bankholding, 2022 at MKB Bank was a year of group-wide alignment of digital channel systems and

the development of new functions across multiple channels. The merger of MKB and Budapest Bank in 2022 focused on the development of the joint payment turnover and the rebranding of interfaces in the area of digitalisation. For that, in 2022, the old system of MKB Bank was stabilised and a new fraud prevention system was introduced. For the former Budapest Bank, the loans were displayed on the Netbank interface, and minor convenience changes were made and the upgrade was completed without any downtime.

At the end of 2022, the focus was on rebranding the digital channels, with the biggest challenge being the different operations across the three member banks' systems.

Online banking habits

The growing trend of online banking continued in 2022. Retail customers used apps more than online banking platforms. Customers using mobile apps increasingly favoured mobile payment services: the number of digital cards almost doubled in 2022, and the amount of transactions also showed a jump compared to previous years.

MKB Bank's two retail applications were used by 30% more customers by the end of the year compared to the beginning of 2022.

Among corporate customers, the take-up of online services has been consistently high, although to varying degrees by segment. Customers in the small business segment had a high rate of online service. For medium and large enterprises, the role of digital channels was also significant, but the preference was mainly for personal (telephone) service. In the mid-market segment in particular, telephone and dedicated advisors were indispensable. The use of mobile applications also increased within the enterprise segments. Among large enterprises, around half of the companies surveyed used an installed Electra platform or netbank, most commonly with ViCA app identification.

¹⁹The MKB Corporate Application allows you to check your account balance, initiate transfers, access your account statements and manage many other banking transactions at any time and from anywhere.

²⁰ViCA (Virtual Chip Card Application) is an authentication tool for mobile devices (e.g. mobile phones, tablets) or desktop computers that complies with the Strong Customer Authentication (SCA) rules



7.3 INFORMATION SECURITY AND DATA PROTECTION

A bank is regulated to ensure that customers' data and money are safe. MKB Bank paid particular attention to data protection and to maintaining the bank's information security and integrity at all times, whether it is customer data or internal information. We placed great emphasis on cyber security, i.e. the protection of digital data and information.

Information security

MKB Bank's information security mission is to protect the confidentiality, integrity and availability of sensitive data handled by the Bank, in particular customer data. In order to achieve this objective, the Bank operated an information security framework in 2022 that was able to protect data while complying with the prevailing legal environment. The principles of information security were set out in the Information Security Policy in force in 2022. The organisation has developed an Information Security Strategy, which is reviewed annually. The Bank developed and operated its information security measures in close cooperation with the Data Protection Officer.

The main challenges in the area in 2022 were to maintain an adequate level of protection, while regulatory, process and systemic tasks related to the merger were given high priority. The Information Security Policy was revised to reflect the changes brought about by the integration, clarifying the consolidated, uniform information security standards and expectations, taking into account the relevant supervisory and legal provisions, thereby unifying the previously different regulatory structures of the member banks, in preparation for the synergies of the second merger process.

Identifying and managing information security risks

In 2022, the management of risks and vulnerabilities from the former member banks to the new organisation emerged as an important task to be solved, so the risks identified in the former member banks were merged. A common methodology has been established and the assessment of new risks arising from the merger has started.

Continuous IT security preparedness for cyber security

The Bank has continuously updated its security preparedness by updating and replacing its IT protection systems. The Bank also prioritised the security of digital channels. Internal and external vulnerability assessments were continuously conducted to meet regulatory requirements and to follow industry best practices, and were completed as required

in 2022. A strategy was developed for the consolidation of information security and IT protection systems.

Data Protection

The Bank conducted its data protection activities in line with the recommendations of the European Data Protection Board, the National Authority for Data Protection and Freedom of Information (NAIH) and the good practices of major European data protection authorities. Following the merger of Budapest Bank and MKB Bank in 2022, the new structure of the Unified Data Protection Regulation came into force, incorporating the virtues of the regulations of all three member banks and repealing the Data Protection Policy. In addition, the restructuring of the data processing information structure was initiated and completed with the merger of Takarékbank in 2023.

In accordance with Article 37 of the GDPR, the Bank employed an independent Data Protection Officer (DPO), who had the appropriate weight and authority within the organisation and is independent of other areas of expertise. To ensure the integration of data protection considerations at the policy level, the DPO was required to provide opinions on the Bank's policies and to report directly to the Board of Directors/Supervisory Board. The attention to data protection was extended to the whole scope of the operation, as illustrated by the fact that the concept of data protection relevance was explicitly included in the Procurement Policy and the Outsourcing Policy, as well as the cases in which the DPO should be involved in the process.

Action against phishing

MKB Bank's employees focused on the prevention of phishing, the identification and handling of incidents and the implementation of measures to mitigate the damage. In 2022, the Bank developed a regulatory framework in line with supervisory requirements, based on the previous member bank regulations, to ensure an adequate level of security of data leakage protection.

there has been no misuse of customers' personal data in the last three years at MKB Bank.²¹

In 2022, there were no significant data leakage incidents. There were a total of 14 cases of minor identified data leaks, thefts and customer data losses, of which 12 cases were related to data leaks and 2 cases were related to the loss of customer data. Potentially affected customers were contacted by the MKB Fraud Center staff to verify that the customer was aware of and had initiated the potentially phishing-related transactions. In addition to informing customers, MKB Bank took both the necessary security and legal measures. In full compliance also with the MNB recommendations, MKB Bank

²¹The last time there were two cases of misuse of personal data in 2019. In one case the complaint came from an external party, in the other from a regulatory body.



informed its customers on what to do in relation to cyber fraud and data phishing and raised attention about the importance of prevention and alertness regularly on its own constantly available platforms as well as in various publications issued on a number of occasions during the year.

In each of the last three years, the Bank was subject to an administrative procedure on data protection issues: in 2021 there was one such case, which ended with the Bank's acquittal or without sanctions. In 2022, there were several smaller NAIH (National Authority for Data Protection and Freedom of Information) procedures, but in none of them were there any

sanctions, the Authority accepted the Bank's answers and closed the investigation. MKB Bank's predecessor, Budapest Bank, was subject to a fine related to sound analysis prior to the 2022 merger, which ended with a HUF 250 million penalty. The Bank challenged the decision in court, but following the decision, the Bank suspended the analysis of the voice recordings with the algorithm in question, regardless of the lawsuit, and the system was completely shut down.

Data protection (GDPR) education

MKB Bank's data protection (GDPR) training helped to detect and report potential data breaches to the Data Protection Officer. Previously, e-learning training was only mandatory for new entrants, but from 2022, all employees are expected to attend annual GDPR training. In summer 2022, the pass rate of the exams was close to 100%. From 2022, privacy training was added to the data protection training.

From 2022, all staff are required to attend annual GDPR training.

7.4 ACCESSIBLE CUSTOMER SERVICE

MKB Bank considered it important that people with disabilities also have equal access to banking services. The Compliance Directorate was responsible for the development of procedural rules to promote equal access. The Policy also set out procedures and behaviours for customer service in order to give special attention and emphasis to the special situation of disabled customers and to the special treatment that promotes their equal opportunities, bearing in mind the continuous effort to minimise the administrative and administrative burden on disabled customers. For example, it stipulates that persons with disabilities and their assistants should always be received immediately, regardless of the number of persons waiting.

In MKB Bank, the percentage of accessible branches was 100% in 2021, and 88.56% in 2022, taking into account the increased number of branches due to the merger. Therefore, there is still work to be done in terms of full accessibility, but MKB Bank's commitment in this direction is shown by the fact that it has had its branches audited from an accessibility perspective by an external, independent professional organisation.

In 2021, the Bank was awarded the special bronze rating based on Access4you's audit of 11 branches.

MKB Bank's branches in Szolnok and Mammut are accessible for wheelchair users, people with pushchairs, elderly people and people with limited mobility, according to the Access4you certification scheme. During the audit the branch in Kaposvár was also found to be accessible for customers with assistance dogs. The Budapest and Győr branches of Árkád, Csepel Plaza, Duna Plaza, Mom Park, Miskolc Plaza are accessible for people with impaired vision, wheelchair users, people with disabilities, elderly people, people with limited mobility and people with pushchairs.





8. REDUCING OUR ENVIRONMENTAL FOOTPRINT

8. REDUCING OUR ENVIRONMENTAL FOOTPRINT

As a company committed to protecting the environment, MKB Bank has also aimed to mitigate negative environmental impacts in its own operations. Already in 2022, in line with the previous MKB-level sustainability and climate strategy and the new bank holding ESG strategy, the Bank started to contribute as much as possible to the achievement of the Paris Agreement targets through its activities by reducing its greenhouse gas emissions (hereinafter referred to as GHG emissions) as quickly as possible. In order to achieve this objective, the following tasks must be performed: the assessment of Magyar Bankholding's GHG emissions (carbon footprint), the introduction of energy efficiency measures, the increase of the share of green energy in Magyar Bankholding's energy mix and, in the long-term, the transition to carbon neutral operations.

The second of the two strategic directions of ESG is „Magyar Bankholding, the responsible corporate group“. Within that framework, the Bankholding - including MKB Bank, the subject of this report - set itself the goal of meeting sustainability targets and moving towards carbon neutrality in its own operations.

Within this framework, the Bank focuses on two areas:

- 1) ESG-compliant operations
- 2) Creating paperless, contactless processes

8.1 ESG-COMPLIANT OPERATION

Sustainability in operations is a multifaceted task, with energy management of buildings and fleet, and waste management being important elements. MKB Bank was subject to an energy audit and therefore produced an annual energy report.

Characteristics of energy use

The majority of MKB Bank's energy consumption was related to utility consumption in its buildings, to which the fuel consumption of its fleet of vehicles is added. Energy consumption was monitored on a building-by-building basis by a continuous building monitoring service, whose national headquarters were located in the office building on Kassák Lajos Street. MKB's energy consumption indicators for 2022 were as shown in the table below:

AZ MKB BANK TELJES ENERGIAFOGYASZTÁSA (2022)²²

	Measuring unit	2022
Electricity	GJ	58,554.4
Of which: non-renewable	GJ	58,554.4
Of which: renewable	GJ	0.0 ²³
District Heating	GJ	7,739.2
Natural gas	GJ	60,421.3
Petrol	GJ	19,890.3 ²⁴
Diesel	GJ	21,035.3
Total	GJ	167,640.5

²²Due to the merger of Budapest Bank and MKB Bank, 2022 can be considered as the base year for energy consumption and the calculation of the carbon footprint integrally related to it, and a direct comparison with the data of previous years is not appropriate due to the large changes in organisational boundaries. Subject to the availability of data for 2022, simplifying assumptions and estimates have been used in the reporting. As a result, the data include utility consumption data for the buildings relevant for banking operations. A detailed overview of the related methodology can be found in the Annex.

²³The Bank produced 720-1440 GJ of renewable energy in 2022. This figure is an estimate and does not fit into the classification we defined as the basis for the energy consumption and carbon footprint calculation (i.e. only bank-occupied properties), and was therefore not integrated into the above calculation.

²⁴The conversion from litres to GJ for petrol and diesel was based on the IPCC guidelines for national GHG inventories (2006), using net calorific value.



No significant energy efficiency investments were made at MKB in 2022, but several energy efficiency measures have been implemented in previous years, both in heating and lighting.

The first step in implementing the energy efficiency measures set out in the new ESG strategy is to assess the energy needs of Magyar Bankholding's buildings. This is a particularly important step as a result of the merger, and in line with the ESG strategy, we will improve energy efficiency and increase the share of green energy in the Bank's energy mix within 3 years.

Carbon footprint

The primary measuring unit used to measure and monitor the environmental impact of banks is their greenhouse gas

emissions (carbon footprint). Following the GHG Protocol terminology, in 2022 the Bank's own direct (Scope 1) emissions related to its own operations were from natural gas use and fuel consumption by company vehicles, and its own indirect (Scope 2) emissions included emissions related to electricity and district heating use.

MKB Bank's Scope 1 and Scope 2 emissions related to its own operations in 2022 totalled 9,295.12 tonnes of carbon dioxide equivalent.

Emissions related to electricity accounted for 34% natural gas for 32%, fuel consumption for 30% and district heating for 4% of total emissions.

TOTAL GHG EMISSIONS OF MKB BANK (2022)²⁵

Emission value (tCO ₂ e)	2022
Scope 1	5,739.78
Own direct GHG emissions (natural gas, fuel use)	
Scope 2	3,555.34
Own indirect GHG emissions (electricity use)	
Total GHG emissions from own operations (Scope 1 + Scope 2)	9,295.12

Waste management

The Bank also complied fully with the legislation on waste management. In order to protect the environment, the Bank aims to maximise recycling and selective collection. In 2022, paper waste, metal beverage cans, plastics (typically PET bottles, Tetra Pak), batteries, caps and electronic waste (ink cartridges, toners, etc.) were collected separately in separate collection containers in the branches and office buildings. The Bank paid particular attention to the management of electronic waste, while the digitalisation strategy has also had a positive impact on the Bank's paper consumption. The removal, disposal and recycling of materials was handled by specialised companies contracted by MKB Bank.

The Bank prepares waste management reports annually, containing the classification and quantities of waste generated and collected. In 2022, MKB Bank generated a total of 275,771 kg of waste. Of that, 103,860 kg of paper and cardboard waste and 15,177 kg of waste was generated from discarded electrical and electronic equipment. The amount of waste is highly volatile due to the cyclical nature of the scrapping process. The spike in 2022 was due to the expansion of the real estate portfolio following the merger of MKB Bank and Budapest Bank.

²⁵Our 2022 carbon footprint calculation has been carried out in accordance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. The data presented in the report refer to the properties of MKB and Budapest Bank owned by MKB Bank Nyrt in 2022, and as previously described, the data include only the properties used by the bank. The calculation includes all greenhouse gases included in the Kyoto Protocol. Scope 2 emissions are calculated on a location-based basis only. Biogenic emissions have not been quantified. A detailed overview of the related methodology can be found in the Annex.



COMPOSITION OF WASTE GENERATED

	Unit of measurement	2020	2021	2022
Total waste produced	kg	62,335	71,031	275,771
Hazardous waste	kg	10,420	251	1,706
Hazardous electronic waste	kg	10,150	0	350
Dry battery	kg	25	11	163
Fluorescent tube, bulb	kg			30
Mud	kg			967
Filter	kg			96
Materials removed from NVH equipment	kg	245	240	100
Non hazardous waste	kg	51,915	70,780	274,065
Waste paper and cardboard	kg	49,445	68,250	103,860
Municipal waste	kg			154,448
Plastic waste	kg			580
Discarded electrical and electronic equipment	kg	2,470	2,530	15,177
Printing ink	kg	0	230	0

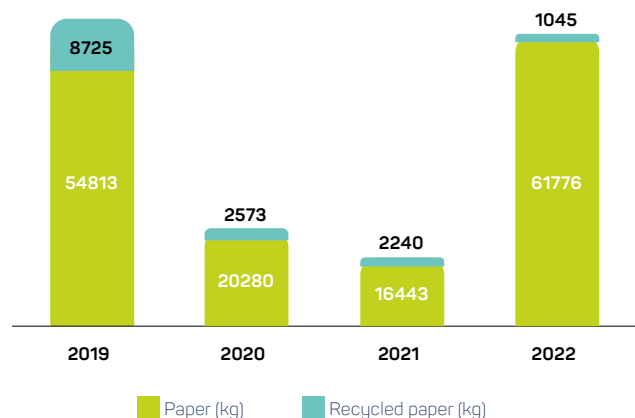
8.2 PAPERLESS, CONTACTLESS PROCESSES

Office paper consumption

The significant drop in the Bank's paper consumption in 2020-21 was largely due to the pandemic. At the same time, we were also working to reduce our paper consumption prior to the pandemic. The sharp increase in 2022 was partly due to the fact that from 2022 onwards MKB Bank also registered paper consumption of the buildings and real estate taken over due

to the merger (Budapest Bank's headquarters and branches), and the merger itself resulted in a significant increase in paper work. However, compared to the data for the last year before the pandemic in 2019 (looking only at the former MKB Bank buildings for comparability), the former MKB Bank staff used less paper than in 2019. In addition to reducing paper consumption, we also strive to reduce our environmental impact by using recycled paper. The digitalisation strategy also has a positive impact on the bank's paper consumption.

MKB BANK'S OFFICE PAPER CONSUMPTION²⁶



²⁶As a result of the merger of MKB and Budapest Bank in 2022 The 2022 data also include the data of the former Budapest Bank and the Békéscsaba headquarters. The breakdown of paper consumption was as follows: MKB Bank 31,095 kg, Budapest Bank: 1,160 Békéscsaba: 4,466 kg, Budapest Bank branches: 25055 kg.



Designing digital processes

In 2022, the comprehensive, multi-year project to establish a paperless and contactless operating model at MKB Bank continued. This included process transparency, improvement, internal operational restructuring, legal issues and lobbying. On the customer side, we aimed to hand over less and less paper to our customers, and on the client side, to request less paper documentation. We have also reduced the volume of documents sent to back-office departments through robotisation. We reviewed policies, internal procedures and digital development opportunities. The reduction of paper usage in the branch was mainly achieved through the use of new IT solutions, in particular tablet-based administration and digital services.

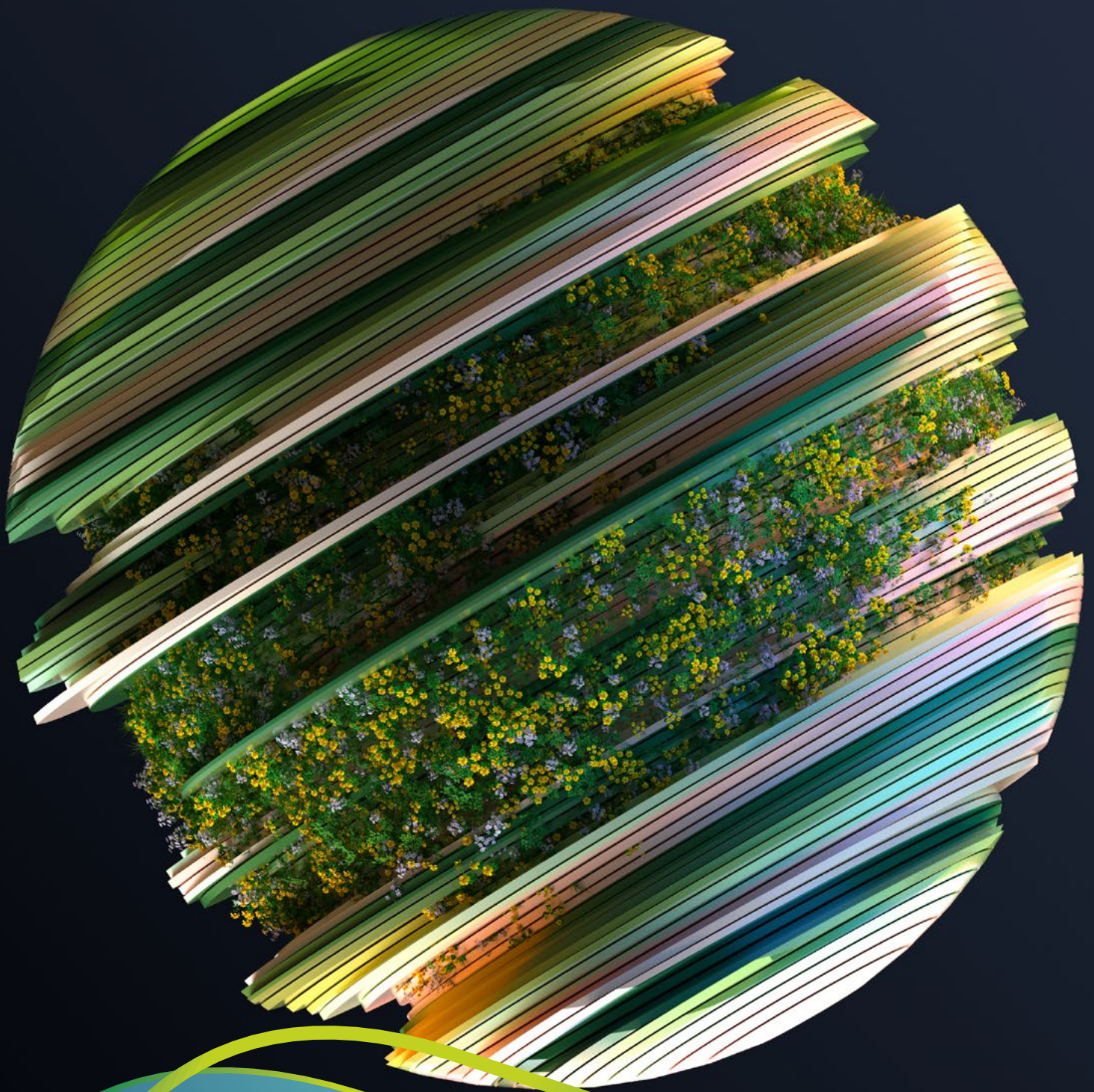
In internal operational processes, we have encouraged the reduction of printing and the expansion of digital solutions for records. During the 2022 review of the Bank's policy on the content and format of business cards used by employees and on the ordering of business cards, a recommendation was included in the preamble of the policy for sustainability purposes, according to which the use of paper business cards is recommended only in the most necessary cases and to the extent necessary. In line with the Bank's ESG strategy, a target has been set to move to digital business cards by 2023.

Other measures to reduce paper use and promote digitisation in 2022:

- Online account opening option, less paper consumption for personal loans and bankassurance transactions.
- The PIN code for the card is not printed out, but customer can choose it over the phone.
- Instead of paper statements, the Bank is actively steering customers towards e-statements (which in some cases are not even optional) and green payment solutions instead of cheque payments.
- Marketing enquiries were made digitally to customers where the Bank had an e-mail address.
- Reducing or completely digitising the number of signatures when signing a contract.
- Banking via a mobile application.

The number of users of MKB Bank's mobile application increased to more than 280,900 in 2022.





9. RESPONSIBLE EMPLOYMENT

9. RESPONSIBLE EMPLOYMENT

One of the pillars of our ESG strategy at bank holding company level is „Ensuring employee wellbeing and raising awareness“. As a responsible employer, MKB Bank has paid particular attention to maintaining a long-term attractive and balanced

work environment for employees. To this end, it has focused on promoting work-life balance and the continuous maintenance of mental well-being, encouraging healthy lifestyles and fair and transparent remuneration.

9.1 EMPLOYMENT

The success and performance of MKB Bank is fundamentally influenced by the readiness and commitment of its employees. In 2022 the HR strategy concentrates on improving the employee experience by promoting flexible work, using the available digital devices and developing a co-operation-based corporate strategy.

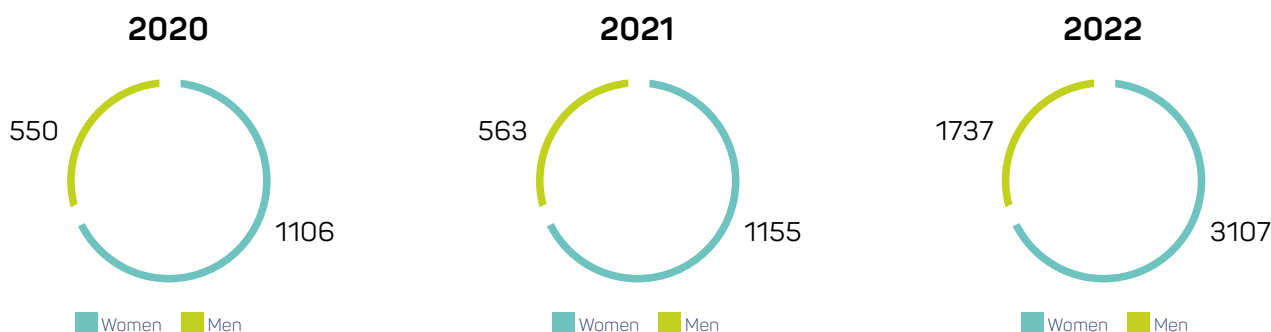
The integration of the Bank also posed challenges for the HR area, as the merger of Budapest Bank added more than 3,000 employees to the Bank’s total headcount, which reached 4,844 at the end of 2022.²⁷ Women represented 64% of our employees in 2022.

In 2022, the Bank ensured the right working conditions on the basis of the collective agreement. Our employees in the head offices and branches had permanent contracts (99.73%), bringing the total number of employees with fixed-term contracts to 13 at the end of the year. 4.4% of our staff made use of part-time employment.

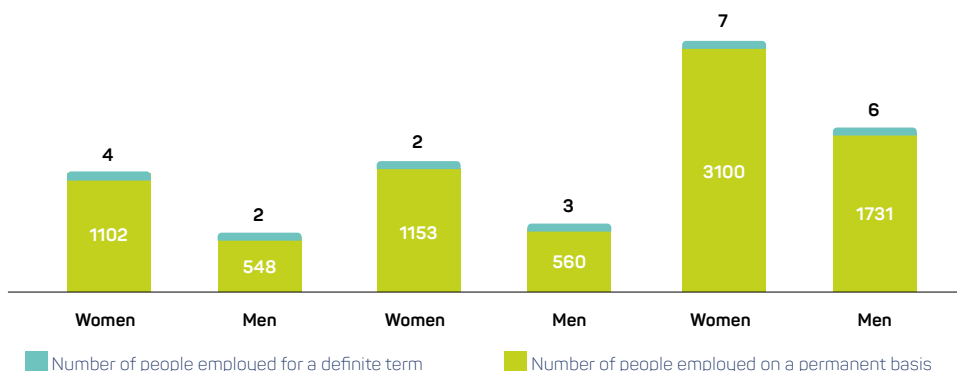
In 2022, we employed 45 temporary workers and 350 trainees through a student union. Both groups of workers supported us in administrative tasks.

MKB Bank Nyrt. has directly contributed to the maintenance of more than 4,800 jobs in Hungary.

TOTAL NUMBER OF EMPLOYEES BY SEX



NUMBER OF EMPLOYEES BY SEX AND TYPE OF CONTRACT (2022)

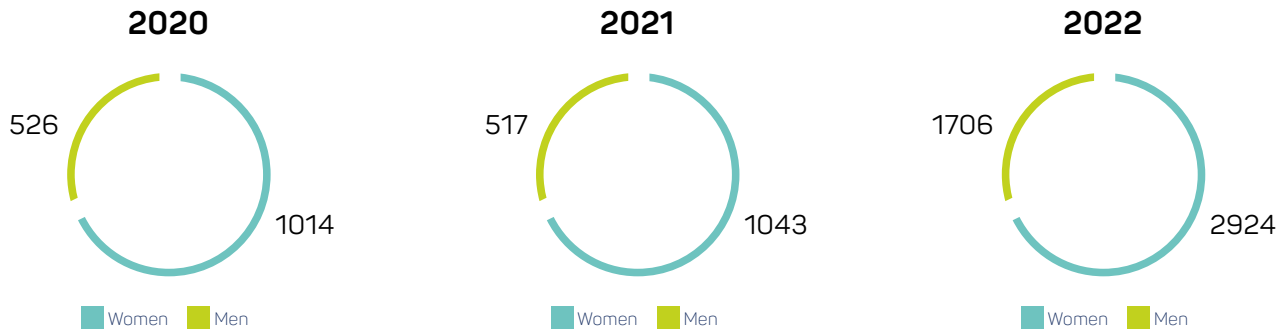


²⁷The number of persons employed is defined for the closing day of the reporting period.

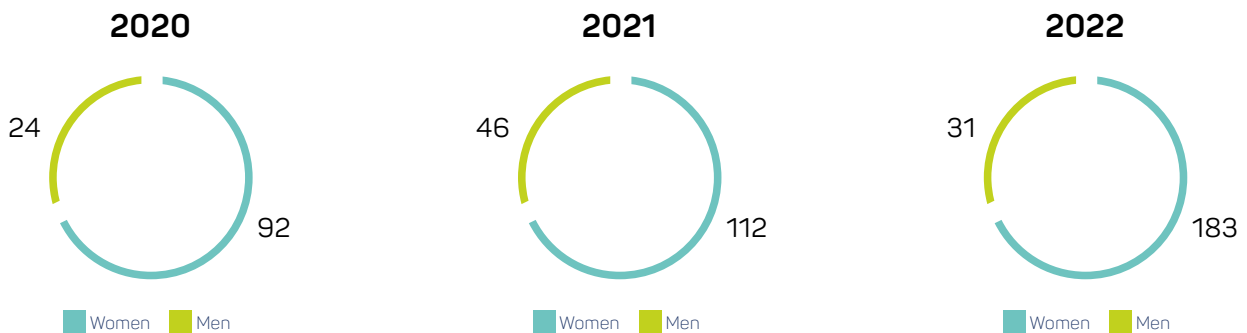


GRI 2-9, 2-10, 2-11, 2-15, 2-16, 2-18, 2-19, 2-20

NUMBER OF FULL-TIME EMPLOYEES BY SEX



NUMBER OF PART-TIME EMPLOYEES BY SEX



Award-winning single apprenticeship programme (Fusion)

In 2022, we launched a new traineeship programme called Fusion. Fusion is one of the largest internship programmes in the country: in 2022, we had nearly 350 talented students aged 19-25 from all over the country. The aim of the programme is to develop students' professional and personal skills and to involve them as effectively as possible in the activities of the banking sector. Through the programme, we have given our trainees the opportunity to continue their work in full-time positions, depending on their performance and the opportunities that arise, providing us with a stable supply base. In addition to the work experience, we also support them through our own onboarding processes, with dedicated HR colleagues to guide them through their professional work and development. This reinforces our commitment to our corporate value: We give more.



Work-life balance at MKB Bank

As part of its HR strategy, MKB Bank has sought to increase the share of atypical employment. In this context, the company wanted to make working from home accessible to as many employees as possible, and therefore the development of its equipment was also a continuous process.

During the pandemic, home working in jobs that do not require personal presence was 100% implemented, including for agency workers. Flexible employment was maintained after the pandemic. The long-term sustainability of the home office option is also encouraged by the reduction of the environmental burden of operations.

One of the main labour law issues in 2022 was the regulation of teleworking. As a result of the legislative changes²⁸ of 1 June 2022, the management of the MKB Group decided to change the working schedule introduced so far: from that date, according to the provision of the Labour Code, teleworking is not only work

performed with a computer, but also any work performed at a place separate from the employer's premises for part or all of the working time. We believe that in the merger period, the new working arrangements will help teams to work more efficiently and improve personal collaboration, while giving managers the flexibility to manage the needs of individual teams and colleagues.

New entrants and turnover

MKB Bank considered it to be in the best interest of its employees to maintain a stable employee community. We are convinced that the turnover rate (20.6%) has not increased significantly compared to 2021 as a result of the continuous improvement of working conditions and working conditions, our community building programmes and our value-based corporate culture, in the face of rapidly changing economic conditions (e.g. changes in energy prices) and the uncertainty caused by the bank merger. The year-on-year increase in the number of employees leaving (3%) was outweighed by an increase in the number of new hires (9.8%).

NEW ENTRANTS AND LEAVERS BY SEX AND AGE GROUP (2022)²⁹

	2020	2021	2022
Total employees	1656	1718	4844
Number of entrants	340	352	1466
Women	201	222	780
Men	139	130	686
under 30 years of age	94	79	369
30-50 years old	218	228	879
Over 50 years of age	28	45	218
Share of new workers	20.5%	20.5%	30.3%
Number of leavers ³⁰	249	303	998
Women	169	186	600
Men	80	117	398
Percentage of workers leaving	15.0%	17.6%	20.6%

²⁸As of 1 June 2022, the rules on teleworking have been incorporated into Act I of 2012 on the Labour Code (Labour Code) and Act XCIII of 1993 on Occupational Safety and Health (Occupational Safety and Health Act).

²⁹In the table, the percentages show the proportion of people leaving and entering relative to the number of people employed at the end of the year. The spike in 2022 was due to the merger of MKB Bank and Budapest Bank.

³⁰MKB Bank did not collect data on the age distribution of leavers in 2022.



9.2 EMPLOYEE RECOGNITION, REMUNERATION AND BENEFITS

The Bank considered it important to ensure that its staff received appropriate moral and financial recognition, and therefore applied the principles of fair pay for performance. Performance management was linked to target setting, consistent performance appraisal, career management, training and development, and performance-related pay.

In parallel with the new remuneration policy adopted for MKB and all its subsidiaries in December 2022, we introduced a new competitive incentive and remuneration system (including the Cafeteria system), which is now uniformly applicable to the member banks of Magyar Bankholding.

The company does not distinguish between employees with fixed-term and permanent contracts, or between full-time, part-time and temporary employees in terms of the benefits available. As stated in the Remuneration Policy, equal conditions are also ensured with regard to the basic salary of our female and male employees, in line with the Nomination Policy and the Code of Conduct of MKB Bank Nyrt.

Under the Remuneration Policy, all components of remuneration must be linked to either Base Salary or Performance-related remuneration. The main types of Base Remuneration are base salary, cafeteria and other fringe benefits. Performance-related pay may include rewards, bonuses/annual bonuses, entry bonuses, commissions/area incentives, project bonuses, target bonuses, retention bonuses, non-compulsory retirement benefits and compensation.

In addition to cash benefits, the multi-component fringe benefits package promotes an improved working environment, healthy lifestyles, motivated work and a sense of belonging to the community. Some benefits, such as life insurance, health care and services, parental leave and cafeteria, are also provided to full-time, part-time and temporary employees. In 2022, the Bank also compensated the extra efforts of employees with specific fringe benefits related to the bank merger: the Christmas bonus, which was included in the previous collective agreement of Budapest Bank (as the predecessor), was extended to the whole banking group, while the scope of the beneficiaries remained unchanged.

Employee Share Ownership Programme (ESOP)

In 2022, MKB Bank again provided the opportunity to participate in the Employee Share Ownership Programme. The ESOP is a form of benefit that provides Bank employees with an income in addition to their salary, with a lower tax burden. The creation of ownership interest is both an incentive to achieve business goals and an incentive to increase motivation and satisfaction. To ensure long-term and predictable remuneration, MKB Bank implemented the ESOP Performance Remuneration Policy through its own ESOP organisation.

Recognising our workers

Recognising our colleagues for their exemplary performance has always been important to us. As a result of the bank merger, our Employee Recognition Programme was standardised across the Group in December 2022. Our transparent recognition framework rewards commitment to the company and outstanding individual and team performance that goes far beyond the job. In addition to moral recognition, team and individual award winners also receive significant financial recognition.

Non-material recognition is also strongly encouraged, as it increases engagement and motivation; and builds a 'thank you' culture. The programme consists of 6 reward elements, which are derived from the company values: the on spot individual or team prizes always include a „Thank you!“ card. We also award the Employee of the Quarter, Employee of the Year and Team of the Year. The Jubilee Bonus includes a one-off payment and a certificate for 5, 10, 15, 20 (...) years. Loyalty and completion of the active working phase with at least 10 years of active service are awarded with a Retirement Bonus.



GRI 2-19, 2-20, 401-2

9.3 TRAINING AND TALENT MANAGEMENT

In 2022, MKB Bank continued to place great emphasis on staff training and talent management. In 2022, we introduced a new staff and management training programme. We are proud of the fact that, despite heterogeneous member bank systems, we consistently run the same number of mandatory training courses. The training courses launched in 2022 to ensure a consistent management toolkit were delivered even under the merger workload, with high attendance at executive and director levels. ESG competence development was included in the new training programme, which now includes both mandatory and recommended ESG training. A comprehensive modular training system was made available for new employees joining the company. For those employees whose performance evaluation was below average, the Performance Evaluation Policy effective in 2022 provided for the preparation of a mandatory performance development plan.

MKB Academy

In 2022, our in-house training system, the MKB Academy, provided the skills training and development needed to perform specific jobs, supporting knowledge-based and customer-focused work, as well as cooperation with partner departments and compliance with legal requirements. Mandatory and recommended training was defined in the Bank's training portfolio for staff and different management levels. Among the four pillars of the MKB Academy, the management skills pillar and the mandatory training pillar were launched in 2022, followed by the soft skills pillar in 2023 and the new professional training pillar in 2024.

In 2022, we spent 400 million HUF on training our staff.³¹

In 2022, the Bank held a total of 1960 internal training sessions. The mandatory professional training was complemented by a number of general mandatory training courses, including fire, compliance, health and safety.

Number of internal vocational training courses in 2022 (number)

1) Professional training (product, system and process training e.g. investment products, bank cards, operational processes)	1,782
2) General mandatory training (e.g. fire and safety, compliance, health and safety training)	
3) Soft skill trainings	175
4) Sustainability-related training	3
Total:	1,960

9.4 INFORMATION AND AWARENESS-RAISING

MKB Bank considered transparency and regular communication with stakeholders essential to maintain trust with stakeholders. We believe that open and two-way communication is one of the foundations for smooth working. In line with this, in the event of changes to the company's operations that affect employees, both colleagues and the Works Council are kept informed in detail, as required by the Labour Code. The minimum notification period was the time specified by law. Up-to-date and extensive information was provided to colleagues through intranet, e-mail, newsletter; magazine, leaflets and, of course, face-to-face meetings.

The Works Council has been regularly consulted on labour issues and involved in decision-making affecting employees. Their colleagues could report their comments, problems and suggestions directly to their supervisors or HR staff.

Employee satisfaction survey as part of the integration process

Rapid, focused employee satisfaction measurement supports retention and employee experience in line with the overall corporate strategy and the agreed HR strategy. As one of the tools to achieve this, given the turbulence and uncertainty of change in a merging organisation, the Bank paid particular attention to communicating about the integration and merger and the associated employee response. In November 2022, ahead of the merger of Takarékbank planned for 2023, a pulse

³¹Member bank's aggregate budget envelope, the billed cost envelope, i.e. it does not include the calculated cost of internal training internal resources.



check, or organisational sentiment survey, was conducted to solicit feedback from employees on how they felt about migration. Of the target group of nearly 10,000 people, 74% responded to the questionnaire, a high response rate by international benchmarks. A significant proportion of employees adapted to the changes in phase 1 of the merger, with 62% motivated and willing to make further efforts to achieve their goals. Positive feedback on leadership was also received thanks to the strengthened management toolkit. Colleagues are aligned with the company's vision and strategy, and a high percentage of them indicated that both are clear to them. In contrast, due to the changes and significant workload

associated with the merger, the willingness to recommend was low. Colleagues requested additional focus on engagement and information sharing.

Overall, only 40% of colleagues felt better than they did 1 year ago at this time, which they attributed to workload and uncertainty. The results were used to identify company-wide recommendations, taking into account their feasibility under the extreme workload of the merger. The recommendations were incorporated into the Bank's overall MBH Pulse Check Action Plan, where progress will be regularly monitored by Bankholding senior management.

9.5 ENSURING EQUAL OPPORTUNITIES AND ORGANISATIONAL DIVERSITY

MKB Bank was committed to ensuring equal opportunities in 2022. The importance of human rights issues was declared in the Code of Conduct and all employees were expected to be aware of and apply these rights. MKB Bank did not employ child labour or forced labour. The Bank has rejected all forms of discrimination and has made every effort to avoid incidents of discrimination.

In 2022, as in previous years, there were no incidents of discrimination.

In order to ensure that staff can reconcile family life with work and career progression, the Bank provided a healthy, non-discriminatory working environment. Employees with children under 14 years of age are granted an extra 1 day of parental leave and diversity within the organisation is promoted as follows:

In 2022, 25% of the members of the governing board were women. There was a slight shift towards younger workers

in several categories of employees, including junior and middle managers. However, we are also proud that 16% of our employees are over 50 years old.

As a result of our preparatory work in 2022, we launched our Generation Diversity programme in 2023, because we believe that diversity is not only key to more efficient operations and innovative solutions, but also one of the keys to our sustainability. This initiative supports employees at all stages of their lives, from trainee level to experienced workers over 60. A diverse atmosphere enables more informed business decisions, better representation of our customers and also makes our operations more sustainable from an HR perspective - helping to transfer knowledge, create an engaging company culture, an inspiring atmosphere, attract and retain talent, and also keep our recruitment costs down. This also means more sustainable operations and competitive advantage.

Kitti Dobi, Deputy CEO for Human Resources

The tables and figures below describe the diversity of the governing body and employees in the organisation.

AGE DISTRIBUTION AND PROPORTION OF WOMEN IN THE EXECUTIVE BODIES OF MKB BANK:

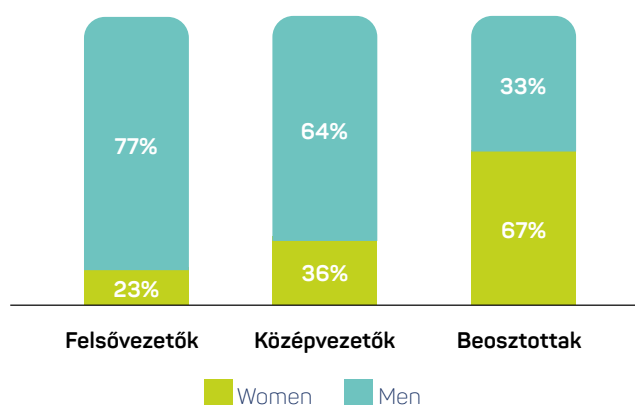
Board of Directors and Supervisory Board	2020	2021	2022
By sex			
Women	21.4%	42.9%	25%
Men	78.6%	57.1%	75%
By age group			
under 30 years of age	0%	0%	0%
30-50 years old	64.3%	64.3%	75%
Over 50 years of age	35.7%	35.7%	25%



AGE DISTRIBUTION AND PROPORTION OF WOMEN BY EMPLOYEE CATEGORY:

Top managers	2020	2021	2022
By sex			
Women	24%	27%	23%
Men	76%	73%	77%
By age group			
under 30 years of age	6%	6%	2%
30-50 years old	73%	82%	83%
Over 50 years of age	21%	12%	15%
Middle managers	2020	2021	2022
By sex			
Women	33%	34%	36%
Men	67%	66%	64%
By age group			
under 30 years of age	0%	0%	2%
30-50 years old	78%	76%	77%
Over 50 years of age	22%	24%	21%
Subordinates	2020	2021	2022
By sex			
Women	71%	71%	67%
Men	29%	29%	33%
By age group			
Under 30 years old	10%	11%	17%
30-50 years old	69%	68%	67%
Over 50 years of age	21%	22%	16%

RATIO OF WOMEN TO MEN BY EMPLOYEE CATEGORY (2022)



9.6 HEALTH AND SAFETY OF OUR EMPLOYEES

Encouraging physical and mental wellbeing and maintaining a healthy lifestyle not only creates an attractive, pleasant working environment, but also increases workers' productivity. MKB Bank therefore paid special attention to the creation of health and safety conditions, which is also laid down in its internal regulations.

MKB Bank and health

Promoting healthy lifestyles has been achieved on several fronts. In the spirit of the Year of Health programme announced in 2018, screening tests were organised for employees in 2022. In addition to occupational health care, discounted health insurance was available, including diagnostic services and extended occupational medical appointments available seven days a week within the bank.

Healthy lifestyle was also promoted by the hobby and recreation rooms in MKB Bank's buildings, as well as fitness menus and other special dietary meals in the canteens at the workplace. During the pandemic, catering services were also available on a delivery basis. The importance of health promotion and maintenance was also emphasised by MKB Bank in its sports and health campaigns.

MKB Bank and sports

A wide range of sporting activities were made available to employees: in 2020 and 2021, programmes to support sporting activities were also organised in an online format, due to the pandemic. In 2022, as part of the MKB #20minuteshealth programme launched three years ago, we continued to provide expert advice on how to stay healthy physically and mentally to anyone willing to give 20 minutes of their time.

In the Váci Street headquarters and the Kassák Lajos Street office building, a total of nearly 400 m² of gym space was available in 2022.

In 2022, MKB continued to provide significant support - HUF 45 million per year - to its sports club, which operates several sports sections depending on the interests and activities of the employees. In 2022, the club had between 400 and 450 members, including 200-250 members of the various sections.³² Several house championships were organised on a number of times a year in several sports. The Sports Club prepared our athletes for the annual Hungarian Banks Sports Competition in nine sports disciplines where we came 3rd for the fourth time in 2022.

Our runners regularly take part in the Wizzair Half Marathon and the SPAR Marathon. In team sports, our men's football, basketball and bowling teams achieved top positions in the Business Leagues. Our dragon boaters won medals in several national competitions, our anglers regularly perform well, our table tennis

team is supported by the training methods of two excellent NB/1 colleagues, and our go-karting teams are always successful at their monthly meetings. Our cycling section has been running a joint programme with BKK BUBI for several years, 150 colleagues received an annual discounted BUBI pass.

We are proud of our spring-autumn round of the "MKB MOVE" competition, where registered colleagues were able to collect kilometres in walking, running and cycling. We have created a Facebook group called MKBSE with now more than 500 members.

Safe working environment

The Bank has defined the personal, material and organisational conditions for safe working conditions in the Occupational Safety and Health Regulations in accordance with the legal requirements, covering the employees of MKB Bank and the employees of the territorially covered part of the Bank.

The interests of workers in the field of occupational safety and health were represented by an occupational safety and health representative on behalf of the Works Council. The safety representative is entitled to ensure that the requirements of safe and healthy working conditions are met at the workplace. The OSH representative and the employer consulted in regular forums on the main objectives and directions.

In line with legal obligations, the Bank also completed a workplace risk assessment of its headquarters and sites, including all branches, in 2022. The incidence of occupational accidents was low and showed a downward trend. Occupational health and safety and fire safety inspections are regular, particularly in workplaces where the general use of personal protective equipment is required.

All employees of MKB Bank were required to take part in health and safety and fire protection training on joining the bank, on re-joining the bank after an absence of more than six months, or in the event of a significant change in working conditions. The training was completed with a knowledge assessment and had to be renewed annually.

The number of accidents at work has remained low, mainly due to the nature of office work and the preparedness and responsible behaviour of our colleagues. In the reporting period, there were only 10 accidents at work.

Work-related injuries	2022
Total accidents at work, number	10
Total number of hours worked by all employees	7763540
Total accidents at work, ratio*	1.288

*per 1 million working hours

³²Our sections are: squash, volleyball, fishing, go-karting, dragon boat, cycling, running, table tennis, men's and women's football, hiking, bowling, bowling, boxing, basketball, throwing sports, swimming, wall climbing, spartan/crossfit, kayak-kenu and SUP, shooting, dodgeball.





10. SOCIAL RESPONSIBILITY

10. SOCIAL RESPONSIBILITY

MKB Bank considered it of the utmost importance to contribute to the development of the community through its wide-ranging involvement, commensurate with its economic strength. The Bank's social responsibility programme was reflected in its efforts to develop financial literacy, support for various educational programmes, targeted sponsorships, grants, donations, support for disadvantaged citizens and commitment to health promotion.

It was important for MKB Bank to address social problems at the local level, and therefore it continuously cooperated with non-profit organisations. In addition to this, a great emphasis was placed on the joint involvement of employees in helping society through volunteer work, blood donations and fundraising.

CSR strategy at Bankholding level

As a result of the bank merger, an integrated strategy for the Corporate Social Responsibility area covering the entire Bankholding was in place by the end of 2022. Therefore, while during the year the programmes were implemented by MKB Bank and Magyar Bankholding, by the end of the year we could talk about integrated initiatives covering the whole group, in which MKB Bank, the reporting member bank, was also involved. The new joint corporate social responsibility (CSR) strategy, which includes both former member bank initiatives and good practices, has identified four pillars:



In order to coordinate this area to achieve the objectives and successfully implement the programmes, the Bank has created a dedicated „Senior CSR Manager” position within the Communications area of the Group Chairman’s Office, and has also appointed a senior manager at the level of Deputy CEO. In line with international best practices and expectations, the CSR strategy is thus implemented by the Group with a Senior Manager at senior management level.

The progress of the CSR strategy is periodically measured and reviewed by the relevant stakeholders of Magyar Bankholding in order to monitor the achievement of the set targets and performance indicators. The implementation of the strategy is supervised by the Deputy CEO responsible for the area.

Donations and sponsorship partnerships

MKB Bank’s support and sponsorship activities were dedicated to causes of great importance, such as social awareness, knowledge development, helping children in need and their families, and supporting the domestic sports scene. The overall objectives and guidelines were set out in MKB Bank’s Sponsorship and Support Strategy.

Long-term sponsorship is completely separate from grant donations: the beneficiaries of bank grants cannot include individuals who are not socially deprived, political parties or groups, churches or unconstitutional organisations.

In 2022, in response to the war, the Hungarian Bankholding Group donated HUF 10,500,000 to help refugees from Ukraine through the Bridge for the Lower Carpathians aid programme.

III. Tisza Lake PET Cup

In June 2022, 12 volunteers took to the water at the 3rd Lake Tisza PET Cup in the colours of Magyar Bankholding, contributing to the overall success of the waste collection competition: in 4 days, the teams cleared the floodplain of Lake Tisza of 1500 bags of rubbish.

Support for non-profit organisations

In December 2022, colleagues granted the wishes of needy children in the form of Christmas gift boxes in an Advent charity programme with the Hungarian Interchurch Aid Organization. Almost 300 gifts were collected and delivered to children in Boldogkőfalva and Vizsoly with the involvement of senior managers and Bankholding Employer Branding Ambassadors. In the few days immediately before Christmas, staff in Csepel also joined in food distributions with the help of the Hungarian Interchurch Aid Organization for families and people without

MKB Scholarship Programme

One of the pillars of MKB Bank’s social responsibility is the MKB Scholarship Programme, which was established more than two decades ago in cooperation with the International Child Rescue Service (ICS). Within the framework of this initiative, every school year, 100 children and young people with outstanding abilities but socially disadvantaged received support from MKB Bank. In 2022, the scholarship recipients received a monthly grant of HUF 35,000 each, and the Bank also provided them with a discounted account management option. There was a 110-fold oversubscription for the places available in the 2021/22 school year, which confirms the great need for initiatives like this. The scholarship programme will continue as the MBH Scholarship Programme after 2022, following the merger of the banks.

Through the MKB Scholarship Programme, the Bank supports the work of the International Child Rescue Service with an annual amount of HUF 50 million under a three-year contract.

Volunteering

Volunteering has been part of MKB Bank’s corporate culture, and we have tried to give our employees every support. In September 2022, our bank joined the Bank Blood Donors’ Week organised by the Hungarian Banking Association for the third time. A total of 248 employees at bank holding level rolled up their sleeves for this noble cause. We are also proud to have earned the 2020 Blood Donor Friendly Workplace Award, which is awarded to organisations every five years.

shelter living in poor social conditions. More than 50 colleagues helped distribute between 1000 and 1000 portions of food, and senior managers also volunteered to join the event. The two food distribution events were sponsored by Magyar Bankholding.

In addition to the above, in 2022 MKB Bank also supported the work of the Ferenc Kováts Foundation and the Red Nose Clown Doctors Foundation, who used the funds to help our fellow citizens and sick children in the Covid ward.



Sponsorship partnerships

MKB Bank, as a major supporter of the Hungarian sports, paid special attention to the young generation and to the education of a healthy lifestyle. In 2022, MKB Bank became the official bank of the Hungarian Olympic Team, contributed to the financial support of the Ferencváros Gymnastics Club for young talents in need, and continued to sponsor the Prospex Team, the emerging young team of Hungarian sailing sports.

We continued to work with the First Row Association to promote youth education, healthy lifestyles and cycling. Based in Kecskemét, the team, which is also reinforced with junior national team cyclists, will provide racing and development opportunities for talented and dedicated Hungarian cyclists from 2023 under the name MBH Bank Cycling Team.

Developing financial literacy and education

MKB Bank paid special attention to the financial education of young people, and considered it important to raise the awareness of the younger generations to be financially aware. The European Money Week initiative, known in Hungary as Pénz7, is held simultaneously in nearly 30 countries across Europe every year. During the 2022 Financial and

Entrepreneurship Week, organised by the Pénziránytű Foundation, more than 100 colleagues from our member banks participated as mentors in developing financial awareness among primary and secondary school students.

In February 2022, Széchenyi István University organised the XX National Financial Case Study Competition, one of the most prestigious university competitions in Hungary, with the main support of Magyar Bankholding.

Magyar Bankholding aims to play an active role in the education of the next generation through its extensive network of professional contacts and its teams of experts in banking, finance, agriculture and other fields. For that purpose, the Group signed a strategic agreement with Széchenyi István University in November 2021, under which the Group will strengthen and support university research, digitalisation and robotisation development efforts, as well as agricultural and practice-oriented student training. It will also assist the university in the development of existing and emerging courses, curricula and accreditation processes relevant to the banking sector.

Dobbantó programme - „Finance for Women”

In October 2022, the Dobbantó Programme, our award-winning programme to support women entrepreneurs with skills and mentoring, was launched again. Twenty participants were given a multi-week course to learn the key skills needed to run a business through experience, and at the end of the course, they left with ready-made business plans, assessed by the training experts.

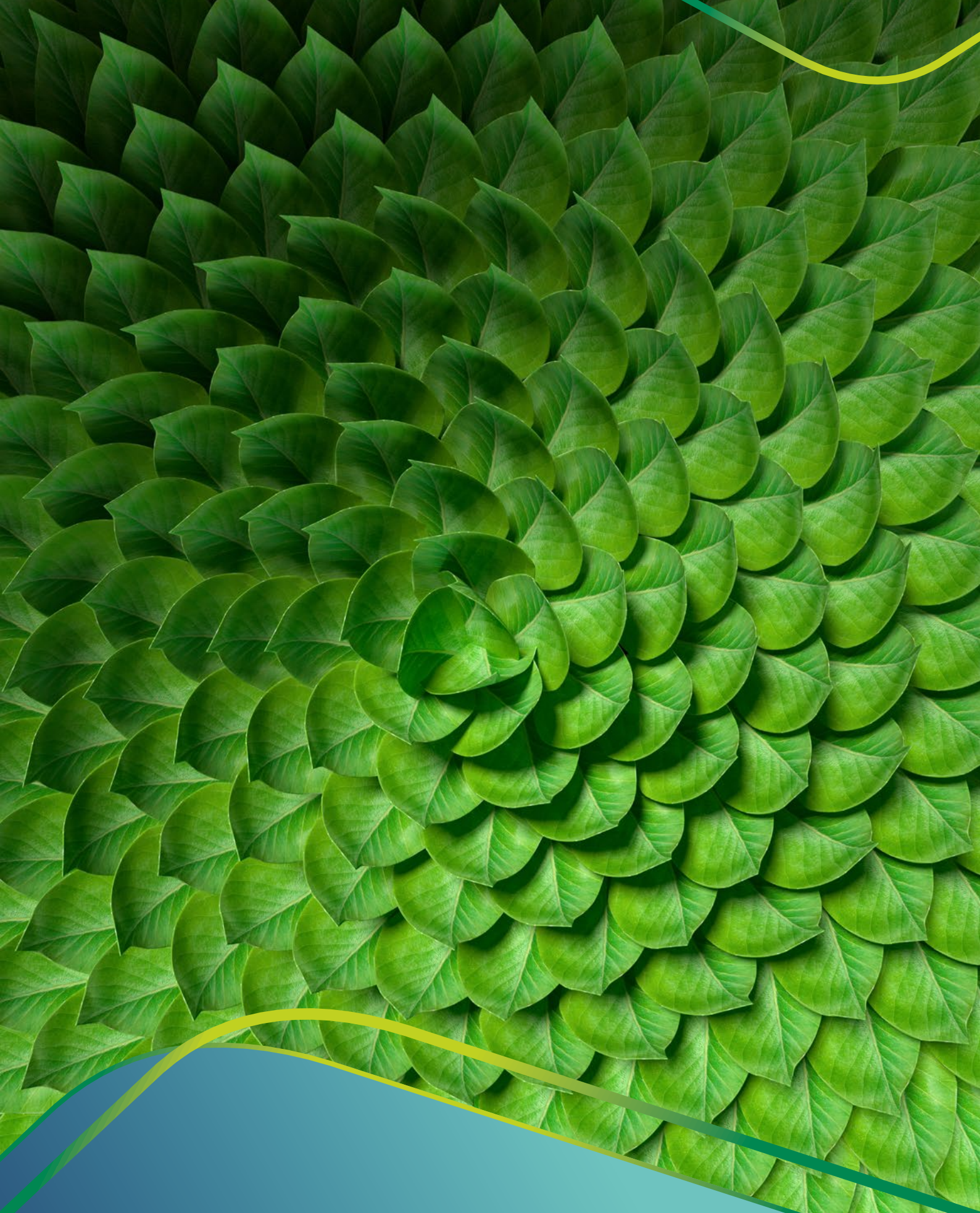
In 2022, MKB Bank provided support to the universities participating in the *Let's Teach for Hungary* programme (University of Szeged, University of Pécs, University of Miskolc). The motivation behind the initiative is to create opportunities for people living in disadvantaged small villages to succeed in life and in the labour market. The Bank contributed to the purchase of minibuses for the transport of mentors from the 3 universities participating in the programme and for the travel of the mentored.

The concept of the *E-laboratory of Eötvös József Grammar School* is to create a creative pedagogical learning space that complements traditional learning by developing the competences that changing social and economic needs require schools to prepare students for. A space was created in which

students can work in small groups, without direct teacher guidance, to complete different stages of learning. MKB Bank was involved as a sponsor in the implementation of the project.

Last but not least, an initiative aimed at improving the quality of education was the donation of the Bank's scrapped computers to the IT department of the *József Attila Grammar School in Monor*, thus helping to prepare for the school-leaving exams.





11. ANNEXES

11. ANNEXES

Methodology used to calculate energy consumption

The second phase of the merger process that created MBH Bank Plc was completed in May 2023. At the time of performing the calculation, at this stage of the ongoing data migration and consolidation steps, it was not possible to fully report data related to the energy use of buildings for 2022. As a consequence, the energy consumption figures for buildings only include buildings of the former MKB Bank and Budapest Bank that are directly relevant for banking operations and partly based on estimates. The following buildings were identified as directly relevant for banking operations: bank branches (and associated electric charging stations), headquarters, operations and back-up centres.

The estimation was done according to the following methodology:

- Where at least 7 months of consumption data (hereafter referred to as data points) were available for a given property, the average of these data points was used to estimate the consumption for the missing months to provide a full set of annual data.
- If less than 7 data points are available for a given building, the average consumption values of buildings with similar characteristics to the building in question and with sufficient

data points were used (e.g. to estimate the natural gas consumption of a bank branch of the former MKB Bank, the average natural gas consumption values of MKB Bank branches with sufficient data points to provide a good approximation were used).

- For less than 1 percent of the buildings (6), missing data were estimated by experts. 17.03 percent of all data points were affected by estimation.
- It is important to note that, as with any approximation or estimation methodology, the Bank's calculation has necessary limitations, for example the calculation does not take into account seasonality or the geographical location of individual buildings. The database used for the calculation is based on data from energy bills, and as such the values may sometimes differ from the actual consumption of a building.

Conversion factors:

The conversion from litres to GJ for petrol and diesel was based on the IPCC guidelines for national GHG inventories (2006), using net calorific value.

Methodology used to calculate the carbon footprint

The consolidation approach of the calculation is based on operational control, with the limitation that Scope 1 Fixed Installations includes natural gas consumption related to buildings used for banking purposes, based on the approach detailed for GRI indicator 302-1. The same applies to the data in the Scope 2 purchased electricity and district heating rows. The Scope 1 Diffuse emissions category is calculated from the potential need for refilling of air conditioning refrigerant.

Emission factors:

To determine the emission factors, our consumption of natural gas, purchased electricity and district heating was calculated using the International Energy Agency (IEA) database ("IEA Emission Factor Database 2023"). For petrol and diesel, we used

the Environmental Protection Agency (EPA) data ("Emission Factors for Greenhouse Gas Inventories"). Refrigerants (R-134A, R-32, R-407C, R-410A, R-422D) were converted to carbon dioxide equivalent units at the 100-year GWP value from the IPCC 4th and 6th Assessment Reports.



12. GRI CONTENT INDEX

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MBH Bank Plc. has reported in accordance with GRI Standards 2021 for the period from 1 January 2022 to 31 December 2022.

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
2-1	Organisational data	1. About the report	5	
2-2	Entities included in the organisation's sustainability report	1. About the report	5	
2-3	Reporting period, frequency and contacts	1. About the report 4.2. ESG governance	5, 16	
2-4	Republishing of information		-	There has been no republishing.
2-5	External verification	1. About the report	5	The information and data in the Report have not been verified by an external party.
2-6	Activities, value chain and other business relationships	2. About MKB Bank 5.4. Responsible procurement	7, 25	
2-7	Employees	9.1. Employment	46	
2-8	Workers who are not employees	9.1. Employment	46	
2-9	Governance structure and composition	5.1. Corporate governance structure	22	
2-10	Nomination and selection of members of the highest governance body	5.1. Corporate governance structure	22	
2-11	Head of the highest governance body	5.1. Corporate governance structure	22	
2-12	The role of the highest governance body in overseeing impact management	4.2. ESG governance	16	
2-13	Sharing responsibility for managing impacts	4. Sustainability for MKB 4.2. ESG governance	12, 16	
2-14	The role of the highest governance body in sustainability reporting	4.2. ESG governance sustainability reporting	16	

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
2-15	Conflict of interest	5.1. Corporate governance structure 5.3. Regulatory compliance 5.4. Responsible procurement	22, 24, 25	
2-16	Communicating critical issues	5.1. Corporate governance structure	22	
2-17	Collective knowledge of the highest governance body	4.2. ESG governance	16	
2-18	Performance assessment of the highest governance body	5.1. Corporate governance structure	22	
2-19	Remuneration policies	5.1. Corporate governance structure 9.2. Employee recognition, remuneration and benefits	22, 46, 49	
2-20	Process for determining remuneration	5.1. Corporate governance structure 9.2. Employee recognition, remuneration and benefits	22, 46	
2-21	Annual overall compensation rate	-	-	The Bank considers the information to be confidential and does not wish to disclose it.
2-22	Declaration on the Sustainable Development Strategy	CEO's address 4.1. ESG strategy	2, 12	
2-23	Commitment to guidelines	4.1. ESG strategy	12	
2-24	Integrating commitment to the guidelines	4.1. ESG strategy	12	
2-25	The processes of recovery from negative impacts	5.2. Ethical operation, fair business practices	23	
2-26	The mechanism for asking for opinions and channelling concerns	5.2. Ethical operation, fair business practices	23	
2-27	Compliance with laws and regulations	5.3. Regulatory compliance	24	
2-28	Organisational memberships	2. About MKB Bank	7	

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
2-29	Stakeholder engagement approach	4.4. Involvement of stakeholders	18	
2-30	Collective agreements	9.1. Employment 9.6. Health and safety of our employees	46	
Key topics				
3-1	The process of identifying the relevant topics	4.5. Materiality assessment	20	
3-2	List of relevant topics	4.5. Materiality assessment	20	
1. Business stability and flexibility				
3-3	Addressing the relevant issues	2. About MKB Bank	6	
Innovation-1	Presentation of product design and innovation activities	7.2. Digitalisation and innovation 8.2. Paperless, contactless processes	37, 43	
SK5	Number of suppliers for purchases over HUF 1 million	5.4. Responsible procurement	25	
2. Data protection and cybersecurity				
3-3	Addressing the relevant issues	7.3. Information security and data protection	38	
418-1	Number of substantiated complaints about misuse or loss of customer personal data	7.3. Information security and data protection	38	
FN-CB-230a.2	Description of the approach to identifying and managing data security risks	7.3. Information security and data protection	38	
SK4	Number of staff trained in GDPR	7.3. Information security and data protection	38	
3. Creating value for customers, increasing customer satisfaction				
3-3	Addressing the relevant issues	7. Responsible service provision	37	
GRI FS16	Initiatives to improve financial literacy, by beneficiary	10.3. Developing financial literacy and education	57	

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
Ügyféle.-1	Customer satisfaction rate	7.1. Customer satisfaction	36	
Akadálym.-1	Rate of accessible accounts	7.4. Accessible customer service	39	
SK11	Netbank usage frequency (%)	7.2. Digitalisation and innovation	37	
4. Transparency and regular communication with stakeholders				
3-3	Addressing the relevant issues	5.1. Corporate governance structure 9.4. Information and awareness-raising	19, 52	
417-2	Non-compliances in relation to information provision and labelling on products and services	5.3. Regulatory compliance	24	
417-3	Cases of non-compliance with marketing communications	5.3. Regulatory compliance	24	
5. Transparent ownership, management and organisational structure and operation				
3-3	Addressing the relevant issues	5. Good governance	19	
205-3	Confirmed corruption cases and actions taken	5.3. Regulatory compliance	24	
206-1	Number and outcome of anticompetitive, antitrust and monopoly proceedings	5.3. Regulatory compliance	24	
FN-CB-510A.1	The total amount of monetary losses resulting from legal proceedings relating to fraud, insider dealing, antitrust, anti-competitive behaviour, market manipulation, office fraud or other related financial sector laws or regulations.	5.3. Regulatory compliance	24	
6. Supporting Hungary's economic and social development				
3-3	Addressing the relevant issues	2. About MKB Bank	6	

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
201-1	Direct economic value generated and distributed	2. About MKB Bank	7	
SK14	Amount spent on donations and sponsorship		-	The Bank considers the information to be confidential and does not wish to disclose it.
7. Responsible employer and maintaining a balanced working environment				
3-3	Addressing the relevant issues	9. Responsible employment	46	
401-1	Newly recruited and leaving workers	9.1. Employment	46	
401-2	Benefits for full-time workers other than those for temporary or part-time workers	9.2. Employee recognition, remuneration and benefits	49	
402-1	Minimum notification period for operational changes	9.4. Information and awareness-raising	50	
403-1	Occupational health and safety management system	9.6. Health and safety of our employees	53	
403-2	Hazard identification, risk assessment and incident investigation	9.6. Health and safety of our employees	53	
403-3	Occupational health services	9.6. Health and safety of our employees	53	
403-4	Employee participation, consultation and communication on health and safety at work	9.6. Health and safety of our employees	53	
403-5	Employee training on health and safety at work	9.6. Health and safety of our employees	53	
403-6	Promoting workers' health	9.6. Health and safety of our employees	53	
403-9	Accidents at work	9.6. Health and safety of our employees	53	

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
405-1	Diversity of governing bodies and staff	9.5. Ensuring equal opportunities and organisational diversity	51	
406-1	Cases of discrimination and corrective measures taken	9.5. Ensuring equal opportunities and organisational diversity	51	
FN-CB-510a.2	Introduction to whistleblowing policies and procedures	5.2. Ethical operation, fair business practices	23	
SK1	Annual amount spent on staff training	9.3. Training and talent management	50	
SK2	Number of participants in the traineeship programme	9.1. Employment	46	
8. Integrating ESG considerations into the business strategy				
3-3	Addressing the relevant issues	4. Sustainability for MKB	10	
Megfizeth.-1	Discounted products	6.3. Preferential and socially responsible products	33	
FN-CB-410A.2	Description of the approach to taking environmental, social and governance (ESG) factors into account in credit assessment	6.1. ESG risk management	28	
SK7	ESG risk management in the bank portfolio	6.1. ESG risk management	28	
9. Promoting the conservation of natural resources				
3-3	Addressing the relevant issues	6. Partner in sustainable finance Chapter 8: Reducing our environmental footprint	26, 41	
302-1	Energy consumption within the organisation	8.1. ESG-compliant operation 11. Annexes	41, 59	
305-1	Direct (Scope 1) greenhouse gas emissions	8.1. ESG-compliant operation 11. Annexes	41, 59	
305-2	Energy indirect (Scope 2) greenhouse gas emissions	8.1. ESG-compliant operation 11. Annexes	41, 59	
306-1	Waste generation and significant impacts related to waste	8.1. ESG-compliant operation	41	

GRI Indicator	GRI publication	Chapter	Page number	Note/Skip justification
GRI 2: General Disclosures 2021				
306-2	Managing significant impacts related to waste	8.1. ESG-compliant operation	41	
306-3	Waste produced	8.1. ESG-compliant operation	41	
SK12	Paper consumption and recycling	8.2. Paperless, contactless processes	43	
10. Sustainable and responsible asset, investment and financing portfolio and resource mobilisation				
3-3	Addressing the relevant issues	6.2. Partner in green finance	31	
FN-CB-410a.2	Description of the approach to taking environmental, social and governance (ESG) factors into account in credit assessment	6.1. ESG risk management	28	
SK10	Green corporate portfolio as a share of corporate debt	6.2. Partner in green finance	32	

We look forward to your feedback!

Your comments and questions are welcome at investorrelations@mbhbank.hu.

13. REFINITIV ESG RATING INDEX

MBH Bank Plc.'s (previously holding the name of MKB Bank Plc.) environmental, social and governance (ESG) performance for year 2022 will be evaluated by Refinitiv ESG rating agency, one of the world's largest providers of financial markets data and infrastructure. Refinitiv provides a number of ESG scores designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness. The evaluation process is currently in progress. The Bank's Refinitiv ESG Rating for year 2022 will be published in autumn 2023.

Numeric Metrics

Metric Name	Metric Description	Data Value	Chapter
Self-Reported Environmental Fines To Revenues in million	Environmental fines as reported by the company divided by net sales or revenue in million.	0	-
	Environmental fines as reported by the company	0 HUF	-
Total CO2 Equivalent Emissions To Revenues USD in million	Total CO2 and CO2 equivalents emission in tonnes divided by net sales or revenue in US dollars in million.	5639,57	-
	Total CO2 and CO2 equivalents emission	9295,12 Tonnes	8.1 ESG-compliant operation
CO2 Equivalent Emissions Indirect, Scope 3 To Revenues USD in million	Total CO2 and CO2 Scope Three equivalent emission in tonnes divided by net sales or revenue US dollars in million.	N/A	
Total Hazardous Waste To Revenues USD in million	Total amount of hazardous waste produced in tonnes divided by net sales or revenue in US dollars in million.	1,04	-
	Total amount of hazardous waste produced	1,71 Tonnes	8.1 ESG-compliant operation
Total Waste To Revenues USD in million	Total amount of waste produced in tonnes divided by net sales or revenue in US dollars in million.	182,09	-
	Total amount of waste produced	300,11 Tonnes	8.1 ESG-compliant operation
Waste Recycled To Total Waste	Total recycled and reused waste produced in tonnes divided by total waste produced in tonnes.	Data is not available for year 2022.	-
	Total recycled and reused waste produced	Data is not available for year 2022.	-
	Total waste produced	300,11 Tonnes	8.1 ESG-compliant operation
Renewable Energy Use Ratio	Total energy generated from primary renewable energy sources divided by total energy.	Data is not available for year 2022.	-
	Total energy generated from primary renewable energy sources	Data is not available for year 2022.	-
	Total energy	185269,3 Gigajoules	8.1 ESG-compliant operation

Metric Name	Metric Description	Data Value	Chapter
Total Energy Use To Revenues USD in million	Total direct and indirect energy consumption in gigajoules divided by net sales or revenue in US dollars in million.	112407,37	-
	Total direct and indirect energy consumption	185269,3 Gigajoules	8.1 ESG-compliant operation
Total Renewable Energy To Energy Use in million	Total primary renewable energy purchased and produced in gigajoules divided Energy Use Total in million.	Data is not available for year 2022.	-
	Total primary renewable energy purchased and produced	Data is not available for year 2022.	8.1 ESG-compliant operation
	Energy Use Total	185269,3 Gigajoules	8.1 ESG-compliant operation
Water Use To Revenues USD in million	Total water withdrawal in cubic meters divided by net sales or revenue in US dollars in million.	40356,87	-
	Total water withdrawal	66516 Cubic Meters	-
Community Lending and Investments	Total community lending, financing and investments which are not considered donations.	0 HUF	-
Total Donations To Revenues in million	Total amount of all donations divided by net sales or revenue in million.	N/A	-
	Total amount of all donations	Confidential	-
Customer Satisfaction	The percentage of customer satisfaction as reported by the company.	27	7.1. Customer satisfaction
Announced Layoffs To Total Employees	Total number of announced layoffs by the company divided by the total number of employees.	0	-
	Total number of announced layoffs by the company	0	-
Average Training Hours	Average hours of training per year per employee.	Data is not available for year 2022.	-
Employee Satisfaction	The percentage of employee satisfaction as reported by the company. - the overall percentage of employees who are satisfied - includes employees satisfaction index - if the base or index is available then employees satisfaction percentage = employees satisfaction unit/base value *100	40	9.4 Information and awareness-raising
Employees With Disabilities	Percentage of employees with disabilities or special needs.	0,5	-
	Number of disabled employees	24	-
Gender Pay Gap Percentage	Percentage of remuneration of women to men, often for doing the same work.	100	9.2. Employee recognition, remuneration and benefits
	Remuneration of women	615403 HUF	-
	Remuneration of men	615403 HUF	-

Metric Name	Metric Description	Data Value	Chapter
HRC Corporate Equality Index	The score of the company in the HRC corporate equality index from the Human Rights Campaign Foundation.	N/A	-
Injuries To Million Hours	Total number of injuries and fatalities including no-lost-time injuries relative to one million hours worked.	1,29	9.6. Health and safety of our employees
	Total number of injuries and fatalities including no-lost-time injuries	10	9.6. Health and safety of our employees
Lost Days To Total Days	Total lost days at work divided by total working days.	0,01	9.6. Health and safety of our employees
	Total lost days at work	5194	-
	Total working days	465389	-
Net Employment Creation	Employment growth over the last year.	2,82	9.1 Employment
Occupational Diseases	Number of occupational diseases or any disease caused by continued exposure to conditions inherent in a person's occupation reported relative to one million hours worked.	0	-
	Number of occupational diseases	0	-
Salary Gap	CEO's total salary (or the highest salary) divided by average salaries and benefits.	N/A	-
	CEO's total salary (or the highest salary)	Confidential	-
	Average salaries and benefits	2 065,54 USD	-
Trade Union Representation	Percentage of employees represented by independent trade union organizations or covered by collective bargaining agreements.	100	-
	Number of employees represented by independent trade union organizations or covered by collective bargaining agreements	4844	-
Training Costs Per Employee	Training costs per employee in US dollars.	219,81 USD	-
Turnover of Employees	Percentage of employee turnover.	20,6	-
	Number of employees leaving	998	9.1 Employment
Women Employees	Percentage of women employees.	64,76	-
	Number of women employees	3137	9.1 Employment
Women Managers	Percentage of women managers.	36,45	-
	Number of women managers	121	-
	Total number of managers	332	-

Metric Name	Metric Description	Data Value	Chapter
Critical Country 1	List the countries if the company has operations in Burma (Myanmar), Cuba, Iran, Sudan or Syria (the US sanction regime).	N/A	-
	Indicate countries where the company has been involved in a controversy for operating in a country with human rights violation.	N/A	-
Audit Committee Independence	Percentage of independent board members on the audit committee as stipulated by the company.	100	-
	Number on independent board members on the audit committee	3	-
	Number of people on the audit committee	3	5.1 Corporate governance structure
Average Board Tenure	Average number of years each board member has been on the board.	N/A	-
Board Cultural Diversity, Percent	Percentage of board members that have a cultural background different from the location of the corporate headquarters.	0	-
	Number of board members that have a cultural background different from the location of the corporate headquarters	0	-
Board Gender Diversity, Percent	Percentage of females on the board.	14,29	5.1 Corporate governance structure
	Number of females on the board	1	5.1 Corporate governance structure
Board Meeting Attendance Average	The average overall attendance percentage of board meetings as reported by the company.	100	-
Board Member Affiliations	Average number of other corporate affiliations for the board member.	2	-
Board Size More Ten Less Eight	Number of board members that are more than ten or less than eight.	1	-
Board Specific Skills, Percent	Percentage of board members who have either an industry specific background or a strong financial background.	100	.
	Number of board members who have either an industry specific background or a strong financial background	7	-
Compensation Committee Independence	Percentage of independent board members on the compensation committee as stipulated by the company.	100	-
	Number on independent board members on the compensation committee	3	-
	Number of people on the compensation committee	3	-
Executive Members Gender Diversity, Percent	Percentage of female executive members.	23,33	-
	Number of female executive members	14	-
	Total number of executive members	60	-

Metric Name	Metric Description	Data Value	Chapter
Executives Cultural Diversity	Percentage of senior executives that have a cultural background different from the location of the corporate headquarters.	N/A	-
	Number of senior executives that have a cultural background different from the location of the corporate headquarters	0	-
	Total number of senior executives	60	-
Highest Remuneration Package	Highest remuneration package within the company in US dollars.	Confidential	-
Independent Board Members	Percentage of independent board members as reported by the company.	42,86	-
	Number of independent board members as reported by the company	3	-
Nomination Committee Involvement	Percentage of nomination committee members who are significant shareholders (more than 5%).	0	-
	Number of nomination committee members who are significant shareholders (more than 5%)	0	-
	Total number of nomination committee members	3	-
Non-Executive Board Members	Percentage of non-executive board members.	42,86	-
	Number of non-executive board members.	3	-
Total Senior Executives Compensation To Revenues in million	The total compensation paid to all senior executives as reported by the company divided by net sales or revenue in million.	N/A	-
	The total compensation paid to all senior executives as reported by the company	Confidential	-
Anti Takeover Devices Above Two	The number of anti-takeover devices in place in excess of two.	0	-
Auditor Tenure	The number of year's current auditor is serving the organization.	1	-
Litigation Expenses To Revenues in million	Total of all litigation expenses incurred as reported by the company divided by net sales or revenue in million.	59022,33	-
	Total of all litigation expenses incurred as reported by the company	36546273 HUF	-
Non-audit to Audit Fees Ratio	All non-audit fees divided by the audit and audit-related fees paid to the group auditor.	0,05	-
	All non-audit fees	43053000 HUF	-
	Audit and audit-related fees paid to the group auditor	883615200 HUF	-
Voting Cap Percentage	The percentage of maximum voting rights allowed or ownership rights.	100	-

Boolean Metrics

Metric Name	Data Value	Chapter
Climate Change Commercial Risks Opportunities	YES	6.1 ESG risk management 6.2 Partner in green finance
Emissions Trading	NO	-
Environmental Expenditures Investments	NO	-
Environmental Partnerships	YES	6.2 Partner in green finance 2. About MKB Bank
Environmental Restoration Initiatives	NO	-
e-Waste Reduction	NO	10.2 Donations and sponsorship partnerships
Policy Emissions	NO	-
Staff Transportation Impact Reduction	YES	9.1 Employment
Targets Emissions	NO	-
Environmental Assets Under Mgt	YES	-
Environmental Products	YES	6.2 Partner in green finance
Equator Principles or Env Project Financing	NO	-
Fossil Fuel Divestment Policy	NO	-
Renewable/Clean Energy Products	NO	-
Environmental Materials Sourcing	NO	-
Environmental Supply Chain Management	NO	-
Environmental Supply Chain Monitoring	NO	-
Env Supply Chain Partnership Termination	NO	-
Environment Management Team	YES	4.2 ESG governance
Green Buildings	NO	-
Policy Energy Efficiency	NO	-
Policy Environmental Supply Chain	NO	-
Policy Water Efficiency	NO	-
Targets Energy Efficiency	NO	-
Targets Water Efficiency	NO	-
Corporate Responsibility Awards	YES	-
Improvement Tools Business Ethics	YES	5.2 Ethical operation, fair business practices
Policy Bribery and Corruption	YES	5.2 Ethical operation, fair business practices 5.3 Regulatory compliance
Policy Business Ethics	YES	5.2 Ethical operation, fair business practices
Policy Community Involvement	YES	-
Policy Fair Competition	YES	5.2 Ethical operation, fair business practices
Whistleblower Protection	YES	5.2 Ethical operation, fair business practices
Fundamental Human Rights ILO UN	YES	-
Human Rights Breaches Contractor	NO	-
Human Rights Contractor	NO	-
Policy Child Labor	YES	9.5 Ensuring equal opportunities and organisational diversity

Metric Name	Data Value	Chapter
Policy Forced Labor	YES	9.5 Ensuring equal opportunities and organisational diversity
Policy Freedom of Association	YES	-
Policy Human Rights	YES	9.5 Ensuring equal opportunities and organisational diversity
Policy Data Privacy	YES	7.3 Information security and data protection
Product Access Low Price	YES	6.3 Preferential and socially responsible products
Quality Mgt Systems	NO	-
Day Care Services	NO	-
Employee Resource Groups	NO	-
Employees Health & Safety OHSAS 18001	NO	-
Employees Health & Safety Team	YES	9.6 Health and safety of our employees
Flexible Working Hours	YES	9.1 Employment 9.5 Ensuring equal opportunities and organisational diversity
Health & Safety Policy	YES	9.6 Health and safety of our employees
Internal Promotion	NO	-
Policy Diversity and Opportunity	NO	-
Targets Diversity and Opportunity	NO	-
Training and Development Policy	YES	9.3 Training and talent management
CSR Sustainability Committee	NO	10.1 CSR strategy at Bankholding level
CSR Sustainability External Audit	NO	-
CSR Sustainability Report Global Activities	YES	1. About the report
CSR Sustainability Reporting	YES	1. About the report
Global Compact Signatory	NO	-
GRI Report Guidelines	YES	1. About the report
Integrated Strategy in MD&A	YES	-
Stakeholder Engagement	YES	4.4 Involvement of stakeholders
UNPRI Signatory	YES	-
Audit Committee Mgt Independence	YES	5.1 Corporate governance structure
Board Attendance	NO	-
Board Background and Skills	NO	-
Board Functions Policy	YES	-
Board Individual Re-election	YES	-
Board Structure Policy	YES	-
CEO Chairman Duality	YES	5.1 Corporate governance structure
CEO Compensation Link to TSR	NO	-

Metric Name	Data Value	Chapter
Compensation Committee Mgt Independence	YES	5.1 Corporate governance structure
Compensation Improvement Tools	NO	-
Executive Compensation LT Objectives	NO	-
Executive Compensation Policy	NO	-
Executive Individual Compensation	YES	Yes, in accordance with the Bank's statutory data disclosure obligations.
External Consultants	YES	-
Internal Audit Department Reporting	YES	-
Nomination Committee Mgt Independence	YES	-
Shareholders Approval Stock Compensation Plan	NO	.
Succession Plan	NO	-
Sustainability Compensation Incentives	YES	5.1 Corporate governance structure
Director Election Majority Requirement	YES	-
Equal Shareholder Rights	YES	-
Public Availability Corporate Statutes	YES	-
Shareholder Rights Policy	YES	-
Shareholders Vote on Executive Pay	YES	-
State Owned Enterprise SOE	NO	-
Veto Power or Golden share	YES	



Imprint

Responsible publisher: MBH Bank Nyrt.

October 2023

Registered office:

1056 Budapest, Váci u. 38.

MBH
BANK