



MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság

Responsible Corporate Governance Report

for 2023

24 April 2024

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Declaration on Responsible Corporate Governance Practices

1 Description of the Operation of the Board of Directors and the Sharing of Responsibility and Tasks Between the Board of Directors and the Management Team

The Board of Directors is the Company's legal representative and executive body, representing the Company towards third persons and before courts and other authorities, managing and directing the Company's business activities and financial management, making sure that the requisites for successful operation are available.

The organisation and operation of the Board of Directors is regulated by its Articles of Association and the Rules of Procedure of the Board of Directors. The Rules of Procedure of the Board of Directors are established by the Board of Directors. The Articles of Association is accessible on the Company's official website at (www.mbhjelzalogbank.hu).

The Board of Directors consists of at least three and not more than nine Members. The Members of the Board of Directors are elected by the General Meeting for a definite term of maximum five years. Of the Members of the Board of Directors the Company's Chief Executive Officer and his deputy/deputies were, Pursuant to Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) and the Articles of Association, were continuously employed by the Company (internal Members of the Board of Directors) in 2023.

The Members of the Board of Directors are – in accordance with the rules of the civil law – liable towards the Company for any damage or loss caused to the Company by breaching any applicable legal regulation, the Articles of Association, any resolution adopted by the General Meeting or their respective obligations. The board bears joint and several liability for any damage or loss caused as described above. If the damage or loss was caused by a resolution adopted by the Board of Directors, any Member of the Board of Directors who did not participate in the adoption of the decision or voted against the resolution concerned – and notifies this fact in writing to the Supervisory Board within fifteen days of the adoption of the resolution – is exempt from the liability.

The Board of Directors makes its decisions objectively, in view of the interests of all of the shareholders, seeking independence from the influence of management and/or any specific shareholder. Members of the Board of Directors may not, in their capacity as such, be bound by any mandatory instructions from any of the Company's shareholders or from their employer.

In 2023 the Board of Directors carried out its activities on the basis of an annual work plan. The Board of Directors meets as often as necessary but at least once every three months. It discusses the matters referred to it on the basis of written proposals. The Board of Directors makes its decisions in writing – in view of the proposed resolution submitted by its proponent – in the form of resolutions. The proposals and the related proposed resolutions are prepared by the management team for the Board of Directors. Responsibility for the soundness of the content of a proposal lies with the head of the organisational unit which drafted the proposal, together with the Deputy Chief Executive Officer exercising the power of professional supervision or, in the absence of such, the Chief Executive Officer exercising the power of professional supervision. The Members of the Board of Directors receive written invitations to the meetings of Board – specifying the date and time, and the agenda, of the meeting – together with the written proposed resolutions.

A meeting of the Board of Directors has a quorum if it is attended by at least half of the BoD Members. The Board of Directors adopts its resolutions – with the exception of cases specified in its Rules of Procedure – by simple majority of votes, cast by open ballot. A Board Member who is personally involved in any way in the matter being discussed may not take part in the adoption of a resolution on the matter. The Chair of the Board of Directors orders a secret ballot at the request of any Board Member.

In urgent cases the Board of Directors may adopt valid resolutions by telephone, fax, electronic communication and other similar ways if the Company – at least electronically – delivers to the Members of the Board of Directors the

written proposal concerning the matter on which a decision is to be made and more than half of the members send their votes to the Company in writing, within the time limit set for this purpose.

The Chair of the Supervisory Board – or the Supervisory Board Member designated by him or her – participates in the meeting of the Board of Directors as a permanent invitee. The Chair of the Board of Directors may invite the Company's auditor, asset controller and any other person to take part in a Board meeting, in an advisory capacity. The supervisor, in charge of the supervision of the Company, of the Magyar Nemzeti Bank acting in its scope of duties relating to the supervision of the financial intermediary system (when referred to as a supervisory body, hereinafter: "Supervision") and the representatives of MBH Befektetési Bank Zrt and the Central Organisation of Integrated Credit Institutions, were invited to every meeting of the Board of Directors.

The Chair of the Board of Directors is elected by the General Meeting. The work of the Board of Directors is managed by its Chair. The tasks of the Chair are carried out by the Member of the Board of Directors appointed by the Chair when he is prevented for carrying out his or her tasks.

The scope of duties and powers of the Board of Directors are specified in detail in the Articles of Association and the Board of Directors' Rules of Procedure. Included among the powers of the Board of Directors are those relating to the Company's strategy, business and financial activities, scope of duties and powers relating to the Company's operation and organisation, powers relating to capital increases and Treasury shares, rights relating to the representation of the Company and powers linked to the Board of Directors' own operation.

The Company's management team – the Company's top management – performed its activity in 2023 in the following composition: Chief Executive Officer, Deputy Chief Executive Officer. The rights of the employer are exercised in relation to the management team members by the Board of Directors, through the Chair of the Board of Directors.

The Chief Executive Officer is an employee of the Company, its employee in the highest senior management position. The Chief Executive Officer manages and controls the Company's daily operational activities under an employment relationship, and performs his tasks relating to his mandate as a Member of the Board of Directors under a corporate legal relationship. Accordingly, his employment relationship is governed by the provisions of the Labour Code, while his election Member of the Board of Directors, and his membership of the same, are regulated by the provisions of the Hpt. and the Civil Code.

The tasks are shared between the Board of Directors and the Chief Executive Officer in such a way that the Company's daily work is managed by the Chief Executive Officer within the limits of the applicable statutory regulations and the Articles of Association and in accordance with the resolutions adopted by the General Meeting and the Board of Directors. The Chief Executive Officer has the power to make decisions on all matters that are not assigned to the General Meeting's or the Board of Directors' exclusive scope of power. The Chief Executive Officer regularly informs the Board of Directors, and between meetings the Chair of the Board of Directors, about matters relating to the Company's operation. This division of tasks does not affect the statutory responsibilities of the Board of Directors or the Members of the Board of Directors.

The Chief Executive Officer exercises the rights of the employer over the Company's employees, with the exception of Chief Executive Officer. The division of tasks between, and the powers of, the Chief Executive Officer and the Deputy Chief Executive Officer are laid down in the Company's Organisational and Operational Rules, whose modifications resulting in major organisational changes are part of the Board of Directors' powers.

2 The members of the Board of Directors, the Supervisory Board and the Management Team

2.1 Board of Directors

In 2023 the Company's Board of Directors was made up of the following persons:

External, independent Members without any legal relationship with the Company other than their membership relationships:

József Vida – Member of the Board of Directors since 30 November 2016, its Chair of the Board of Directors since 5 December 2016.

He is an economist who obtained diplomas and qualifications from multiple universities and colleges, including the Budapest University of Economics, the Pécs University of Sciences, the Szent István University and the French Université Paris-Nanterre, in fields of IT, economics and law.

His banking career started at Citibank Zrt. in 1999. In 2003 he left his position of Head of Department of Magyar Takarékszövetkezeti Bank for the Active Business Line Director position of Szentgál és Vidéke Takarékszövetkezet, where he worked from 2006 as an executive officer and later as Chairman and Executive Officer.

It was under his management that B3 TAKARÉK Szövetkezet was established on 1 September 2015 through the fusion of ten savings cooperatives. In 2014 he was awarded the Count Sándor Károlyi memorial plaque for his outstanding work in the promotion of savings cooperatives' integration. He played a dominant role in the process of savings cooperatives' integration and in ensuring the competitiveness and long term future of the Takaréék Group. It was under his management that the former FHB Group was integrated into the Takaréék Group and that twelve regional credit institutions were created through the fusion of fifty two savings cooperatives in 2017, to ultimately merge into a single nationwide universal commercial bank in two stages in 2019. Up to 30 October 2020 he worked as Chairman and Chief Executive Officer of Magyar Bankholding Zrt, while up to 31 December 2021 as Chairman and Chief Executive Officer of MTB Zrt.

In June 2021 he was appointed Vice Chairman of the Board of Trustees of Testnevelési Egyetemért Alapítvány, the foundation maintaining the University of Physical Education, while in July 2021 he became Chairman of the foundation called Jövő Nemzedék Földje Alapítvány, manager of the State Stud-Farm Estate of Mezőhegyes. He was Member of the Board of Directors of MKIF Infrastruktúra Üzemeltető Zrt. and that of MKIF Magyar Koncessziós Infrastruktúra Fejlesztő Zrt. from July 2022. In March 2023 he was appointed Chief Executive Officer of Abraham Goldmann Bizalmi Vagyonkezelő Zrt. and in the same month he was appointed Chairman of the Board of Directors of Volánbusz Zrt – until November 2023 – and then from December 2023 he became Member of the Board of Directors of Volánbusz Zrt and that of MÁV-Start Zrt. In March 2024 he was appointed Member of CONCORDIA Közraktár Zrt's Supervisory Board.

He is also engaged in farming activities, breeding race horses, and holds managerial positions in a variety of social organisations: he is Chairman of the Hungarian Alliance of Associations of Hungarian Dog Breeders and has been member of the board of trustees of the public interest asset management foundation performing public duty, the maintainer of the University of Physical Education.

Ildikó Ginzer – Member of the Board of Directors since 3 December 2021

She attended the Budapest Corvinus University where she obtained master degrees in corporate finances and teacher of business administration. She started her professional career in the banking sector; between 2004 and 2016 she worked for Raiffeisen Bank first as a business manager in the structured and project financing division and later as a risk officer in the corporate intensive management division, participating in the development of the strategies and processes of these areas. She acquired international experience as strategic and business development consultant at Borealis AG, where she was responsible for a number of acquisition projects involving petrochemical companies. At the end of 2016 she joined MKB Bank – a predecessor member bank of MBH Bank – as Deputy Chief Risk Officer, where she was responsible for the Bank's retail and corporate risk management function and its receivable management division. From 2019 she was Deputy Chief Executive Officer for Business in the retail, corporate, Treasury and leasing divisions and from May 2023 she was appointed MBH Bank's Deputy Chief Executive Officer for Standard Services. She is a Member of CIG Pannónia Nyrt's Supervisory Board, Euroleasing's Board of Directors and Chairwoman of MBH Alapkezelő's Supervisory Board. Since 21 June 2023 she has been Member of MBH Befektetési Bank Zrt's Board of Directors.

Dr. Ilona Török – Member of the Board of Directors since 14 November 2022

Dr. Ilona Török has more than twenty years of banking experience. Her career took off at the Hungarian Financial Supervisory Authority where she acquired legal and financial experience in a variety of divisions and was later appointed head of the Directorate for Licensing and Legal Enforcement. Between 2010 and 2021 she held various positions at OTP Bank in the capital market and Treasury divisions and thereafter she was appointed to a managerial position of Corporate Governance, while at the same time she was member of managing bodies of various domestic and foreign subsidiaries of the OTP Group. She headed the Cabinet Office of MKB Bank's Chairman and Chief Executive Officer from March 2021. From November 2021 she held the same position at Magyar Bankholding and its member banks. In September 2022 she was appointed member of MKB Bank Nyrt's Supervisory Board. Since May 2023 she has, as the Head of the Cabinet of MBH Bank's Chairman and Chief Executive Officer, been coordinating the Bank's prudential compliance and managing central areas such as legal and governance, compliance and prevention of money laundering, internal audit, bank security, marketing, events and protocol, international and banking relations, acquisition and credit institutional group governance. She has been Member of MBH Befektetési Bank's Board of Directors since June 2023.

Szabolcs Károly Brezina – Member of the Board of Directors since 9 December 2022

He obtained his diploma in economics in 1998 at IBS – Oxford Brookes University. He started his professional career in 1997 at Kereskedelmi és Hitelbank. Between 2001 and 2003 he worked in Switzerland as an interdealer broker for Continental Capital Markets. From 2003 until 2010 he was director of Takarékbank Zrt's Money and Capital Market division. For three years thereafter he participated in the bank's management as Managing Director and Member of the Board of Directors, and from 2013 as General Deputy Chief Executive Officer. He also held was also Chairman of the Supervisory Board of Takaré Alapkezelő during that period. From 2015 he worked for four years as Managing Director, and Member of the Board of Directors, of Duna Takaré Bank Zrt. He returned to Takarékbank in 2019 and since 9 June he has been Chief Executive Officer, and Member of the Board of Directors of MBH Befektetési Bank Zrt.

Gábor Kalenyák – Member of the Board of Directors between 19 December 2022 and 31 December 2023

He joined the bank group in 2018 and worked as Managing Director of Enterprise Risk Management, while beforehand he dealt with strategy in the financial area, data warehouse risk management and the introduction of the IFRS9 impairment regime. Before joining the bank group he worked as risk officer in various positions for Erste Group in Austria, Hungary and Slovakia and then he also held risk officer positions in the European region of the international insurance companies Munich RE – Ergo Versicherung. He conducted studies in Switzerland, Austria and Hungary and holds qualifications in mathematics and economics. He resigned his Board of Directors' membership with effect from 31 December 2023.

Internal Members of the Board of Directors – employed by the Company:

Dr. Gyula László Nagy, Chief Executive Officer - Member of the Board of Directors since 26 April 2017

He took his degree in foreign trade from the Budapest University of Economics in 1976, after which he obtained a university doctoral degree as a specialist economist and in economic sciences, in 1981. After completing a postgraduate real estate expert training at Nottingham Trent University and the Budapest University of Technology and Economics he obtained an MSc degree in 2006. From 1977 he worked as head of the exports department of the power meter factory Ganz Árammérőgyár. From 1987 he worked as dealer for Unicbank Rt. and from 1989 as head of department of large corporate partner relations at Citibank Hungary Rt. Between 1991 and 1995 he was Managing Director of the Corporate Division of BNP-Dresdner Bank Rt. Between 1995 and 1999 he headed the corporate division of HVB Bank Hungary Rt. Between 1999 and 2001 he was Deputy Chief Executive Officer, and Member of the Board of Directors, of HVB Bank Hungary Rt., and between 2001 and 2007 he was Chief Executive Officer of Unicredit Jelzálogbank Zrt. From October 2007 on he headed the Independent Partner Refinancing and Integration Department of FHB Nyrt, where he managed the FHB Group's refinancing activity. From 26 April 2017 he was Chief Executive Officer of FHB Jelzálogbank Nyrt, later that of Takaré Jelzálogbank Nyrt and now he is

Chief Executive Officer of MBH Jelzálogbank Nyrt. He is a real estate expert with a master's degree, Chairman of the European Mortgage Federation's Research & Data Committee and member of its Executive Committee. He is Chairman of the Supervisory Board of the Hungarian Windsurfing Association, as a social responsibility.

Illés Tóth Deputy Chief Executive Officer – Member of the Board of Directors since 1 December 2022

He has been head of the Capital Market Department of Takarékszövetkezet Jelzálogbank Nyrt., has been responsible for the mortgage bond issue activity of the mortgage bank, credit rating management and investor relations since 2019. Since 2020 he has been actively involved in implementing the sustainability strategy of the mortgage bank, the drafting of the sustainability report and in managing the Green Covered Bond Framework. Prior to his position as head of the Capital Market Department, he worked as senior capital market expert of the mortgage bank between 2015 and 2019. Between 2008 and 2015, he first assumed a senior position at the Treasury department of Unicredit Jelzálogbank, then carried out ALM and liquidity management duties related to mortgage banking, and mortgage bond issue management related duties as head of the department. In 2015 he worked briefly as senior expert in managing liquidity risks at the market risk management department of Raiffeisen Bank. Between 2000 and 2008, he worked as bond market analyst at the emergent market analysis office of DZ BANK, operating in Budapest in an outsourced form. He received his degree in economics in 2000 at the College of Finance and Accounting in the field of finance/banking.

Changes in the membership of the Board of Directors in 2023:

Gábor Kalenyák resigned his Board of Directors' membership with effect from 31 December 2023.

2.2 Supervisory Board

In 2023 the Company's Supervisory Board was made up of the following persons:

Dr. Géza Károly Láng – Chairman of the Supervisory Board since 5 August 2022

He obtained his law degree from Pázmány Péter Catholic University in 2002, and after passing the bar examination and qualifying as an insurance lawyer, he qualified as a competition lawyer in 2012. He spent 16 years in the insurance sector in various positions, and since 2019 he has been Deputy State Secretary for National Financial Services and Postal Affairs at the Prime Minister's Office. Since 2023 he has been Deputy State Secretary for State Assets and Postal Affairs at the Ministry of National Economy. Between April and August 2022, he was a Member of the Board of Directors of MKB Bank Nyrt. and Magyar Bankholding Zrt. Since September 2022 he was Member of the Supervisory Board of MKB Bank. He is a Member of the Supervisory Board of Magyar Bankholding Zrt. Since May 2023 he has been Member of MBH Bank's Supervisory Board.

Dr. Éva Szilvia Gödör – Member of the Supervisory Board of the since 1 August 2018

She is an attorney, head of the law office called Dr. Gödör Ügyvédi Iroda. She received her diploma in law at the Faculty of Law and Political Science at Eötvös Loránd University in 2002 and passed the professional examination in law in 2006. During her years as a trainee lawyer she dealt with civil and criminal cases; thereafter she focused her professional attention to civil law. She has been working as an attorney-at-law. She established her law office in 2012 which has, from the very beginning, been providing services primarily in support of the activities of several participants of the domestic financial sector, and their subsidiaries. She specialises in real estate transactions, real estate investments, corporate law, financing, receivables management, operational support for financial institutions, mergers, acquisitions, due diligence, project support and procedures relating to civil society organisations. She has been member of the Supervisory Board of OPUS GLOBAL Nyrt. since April 2018.

Péter Darazsacz – Member of the Supervisory Board between 3 January 2022 and 27 April 2023

He graduated from the Faculty of Economics of the University of Szeged as a chartered economist in 2010. He started his career as an Audit Assistant at Deloitte Üzletviteli és Vezetési Tanácsadó Zrt. and from 2014 he worked as an Audit Manager. From July 2017 to April 2019 he was Director of Finance at B3 Takarékszövetkezet, and after the merger, from May 2019 he was the Chief Financial Officer of MTB Zrt. és a Takarékbank Zrt. From the end of 2020 he headed the financial and reporting division of Magyar Bankholding Zrt., while between November 2021 and April 2023 he performed the same function for MKB Nyrt, MTB Zrt. and Takarékbank Zrt. as well.

Dr. Tibor Lélfa Koppány - Member of the Supervisory Board since 3 January 2022

Between 2000 and 2011 he worked in the business and later in the legal division of MFB Zrt, thereafter he managed Bethlen Gábor Alapkezelő Zrt. as Chief Executive Officer until November 2016. From November 2016 he held a Deputy Chief Executive Officer position and was internal Member of the Board of Directors at MFB Zrt. Between 1 January 2018 and 31 March 2022 he managed Budapest Bank as Chairman and Chief Executive Officer, however, he had already been participating in the management and in the strategic decision making processes of the bank from as early as 1 April 2017. He has, since 2019, been Member of the Supervisory Board of Budapest Alapkezelő Zrt. (today known as; MBH Alapkezelő Zrt.). He was appointed Member of the Board of Directors, and Chief Executive Officer, of OPUS GLOBAL Nyrt. in 2022 and in the same year he also became Member of the Supervisory Board of TakarékJelzálogbank Nyrt. (today known as: MBH Jelzálogbank Nyrt.), OPUS TIGÁZ Zrt. and OPUS TITÁSZ Zrt. In 2023 he was appointed Member of the Supervisory Board of OPTESZOPUS Zrt.

Dr. Ákos Ferenc Tisza-Papp – Member of the Supervisory Board since 29 November 2022

He obtained his diploma in law in at Eötvös Loránd University of Sciences in 2004 and passed his professional examination in law in 2007. His professional career took off at the Legal Department of the predecessor of what later became UniCredit Bank, and from 2003 until 2007 he worked as a legal associate, later as legal counsel, for Raiffeisen Lízing Zrt. From 2007 he worked as legal counsel for OTP Bank Nyrt., later as head of its Corporate and Capital Market Legal Group and then between 2019 and 2021 he headed the Corporate and Capital Market Legal Department as director. During this period he was Supervisory Board member at the Bulgarian and Ukrainian subsidiaries of the OTP Group, OTP Faktoring Zrt. and OTP Ingatlan Befektetési Alapkezelő Zrt., and was member of the BSE's Responsible Corporate Governance Committee. He joined the MKB Bank Group in 2021 and is currently managing the legal, consumer protection, outsourcing, data protection, controlling and corporate governance areas at the MKB Bank Group's Legal and Governance division as Managing Director. He is also Supervisory Board Member at EXTERIMMO Zrt., and, since 29 June 2023, Member of MBH Befektetési Bank Zrt's Supervisory Board and Audit Committee.

Péter Krizsanovich – Member of Supervisory Board since 29 June 2023

He graduated from Budapest Corvinus University in 2003. He started working in that year as advisor for IFUA Horváth & Partners.

From 2005 he held senior positions at OTP Bank for 17 years, including in the position of the Managing Director of Strategy, Planning and Controlling. As he was involved in regional expansion, he has international experience; he has been involved in the management of several market-leading foreign banks, including OTP Bank in Serbia and CKB Bank in Montenegro, as a Member of the Board of Directors. Between 2017 and 2022, he was a Member of the Board of Directors of OTP Ingatlan Befektetési Alapkezelő Zrt. From September 2022, he worked as Chief Financial, Risk Management and Strategy Advisor to the CEO of Magyar Bankholding from 1 January 2023 he was financial manager and from February 2023 he was Deputy Chief Executive Officer for Finances. Since May 2023 he has been MBH Bank's Deputy Chief Executive Officer for Finances. Since 29 June 2023 he has been a member of MBH Befektetési Bank Zrt's Supervisory Board and Audit Committee.

Each of the above Members of the Supervisory Board is an independent Member without any legal relationship with the Company other than his or her membership relationships.

Changes in the membership of the Supervisory Board in 2023:

Péter Darazsacz resigned from his Supervisory Board membership with effect from 27 April 2023, as a consequence of which his position of Chairman of the Audit Committee also terminated.

2.3 The Company's Management Team

In 2023 the Company's management team was made up of the following persons:

Chief Executive Officer:

Dr. Gyula László Nagy – since 26 April 2017

Internal Member of the Board of Directors For his introduction see subsection 2.1.

Deputy Chief Executive Officer:

Illés Tóth Deputy Chief Executive Officer – since 1 December 2022

Internal Member of the Board of Directors For his introduction see subsection 2.1.

3 Description of the Work Performed by the Board of Directors, the Supervisory Board and their Committees

3.1 Description of the Board of Directors' Activities in 2023

3.1.1 A summary of the tasks carried out by the Board of Directors

The Board of Directors held a total of four meetings in 2023, of which three were joint meetings with the Supervisory Board. Resolutions were adopted on 40 occasions without meetings being held. Each of the meetings was held, and each resolution adopted without a holding a meeting was made, in conformity to the relevant rules and regulations and the Board had a quorum on each occasion.

Along with the tasks set out in the work plans, the Board of Directors decided, both at meetings and by voting in writing, on several occasions regarding issues not originally included in the work plan concerned but falling within the Board's power and requiring a decision.

The agendas of the meetings comprised, in the overwhelming majority of cases, reports, briefings and other submissions in written form, prepared with the assistance of the management team and the heads of the divisions concerned with the matters being discussed. The Board of Directors always discussed the issues on the agendas of its meetings in due depth, and the Members of the Board usually supplemented and clarified the submissions with their professional comments and contributions.

The following of the topics discussed by the Board of Directors in 2023 need to be highlighted:

- The Board of Directors paid particular attention to the implementation of the relevant integration regulations in 2023 as well:
- The Board of Directors laid particular emphasis on the adoption of actions and measures aimed at creating a pure mortgage bank profile in 2023 too.
- The Board of Directors discussed the management team's report on the current business and financial situation of the Company as a standing agenda item at its 2023 meetings as in previous years. By doing so, the Board of Directors continuously monitored the Company's operations and financial situation and the process whereby sustainability factors are integrated into its business strategy and corporate governance. Consequently, the Board of Directors was continuously provided with sufficient information throughout the year on the relevant internal and external circumstances affecting the Company's operations and was able to detect situations entailing negative impacts and adopt, and implement, the necessary response actions, as well as to formulate professional recommendations to support the management team's work.

- The Board of Directors continued to lay particular emphasis on analysing the Company's economic activity in 2023.
- The Board of Directors kept continuously monitoring the Company's general commitments and KPIs and those laid down in its ESG strategy and annual sustainability reports, and paid particular attention to the Company's green mortgage bond issuing activity and the development of the AVM (automated valuation model).
- The Board of Directors discussed the management team's reports on the Company's credit, liquidity, market and operational risks on a regular quarterly basis in 2023 as well.
- In 2023 the Board of Directors continued its practice of discussing the Compliance and Data Protection Department's quarterly reports and the implementation of the tasks set out in the work plan.
- The Board of Directors attended to issues relating to the implementation of the Remuneration policy in 2023 too.
- The Board of Directors found all of the management team's proposed amendments to the regulations falling within its power to be well founded and adopted them without making any changes to their contents.
- As before, the Board of Directors continuously monitored the inspections and audits carried out at the Company by external authorities (NTCA, the MNB), and the elaboration and implementation of task plans in response to their findings, in 2023 as well. No irregularities were found by such inspections and audits, nor objections were made on the basis of findings, in relation to the work of the Board of Directors.

3.1.2 The Board of Directors' Cooperation with Other Organisations

The Board of Directors continued to maintain cooperative and correct relationships with both the Supervisory Board and the management team. Every meeting of the Board of Directors was attended by the Company's Chief Executive Officer, who reported in depth on topical issues of relevance to the Company's operation and answered questions as they arose during the discussions of agenda items. The Chairman of the Supervisory Board was invited to every meeting of the Board of Directors where always had an opportunity to present his opinions and recommendations, thereby ensuring the owner's representation during the processes of corporate governance. Moreover, consultations and exchanges of opinions took place between the Chairmen of the two boards, Chief Executive Officer and his Deputy on a regular basis between the meetings as well.

3.2 Description of the Supervisory Board' Activities in 2023

3.2.1 A summary of the tasks carried out by the Supervisory Board

The Company's Supervisory Board (hereinafter: "SB" operated in 2023 on the basis of the agreed annual work plan. The work plans were made up of the Board's own specific tasks, along with reviews of the audits performed by the Company's internal audit unit (hereinafter: "Internal Audit"). The SB held a total of three meetings in 2023 each as part of a meeting held jointly with the Board of Directors. Resolutions were adopted on 18 occasions without meetings being held. Each of the meetings was held, and each resolution adopted without a holding a meeting was made, in conformity to the relevant rules and regulations and the Board had a quorum on each occasion.

In addition to the matters prescribed on a mandatory basis in the Civil Code and the Hpt the SB continuously gathered information on the Company's business and financial situation, the most important topical issues of relevance to the Company's operation as well as the meetings of, and the resolutions adopted by, the Board of Directors.

Moreover, the Company assessed, discussed and evaluated the following at its own initiative:

- the implementation of tasks included in the action plans on the basis of the recommendations set forth in the 2023 internal audit reports,
- the Company's quarterly reports on its lending, market, liquidity and operational risks, and
- the Compliance and Data Protection Department's quarterly reports and the implementation of the tasks set out in the work plan.

As before, the SB continuously monitored the inspections and audits carried out at the Company by the Supervision and other external organisations, and the elaboration and implementation of task plans in response to their findings, in 2023 as well. No irregularities were found by such inspections and audits, nor objections were made on the basis of findings, in relation to the work of the SB.

The SB also discussed the audits conducted by Internal Audit on various subjects, focused essentially on governance, management, implementation (processes), compliance and IT security. Accordingly, the audits included reviews and examinations of matters relating to corporate governance, Treasury, the investment service providing activities and the ancillary services, risk taking, financial and ancillary services, other supportive (accounting and financial, data supply) processes and activities, as well as, the IT processes and the IT infrastructure. Moreover, they comprised compliance audits in relation to the Company's organisational operation and the fulfilment of the MNB resolutions.

The Internal Audit organisation kept both the SB and the Company's management team continuously informed about the results of its audits and the execution of the action plans prepared in response to their findings, in accordance with the applicable regulations of the Hpt. Internal Audit reported on the operation of the control functions and the identified gaps affecting the achievement of the Company's objectives and performance.

The SB paid particular attention to ensuring that the Company has a comprehensive and effective controlling system. The system of internal control mechanisms approved by the SB earlier on was operating throughout 2023, in view of the applicable legal regulations, the Responsible Corporate Governance Recommendation and the Supervision's recommendation on the operation of internal lines of defence.

MBH Bank Nyrt's Internal Audit unit prepared the group-level medium term internal audit strategy for years 2024-2026 – the document was also implemented by JZB's Internal Audit and was also approved by JZB's SB.

3.2.2 The Operation of the Supervisory Board

Reports and proposals were, for the most part, put on the meetings' agendas in a written form. No formal division of work existed among the Board Members. In line with their specific individual technical/professional competences and experience the Members applied different perspectives in the evaluation of the results of each audit.

3.2.3 The Supervisory Board's Cooperation with Other Organisations

The SB had a continuous, objective and effective working relationship with the Board of Directors, the management team and the Company's Auditor in 2023 as well. The Chairman of the SB attended the meetings of the Board of Directors as a permanent invitee where he could explain his position in representation of the SB.

The Chief Executive Officer took part in every meeting and provided the Members of the Board with adequate information and gave satisfactory answers to questions.

Consultations and exchanges of opinions between the Chairman of the Board of Directors, that of the SB, and Chief Executive Officer, took place on a regular basis even between meetings.

The auditor was a permanent invitee to each SB meeting in order to help the Board carry out its tasks by providing technical/professional input, as necessary.

3.3 Description of the Audit Committee' activities in 2023

The Audit Committee provides assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor, and in working with the auditor. The Audit Committee has 3 Members. The Members of the Audit Committee are elected by the General Meeting from the independent Members of the Supervisory Board. At least one Member of the Audit Committee must have accounting or auditor qualification.

The Members of the Audit Committee¹ (their CVs are presented in subsection 2.2)

Péter Krizsanovich
Dr. Géza Károly Láng
dr. Éva Szilvia Gödör

The operation of the Audit Committee

The Audit Committee adopts its own rules of procedure. The Audit Committee convenes as often as required for the effective performance of its duties and its meetings are held on the basis of the work plan it has adopted for itself. The Audit Committee's rules of procedure determine the structure of the Committee, obligations and responsibilities of Committee Members, the rights and authorisation of the Committee, the way its meetings are prepared, convened and held, the way resolutions are adopted at or outside of meetings in writing, along with the documentation of decisions and resolutions adopted by the Committee.

The Audit Committee held 2 meeting in 2023, and adopted resolutions without holding meetings, on 9 occasions. The items on the agendas of the Audit Committee's meetings included, *inter alia*, proposals regarding the selection, election and remuneration of the Company's auditor, approval of the appointment of the person in charge of the audit, the terms and conditions to be laid down in the contract to be concluded with the auditor and proposals for the conclusion of the audit contract. As regards matters falling within its powers the Audit Committee made decisions on contracts concerning the provision of other services for the Company by the Company's permanent auditor or by other business entities having the same or partly the same, owners.

3.4 The Committee Operating with the Participation of Supervisory Board Members as Specified in the Hpt.

3.4.1 Nomination Committee

The Nomination Committee is responsible for nominating and recommending nominees to the Supervisory Board and the Board of Directors, with the exception of the members of the Supervisory Board representing the employees, specifying the skills and responsibilities required for membership of the governing body, and evaluating the composition and performance of the governing body and its members. The Nomination Committee determines the target for the representation of genders in the executive board and develops a strategy required to meet that target. The Nomination Committee is also responsible for the regular review of the Company's policy on the selection and appointment of the Managing Director.

Before the regular annual General Meeting in 2023 the Nomination Committee assessed and evaluated the 2022 activities of MBH Jelzálogbank's managing bodies and found that their members had adequate knowledge, skills and experience and that the respective numbers of their members, their composition and performance, had also been adequate.

The Members of the Nomination Committee² (their CVs are presented in subsection 2.2)

Dr. Géza Károly Láng
Péter Krizsanovich
Dr. Koppány Tibor Lélfa

¹ as at 31 December 2023

² as at 31 December 2023

4 Description of the Systems of Internal Control Mechanisms and their Operation in 2023

The system of internal control mechanisms was implemented and operated in 2023 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsdé Zrt. and MNB Recommendation 12/2022. (VIII.11.) establishment and operation of internal lines of defence, the management and control functions of financial institutions. The system of internal controls contains the elements of responsible internal management, risk management, the compliance assurance function, control mechanisms integrated in work processes as an element of the internal control system, management control and the independent internal audit function.

In the context of responsible corporate governance the Company's management team coordinates the activities of the organisational units constituting elements of the control functions, gathers information on the observance of, and compliance with, the basic principles and causes the various control functions to report on their activities and integrates their findings and experience in its decisions.

Changes in the compliance assurance function within the internal lines of defence, in 2023

The Compliance and Data Protection Department of the Group Leader MBH Bank – now called Compliance and Money Laundering Prevention according to the organisational and operational rules (OOR), amended as of 1 December 2023 – comprises the following specific functional areas:

- 1) Capital market, DDC and sanctions compliance
- 2) General compliance
- 3) Money laundering prevention monitoring
- 4) Money laundering prevention assessment and evaluation

4.1. A Summary of the Risk Management Principles

MBH Jelzálogbank Nyrt. is a member of an Integration Organisation as specified in Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions (hereinafter: Szhitv.). The rules of risk management under Integration apply to the Bank, as a member of the integrated organisation. The operation of the Bank's risk management function is governed by the relevant Hungarian and EU legislation in force, as well as by additional supervisory regulations and requirements. Being a member of the MBH Group, the Bank must also comply with MBH Bank's group-wide internal regulations and requirements.

According to Section 5/A (1) of the Szhitv. the Integration Organisation and its members bear joint and several liability for each other's liabilities, in accordance with the rules set forth in the Civil Code. The joint and several liability covers all claims and receivables from the Integration Organisation and its members, regardless on when they arose or arise.

Pursuant to Section 1 (5) of the Szhitv. the Integration Organisation and its members operate under consolidated supervision as specified in the Hpt. The Bank is a member of the MBH Integration Group which is managed by MBH Befektetési Bank and is part of the MBH Group which in turn is managed by MBH Bank.

Section 1 (5) of the Szhitv. stipulates that if the conditions set forth in Article 10 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) are met, the integration of cooperative credit institutions is exempted from the individual application of the requirements set out in Parts Two to Eight of the CRR. Magyar Nemzeti Bank granted the individual waiver specified in Article 10 of the CRR in to the members of the Integration in its resolution No. H-JÉ-I-209/2014. dated 03.03.2014.

In its group-wide risk strategy MBH Bank specifies the list of risks that may be taken by the Bank and the applicable risk management and risk measurement tools, and prescribes the general risk taking principles and rules to be followed. During its operation the Bank seeks to maintain a risk culture that ensures the identification, measurement

and management of emerging risks in line with its risk appetite. The most important tools of such a culture include internal policies, strategies, regulations and guidelines, communication and staff training.

The Integration and its member institutions are developing an integrated risk culture covering the Integration as a whole that will provide for the identification, measurement and management of risks as they arise, in line with their respective risk appetites and risk tolerance.

The Bank's risk appetite must be in line with the financial resources available to cover potential losses. To this end, it calculates the current and future economic capital requirements for each quantifiable type of risk and the Pillar 1 capital requirement.

Prudent risk-taking is considered by the Bank as a core value. To this end, the risk management organisation measures and analyses risk exposures, processes the information so gathered, establishes risk taking rules and operates risk management systems.

The group-wide Risk Strategy relies on the following main pillars:

- applying best market practice approaches and methods in risk management
- identifying and continuously monitoring the risk and return profiles of business lines, products and risk positions
- taking risks into account in business decisions
- separating the risk management organisation from the business area
- recognising the importance of all stages of the risk management process
- the risk management process is part of the overall management system and its aspects are integrated into strategic and annual planning.

The boards and committees of Jelzalogbank discuss the proposals regarding revisions and recommended modifications of the risk measurement and management methods and procedures, and reports on changes and trends in risks, at regular intervals.

4.2 Risk Management Organisation

Jelzalogbank's risk management organisation is separated from the organisational units engaged in business management.

The risk management function of Jelzalogbank is operating under a multi-level control system whose most important elements include ultimate control exercised at the level of the Board of Directors, along with independent control separated from the risk taking units, as well as appropriate measurement, diversification, monitoring and reporting of risks.

4.3 Control, Feedback

To minimise risks the Company is operating the elements of the internal line of defence, in observance of the relevant statutory regulations and supervisory recommendations, in the framework of which, in addition to operating the risk management organisation

a) MBHBB Zrt. ensures, through its Compliance and Data Protection Department (hereinafter: "Compliance and Data Protection" that the principles and rules, and internal regulations (hereinafter: "compliance rules") laid down in the relevant pieces of legislation, other technical/professional standards and practice that are not considered as legislation, in recommendations, guidelines and resolutions issued by competent authorities, are observed and complied with in the Integration Group, including the Company, and that any breach or violation of the same is prevented, blocked and controlled, and

b) operates the internal control system whose elements (in-process management control, management information system and the independent internal audit organisation) extend to all organisations and activities of the Company, are integrated in its daily activity and are traceable, providing regular feedback to the relevant management and governance levels.

ad a) The compliance function is performed by MBHBB Zrt Compliance and Data Protection Department under a service contract (SLA). This division coordinates and ensures conformity to the compliance rules and provides for the controlling of the bank group members in this regard.

The Compliance and Data Protection Department performs its work on the basis of annual work plans – covering MBH Jelzálogbank as well – approved by the MBHBB Zrt's executive body.

The purpose of its activity is to promote the organisation's (organisations') prudent, reliable, effective and efficient operation, in compliance with the applicable statutory regulations across the bank group, including Jelzálogbank, and thereby to facilitate the organisation's undisturbed and successful operation, the maintenance of confidence in the institution, and help the members of the Group avoid legal sanctions (that could be imposed by the Supervision, or that might be imposed under the competition law or in relation to payment of indemnity), major financial losses or reputation damage.

Data Protection and Secrecy

Data Protection and Secrecy performs personal data protection and secrecy tasks in accordance with the integration-level policies issued by the Central Organization of Integrated Credit Institutions. In 2023 the division posted several special training programs in HR Master for the employees concerned. These included a training programme on incident management and the management of enforcement applications, along with a programme offered for N2/N3 level managers involved in data processing in relation to the process of data processing notification. The division supports, on a regular basis, development requirements relating to the retention time monitoring capability of the live operational systems and their capability of erasing/depersonalising data after the end of the retention time and such tasks were integrated in the 2023 Work Plan as needs arose, but no such request was received from MBH JZB.

The rebranding of the relevant privacy notices took place in 2023 before LD2, and the rebranded privacy notices were also posted on the website.

General compliance

The areas under its direct control included Core Compliance and Consumer Protection until 1 December 2023. The main objective of developing a Core Compliance function within the Compliance and Data Protection Department is to continuously monitor compliance with legislation and internal regulatory instruments that ensure the transparency of the Company's operations, and to promote the enforcement thereof.

To ensure this, the purpose of the General Compliance operation is to contribute to the smooth and prudent operation of MBH Jelzálogbank by identifying, assessing and managing compliance risks.

In accordance with the provisions of the Hpt and the Group Conflict of Interest Policy, employees are, during their employment, not permitted to engage in any conduct that would jeopardise MBH Jelzálogbank's legitimate economic interests.

During the process aimed at establishing legal relationships aimed at work the division also conducts investigations to identify possible conflicts of interests, during the procedure preceding the conclusion of the contract, in regard to candidates selected from applicants for contracting, as well as to employees already having contractual legal relationships and senior officers alike.

In addition to identifying and managing cases involving conflicts of interest involving employees, in order to avoid and prevent any potential conflicts of interest, this function conducts documented investigations during the sale of receivables or assets to determine whether the buyer has any interest in the debtor of the receivable to be sold; this function is also responsible for conducting conflict of interest investigations of intermediaries and of service providers to which activities are to be outsourced (before the conclusion of the relevant contracts).

The specialists of the Consumer Protection Department within the General Compliance Department perform consumer protection control functions and provide support to the Company, thus helping MBH Jelzálogbank comply with consumer protection requirements. The so-called Consumer Protection Officer (CPO) was also notified to the Supervisory Authority in the framework of the group-level consumer protection function.

In addition, the area develops and periodically reviews the group-level consumer protection principles applying to group-level business management group members of relevance to Compliance, and the complaint management principles, and reviews compliance-relevant policies.

It coordinates the liaison with Magyar Nemzeti Bank (MNB) as the supervisory body responsible for consumer protection and ensures the provision of the required data in connection with consumer protection requests.

It ensures that consumer protection-relevant legislation, supervision and other requirements are integrated into the operational system of JZB.

It participates in the development of the terms and conditions of new and changing products and services, and examines the compliance of new and changing products and services with consumer protection legislation and the requirements of supervisory regulatory instruments

It participates in handling complaints as necessary, expressing its opinion on the development of a monitoring system for complaints handling practices and verifying the adequacy of complaints handling activities, except for complaints relating to investment services activities.

It contributes to the processes for measuring the effectiveness of good customer relations, customer information and customer satisfaction, evaluating the results and making any necessary improvements as a result.

It assesses and evaluates the compliance of services provided to consumers with consumer protection legislation, and examines campaign plans from a consumer protection point of view in advance, in order to prevent possible consumer protection risks that fall within the competence of the competition supervisory authority

It ensures that new and existing employees concerned on account of their responsibilities are made more aware of consumer protection and that the principle of fair treatment of customers is embedded in all internal processes of the Bank as an integral part of its business culture.

As a consequence of changes in the OOR of the group manager MBH Bank the consumer protection area and consequently the majority of the tasks were transferred to the Legal department with effect from 1 December 2023 – the performance of the SLA continues unchanged, until its revision.

Money and Capital Market Compliance

As part of its activities – within the Compliance and Data Protection Department – the Money and Capital Market Compliance function maintains a list of insiders for MBH Jelzálogbank and informs persons with access to insider information about their being included in the insider list. Money and Capital Market Compliance also maintains a list for MBH Jelzálogbank of all persons discharging managerial responsibilities and persons closely associated with them.

Preventing and Combating Money Laundering and Terrorist Financing

The Money Laundering Prevention and DDC Unit within the Compliance and Data Protection Department carries out screening and analysis activities, using customer record systems and external software, to support the operation of a modern and effective money laundering prevention system by screening and analysing customers and transactions on a risk basis. Through its analytical and evaluation activities, this division identifies and mitigates existing and future customer, transactional and geographical risks, thereby supporting risk management and business processes as well.

Reporting

The Compliance and Data Protection Department informed the Board of Directors and the Supervisory Board of MBH Befektetési Bank Zrt about its activities of relevance to the Company and about the compliance-related activities of the Company as a member of the bank group through its quarterly reports, thereby fulfilling the

obligations, laid down in the SLA, of MBH Befektetési Bank Zrt as the Business Management Organisation of the Integration.

ad b) Elements of control integrated into work processes and management control were included in job descriptions and current procedures, the application principles were included in internal orders, organisational and operational regulations about control systems. The principles of application were established in order to support the Company's efficient operation, the accomplishment of the Company's objectives, its operation in compliance with legal regulations and the identification of possible risks along with providing appropriate responses to them.

Fraud Prevention

The Banking Security Directorate's Fraud Prevention Department is responsible for conducting investigations into internal and external abuses and crimes, and for operating preventive monitoring systems. The division carries out human security activities for employees, and participates, *inter alia*, in the performance of activities related to classified requests from authorities in accordance with applicable laws.

No fraud incident or suspected fraud occurred in relation to MBH Jelzálogbank in 2023 according to the division's records.

The independent Internal Audit unit is an inseparable part of the internal control function.

The independence of the Bank's Internal Audit organisation is guaranteed by the fact that Internal Audit and Internal Auditors may not be tasked with any function other than auditing and if they do not operationally participate in the bank's processes and decisions according to the relevant regulations. The annual work plan of Internal Audit is approved by the SB and any additional auditing task may only be prescribed by the SB and the head of Internal Audit, or the Company's Chief Executive Officer with the SB's agreement. The Internal Audit organisation is managed by the Supervisory Board. The head of the Company's Internal Audit unit reports to the SB.

The Supervisory Board and the Company's management team were informed by Internal Audit of the results of the audits conducted, in accordance with the relevant provisions of the Hpt. The Company's Internal Audit function reports to the SB on its activities and informs it about the operation of the control functions and any gap or deficiency found. Internal Audit is continuously monitoring and controlling the execution of measures aimed at eliminating the identified gaps and deficiencies on which it also regularly reports, and provides information, to the SB and the Company's management team. Since the Company has joined the Integration Organisation, its Internal Audit organisation fulfilled an obligation to supply data to MBH Bank Nyrt's Internal Audit unit and the Integration Organisation.

Internal Audit plans and executes its activities on the basis of risk analysis whereby it analyses and examines the full range of business processes. Internal Audit had a long-term audit plan, a Group-wide Internal Audit Policy, internal audit regulation, a manual enabling the conduct of internal audit activities, a methodology for risk assessment and audit result evaluation and a regulation of the reporting and information system in 2023 as well, all approved by the SB. Internal Audit prepares its annual work plan in view of the above, which is commented on by the Central Organisation of Integrated Credit Institutions (COICI) and thereafter approved by the SB. In terms of its scope of powers, it has access to all information and documents needed for the audits.

One of the most important tasks of Internal Audit in 2023 was to support, through general and thematic audits, and on the basis of experience drawn from audits conducted in earlier years, adapting to the prevailing market circumstances, the accomplishment of the strategic objectives and the compliant operation of the Company and the MBH Bank Group, including the Integration Group, and the operation of the control system, as well as to meet the expectations and carry out the tasks prescribed by the Company's managers and controlling bodies. Other key tasks included reviewing regularity, and conformity to the regulatory framework in practice, and thus to mitigate risks. Another aim was to ensure that in order to identify and eliminate shortcomings in the satisfaction of requirements of in-process control and management control the audits should promote the actual substantive functioning and operation of the control systems and that in the case of new activities and work processes feedback

is provided in the context of audits conducted as quickly as possible to enable efficient and effective management of any shortcomings and risks.

4.4 The Auditor's Activities

Name and Address of the Company's Statutory Auditor:

PricewaterhouseCoopers Könyvvizsgáló Kft. (registered office: 1055 Budapest, Bajcsy-Zsilinszky út 78., Registration number at the Hungarian Chamber of Auditors: 001464)

Person in charge of the audit:

Balázs Árpád Mészáros registered auditor (Hungarian Chamber of Auditors membership card number: 005614, registration number: 005589), if prevented from carrying out his duties, Árpád Balázs registered auditor (Hungarian Chamber of Auditors membership card number: 007272, registration number: 006931)

The MBH Jelzálogbank's General Meeting has the power to elect the Statutory auditor.

The Company's statutory auditor was PricewaterhouseCoopers Könyvvizsgáló Kft. in 2023, the auditor was not engaged in any kind of activity which could jeopardize its independence.

The Audit Committee decides on all assignments for the auditor including statutory assignment, as defined in its Rules of Procedure. The Audit Committee receives a quarterly report on the independence of the auditor, and on the mandate agreements signed with them.

5 Presenting the Company's Disclosure Policy and Insider Trading Policy

5.1 The Company's Disclosure Principles

The Company's Board of Directors attaches particular importance – among the requirements of responsible corporate governance – to the transparency of the Company's operation because the Company's disclosure practices fundamentally affect its reputation. Information authentically reflecting the efficiency of operations is of strategic importance in that it enhances shareholders' and other concerned parties' trust towards the Company.

The Company shall fulfil all of its notification and disclosure obligations in accordance with the applicable statutory regulations, in the prescribed form and by the prescribed deadline. In addition to having to fulfil its disclosure obligation the Company shall also prevent the suspicion of misuse of information by any employee and to deliver the same information at the same time to all shareholders by way of organised communication of information. The management team shall make sure that the Company's disclosure practices are in line with the principles prescribed by the Board of Directors.

The Company shall ensure that when making disclosures the information so provided is true, unambiguous and easy to understand, that business secrets are adequately protected and that the appropriate handling of confidential information as well as the adequate and accurate timing of disclosure make it possible to prevent unauthorised persons' accessing the information prematurely, so as to make it possible to preclude any abuse of the information and that the market participants, investors and shareholders can receive information on events relating to the Company simultaneously, through a regulated and publicly disclosed procedure.

The Company's disclosure policy lays particular attention to the presentation of the following factors:

- the Company's most important objectives;
- the Company's policy relating to its core operation, business ethics, its partners, competitors and other parties concerned;
- the result of the Company's activity and financial management;
- risk factors affecting the Company's operation and financial management, and the Company's risk management principles;
- the Company's own funds and the amount of the capital requirement,

- the remuneration policy,
- the Company's senior officers, the professional careers of the members of the management team and the principles underlying their remuneration;
- the corporate governance practice and the structure of the system of corporate governance;
- ownership structure.

The basic principles approved by the Board of Directors for disclosures relating to the Company shall be continuously posted by the Company on its official website. The legal compliance of the disclosure processes shall be checked by Internal Audit.

5.2 The Company's Insider Trading Policy

Pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (hereinafter: "MAR") persons discharging managerial responsibilities at the Company as issuer and, in the cases specified in the MAR, other persons closely associated with them shall notify the Company and the Magyar Nemzeti Bank immediately, but within a maximum of three working days of the date of the transaction, about transactions conducted on their own account involving the Company's shares or debt instruments or derivatives or other related financial instruments (Article 19(1) of the MAR). The types of transactions to be notified are specified in Article 19(7) of the MAR and the associated implementing decree. The notification obligation applies to any subsequent transaction once a total amount of EUR 5 000 has been reached within a calendar year. The threshold of EUR 5 000 shall be calculated by adding without netting all transactions referred to above (Article 19(8) of the MAR).

Pursuant to Article 19(5) of the MAR the Company shall maintain a list of all persons discharging managerial responsibilities and persons closely associated with them.

A person discharging managerial responsibilities at the Company shall not conduct any transactions on his or her own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked to them during a closed period of thirty calendar days before the announcement of the interim financial report or the year-end report concerned.

6 Methods of Practising Shareholder Rights and the Rules on the Conduct of the General Meetings

6.1 1.5 Rules on the Exercise of Shareholders' Rights

A shareholder shall be entitled to exercise their shareholders' rights in possession of the share(s), or the ownership certificate(s) specified in the statutory regulations pertaining to securities. There shall be no need for an ownership certificate for the exercise of shareholders' rights if the entitlement is established by way of shareholder identification (as specified in the Capital Markets Act, "Tpt") pursuant to the Articles of Association. In addition to the above, being listed in the share register shall also be necessary for the shareholder's exercise of their rights relating to the general meeting.

A shareholder may exercise their shareholders' rights in person, through a person authorised to do so (their representative) or the shareholder's proxy specified in the Tpt. Senior officers of the Company may also be authorised by shareholders to participate in the General Meeting as their proxy. The authorisation for participation as proxy shall be valid for one General Meeting, or for the period specified in the authorisation, a maximum of twelve (12) months. An authorisation to act as proxy shall be valid for the continuation of the suspended General Meeting and also for the General Meeting re-convened because of the lack of quorum. The authorisation shall be issued in the form of a private document with full probative force and submitted to the Company at the place and time indicated in the General Meeting announcement. The authorisation submitted by the shareholder's proxy shall state the fact that the representative acts as shareholder proxy.

A shareholder shall be entitled to a dividend of the distributable profit of the Company, ordered for distribution by the General Meeting, in proportion to the nominal value of their shares.

Upon Company's termination without a legal successor its shareholders shall be entitled to parts of the asset that can be distributed as a result of winding up, in proportion to their shares.

Shareholders shall have the right to attend the Company's General Meetings. Shareholders shall have the right to receive information concerning matters on the General Meeting's agenda. Accordingly, upon the shareholder's written request submitted at least eight days before the date of the General Meeting, the Board of Directors shall provide the information necessary for discussing the given item on the agenda of the General Meeting three days in advance. The Board of Directors may make the exercise of the right to information as described above conditional on the submission of a written confidentiality statement by the shareholder requesting the information. The Board of Directors may refuse to disclose information and access to documents if it violated the Company's business, banking, securities or other similar secrets, if the person requesting the information abuses their right or fails to make a confidentiality statement even if requested. If the party requesting information considers the refusal of information unjustified, they may request the Court of Registration to order the Company to provide the information. The Company shall allow all shareholders attending the General Meeting to exercise the right to receive information, making comments commenting and to submitting motions, provided that exercise of such rights does not obstruct the General Meeting's regular and proper operation. To ensure the exercise of shareholder' rights defined hereunder, the Chair of the General Meeting shall give the floor to shareholders at the General Meeting, providing that the Chair may limit speaking time, interrupt the speaker, in particular, upon deviation from the topic, and – when multiple persons are speaking simultaneously – determine the order of contributions to ensure the regular and proper operation of the General Meeting. The Company shall have 3 (three) business days following the day of the General Meeting to answer question arisen at the General Meeting and not answered to the satisfaction of the shareholder within its framework.

A shareholder shall have all minority rights ensured by the Civil Code.

6.2 A Summary of the Rules Governing the Conduct of a General Meeting

The General Meeting is the Company's supreme body. The General Meeting shall be convened by the Board of Directors at least 30 days before the day on which the General Meeting is opened, by publishing an announcement at the places of publication specified in the Articles of Association. Shareholders who send such request in writing to the Company shall be notified of the convening of the General Meeting by electronic means as well, besides the publication in the places of publication.

The business integration management organisation and the Integration Organisation shall be notified of the General Meeting simultaneously with the publication of the invitation.

The key data of the annual report of the Company – prepared in accordance with the Accounting Act – and of the reports of the Board of Directors and the Supervisory Board, as well as a summary of the proposals regarding the items on the agenda and the proposed resolutions shall be disclosed at the places of publication of the Company at least twenty-one days before the date of the General Meeting.

If a General Meeting has not properly been convened, it may adopt resolutions only in the presence of all shareholders with voting rights, if the shareholders have not objected to the holding of the General Meeting.

A General Meeting has a quorum if shareholders representing more than half of the votes embodied by the voting shares are present. If a General Meeting does not have a quorum, the repeated general meeting shall have a quorum regardless of the number of attendees present.

A General Meeting may be suspended not more than once by the Chair. In this case the General Meeting shall be continued within thirty days, in which case the rules applicable to convening the General Meeting and the election of the officers of the General Meeting need not be applied.

Every ordinary share of series "A", of a nominal value of HUF 100, that is, one hundred forints, carries one voting right at a General Meeting. In relation to its General Meeting the Company carries out the shareholder identification procedure, as prescribed in the Tpt., the rules of the BSE and the regulations of KELER Zrt. The date of the shareholder identification (reference date) may be during the period between the 7th (seventh) and the 5th (fifth) stock exchange trading days (these days also included) before the General Meeting. The shareholder's rights may be exercised at a General Meeting by the person who is the owner of the share concerned on the day of shareholder identification and whose name is listed in the share register at 18:00 on the second working day preceding the day on which the General Meeting is started (the day of the closure of the share register).

The closure of the share register entails no restriction on the right of any person entered in the share register to transfer their shares following the closure of the share register. Any transfer of shares on the day preceding the General Meeting's starting day does not rule out the right of the person listed in the share register to participate and exercise their rights in the General Meeting as a shareholder.

The General Meeting makes its decisions with a simple majority, except for matters for which the applicable legal regulations stipulate different voting majority. If legal regulations stipulate unanimous decision-making regarding a certain matter, the General Meeting makes a decision on that issue with a unanimous decision.

The detailed rules on the conduct of a General Meeting are laid down in subsections 3.1-3.1.23 of the Articles of Association.

7 Demonstration of compliance with Chapter IV of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonization

Pursuant to the provisions of Section 22 (2) of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonization (hereinafter: 'Hrsz. tv.') and the Hpt., MBH Jelzálogbank is not required to prepare a remuneration report complying with Chapter IV of the Hrsz. tv. However, the Bank discloses information on remuneration in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR).

Declaration on compliance with Recommendations on Responsible Corporate Governance

As part of its Responsible Corporate Governance Report MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság (registered office: 1117 Budapest, Magyar Tudósok körútja 9. Infopark G épület; company registration number: 01-10-043638; hereinafter: "Company") makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations ("CGR") issued by Budapesti Értéktőzsde Zrt., by completing the following questionnaire.

Level of conformity to the Recommendations

The Company indicates whether it follows the relevant recommendation or not, and if not, it briefly explains the reasons why it did not follow that specific recommendation.

1.1.1 The Company has an organisational unit dealing with investor relationship management, or these tasks are performed by a person specifically designated to do so.

Yes

1.1.2 The Company's Articles of Association is available on the Company's website.

Yes

1.1.4 If the Company's Articles of Association allows shareholders to exercise their rights in their absence, the Company published the methods and conditions of doing so, including all necessary documents.

Yes

1.2.1 The Company has published on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders.

No

Explanation: The Company provides detailed information on the rules governing the conduct of its General Meeting and the exercise of the voting rights of shareholders in the announcement on the convention of the General Meeting, which is always posted on its website.

1.2.2 The Company published the exact date when those entitled to participate in a given company event is set (record date), and also the last day on which the shares granting eligibility for participating in a given company event are traded.

Yes

1.2.3 The Company held its General Meetings in a manner providing for maximum shareholder participation.

Yes

1.2.6 The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting.

Yes

1.2.7 For proposals for the agenda items, the Board of Directors' draft resolution and also the Supervisory Board's opinion were disclosed to the shareholders.

Yes

1.3.3 The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended.

Yes

1.3.4. By answering the questions raised at the General Meeting, the Company ensured compliance with the information provision and disclosure principles set out in legal and stock exchange requirements.

Yes

1.3.5 The Company published on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers.

No

Explanation: No such question was asked in 2023.

1.3.7 The Chairman of the General Meeting ordered a recess or suggested that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting.

No

Explanation: No such motion or proposal was submitted in 2023.

1.3.8.1 The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board Members.

Yes

1.3.8.2 For executive officers or Supervisory Board Members, whose nominations were supported by shareholders, the Company disclosed the identity of the supporting shareholder(s).

Yes

1.3.9 Prior to discussing agenda items concerning the amendment of the Articles of Association, the General Meeting passed a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way.

No

Explanation: The General Meeting always makes its decision regarding an amendment to the Articles of Association in the form of one resolution regardless of the number of sections being amended. The proposal relating to the item on the agenda specifies the sections to be amended and the content of the amendment in detail.

1.3.10 The Company published the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting.

Yes

1.6.1.1 The Company's publication guidelines cover the procedures for electronic, online disclosure.

Yes

1.6.1.2 The Company designs its homepage by considering the aspects of disclosure and the information of investors.

Yes

1.6.2.1 The Company has an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations.

Yes

1.6.2.2 The internal regulations of the Company cover the methods for the assessment of events judged to be important for publication.

Yes

1.6.2.3 The Board of Directors/Governing Board assessed the efficiency of the publication processes.

No

Explanation: The Board of Directors laid down its guidelines on publication and makes sure – through the management team – that the guidelines are complied with.

1.6.2.4 The Company published the findings of the efficiency assessment of the publication process.

No

Explanation: The Board of Directors laid down its guidelines on publication and makes sure – through the management team – that the guidelines are complied with.

1.6.3 The Company published its annual company event calendar.

Yes

1.6.4 The Company published its strategy, business ethics and policies regarding other stakeholders.

Yes

1.6.5 The Company published the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website.

Yes

1.6.6 The Company published all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year.

Yes

1.6.8 The Company published its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management.

Yes

1.6.9.1 The Company published its guidelines relating to the trading of its shares by insiders.

Yes

1.6.9.2 The Company disclosed the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way.

Yes

1.6.10 The Company published the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company.

No

Explanation: No such case occurred in 2023. The Company manages conflicts of interest in accordance with applicable sectoral laws and recommendations of the MNB, EBA, ESMA, and continuously monitors changes in the regulations referred to above.

2.1.1 The Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board.

Yes

2.2.1 The Board of Directors / Governing Board has a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board.

Yes

2.2.2 The Company publishes the procedure used for nominating Board of Directors / Governing Board members along with the principles underlying their remuneration system.

Yes

2.3.1 The Supervisory Board provides a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan.

Yes

2.4.1.1 The Board of Directors / Governing Board and the Supervisory Board held meetings periodically at a predefined interval.

Yes

2.4.1.2 The rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provided rules for the conduct of meetings that cannot be planned in advance, and for decision making using electronic telecommunications means.

Yes

2.4.2.1 Board Members had access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting.

No

Explanation: The Company partially complies. The general practice is in line with the recommendation, but shorter deadlines are possible in justified cases by way of derogation, subject to the approval of the chairman of the board.

2.4.2.2 The Company arranged the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board.

Yes

2.4.3 The rules of procedure provide for the regular or ad hoc participation of non-board Members at respective board's meetings.

Yes

2.5.1 The members of the Board of Directors / Governing Board and the Supervisory Board were nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting.

Yes

2.5.2 The composition and size of the boards complies with the principles set out in Section 2.5.2 of the Recommendations.

Yes

2.5.3 The Company ensured that the newly elected Board of Directors / Governing Board and Supervisory Board Members became familiar with the structure and operation of the Company and their tasks were carried out as Members of the respective boards.

Yes

2.6.1 The Governing Board / Supervisory Board requested (in the context of preparing the annual responsible corporate governance report) its Members considered to be independent to confirm their independence at regular intervals.

Yes

2.6.2 The Company provides information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities.

Yes

2.6.3 The Company published its guidelines concerning the independence of its Governing Board / Supervisory Board Members and the applied independence criteria on its website.

No

Explanation: No separate document on the independence of persons in senior positions is available on the website but the Rules of Procedure of both the Board of Directors and the Supervisory Board contain criteria regarding conflict of interest and independence in relation to their respective members. The Rules of Procedure of the boards are available on the Company's website.

2.6.4 The Supervisory Board of the Company does not have any Members who held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation.

Yes

2.7.1 Members of the Board of Directors / Governing Board informed the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence.

Yes

2.7.2 Transactions and assignments between Members of boards/ Members of the management/individuals closely associated with them and the Company/subsidiaries of the Company were carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved.

Yes

2.7.3 Board Members informed the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board Membership or management position of a company not belonging to the Company Group.

Yes

2.7.4 The Board of Directors / Governing Board developed guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them.

Yes

2.8.1 The Company created an independent internal audit function that reports directly to the Audit Committee / Supervisory Board.

Yes

2.8.2 Internal Audit has unrestricted access to all information necessary for carrying out audits.

Yes

2.8.3 Shareholders received information about the operation of the system of internal controls.

Yes

2.8.4 The Company has a function ensuring compliance (compliance function).

Yes

2.8.5.1 The Board of Directors / Governing Board or a committee operated by it is responsible for the supervision and management of the entire risk management of the Company.

Yes

2.8.5.2 The relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures.

Yes

2.8.6 With the involvement of the relevant areas, the Board of Directors / Governing Board developed the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company.

Yes

2.8.7 The Board of Directors / Governing Board defined the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives.

Yes

2.8.8 Internal control systems functions reported about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year.

Yes

2.9.2 The Board of Directors / Governing Board invited the Company's auditor in an advisory capacity to the meetings on financial reports.

Yes

Level of compliance with the Proposals

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No).

1.1.3 The Company's Articles of Association provided an opportunity for shareholders to exercise their voting rights also when they are not present in person.

Yes

1.2.4 The Company determined the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account.

No

Explanation: No General Meeting was held in 2023 on an initiative by shareholders.

1.2.5 The voting procedure used by the Company ensures clear, unambiguous and fast determination of voting results, and in the case of electronic voting it also ensures the validity and reliability of the results.

Yes

1.3.1.1 The Board of Directors/Governing Board and the Supervisory Board were represented at the General Meeting.

Yes

1.3.1.2 In the event the Board of Directors/Governing Board and the Supervisory Board was absent, it was disclosed by the Chairman of the General Meeting before discussion of the agenda began.

Yes

1.3.2.1 The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.

Yes

1.3.2.2 The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there.

Yes

1.3.6 The annual report of the Company prepared as specified in the Accounting Act contains a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation.

Yes

1.4.1 In line with Section 1.4.1, the Company paid dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents.

No

Explanation: The Company paid no dividend in 2023.

1.6.11 The Company published its information in English as well, in line with the provisions of Section 1.6.11.
Yes

1.6.12 The Company informed its investors about its operation, financial situation and assets on a regular basis, but at least quarterly.

No

Explanation: The Company publishes its report once every six months as specified in the Hpt.

2.9.1 The Company has in place internal procedures regarding the use of external advisors and outsourced activities.

Yes