



**MBH Jelzálogbank Nyilvánosan Működő Részvénytársaság**

**Corporate Governance Report**

**for 2024**

**22 April 2025**

<b>Declaration on Responsible Corporate Governance Practices</b> .....	4
<b>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</b> .....	4
<b>2. The members of the Board of Directors, the Supervisory Board and the Management Team</b> .....	5
2.1. Board of Directors .....	5
2.2. Supervisory Board .....	8
2.3. The Company's Management Team .....	10
<b>3. Description of the Work Performed by the Board of Directors, the Supervisory Board and their Committees in 2024</b> .....	10
3.1. Description of the Board of Directors' Activities in 2024 .....	10
3.1.1 A summary of the tasks carried out by the Board of Directors .....	10
3.1.2. The Board of Directors' Cooperation with Other Organisations .....	11
3.2. Description of the Supervisory Board' Activities in 2024 .....	11
3.2.1 A summary of the tasks performed by the Supervisory Board .....	11
3.2.2. The Operation of the Supervisory Board .....	12
3.2.3. The Supervisory Board's Cooperation with Other Organisations .....	12
3.3. Description of the Audit Committee' activities in 2024 .....	13
<b>3.4 The Committee Operating with the Participation of Supervisory Board Members as Specified in the Hpt.</b> .....	13
3.4.1 Nomination Committee .....	13
<b>3.5 Standing Committees as defined in the Company's Rules of Procedure and Standing Committees' Rules of Procedure</b> .....	14
3.5.1. <i>Asset and Liability Committee (ALCO or J-EFB)</i> .....	14
The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation. ....	14
The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters. ....	14
It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations. ....	14
It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits. ....	14
3.5.2. <i>Methodology Committee (MC)</i> .....	14
The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation. ....	14
It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group. ....	14
Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits. ....	14
Taking decisions on operational risk management measures. ....	14
As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility. ....	14
3.5.3. <i>Refinancing Credit Committee (RHB)</i> .....	14
The purpose of the Refinancing Loan Committee is to take decisions on the refinancing exposures necessary for the establishment of certain framework conditions for the cooperation agreement (framework agreement) to be concluded with a given counterparty bank in connection with JZB's refinancing business. ....	14
3.5.4. <i>Green Mortgage Bond Committee (ZJB)</i> .....	14

The Committee is responsible for setting up and maintaining the Green Mortgage Bond Framework, deciding on the eligibility of Green Mortgage Loans, monitoring the use of funds from the issuance of Green Mortgage Loans. It determines the maximum number of green mortgage bonds that can be placed and informs the EFB. The Committee is responsible for establishing and maintaining the Green Mortgage Bond Framework, decides on the eligibility of Green Mortgage Loans and monitors the use of funds from the issuance of Green Mortgage Bonds. Approves the environmental impact and allocation reports defined in the Green Mortgage Bond Framework. Supports the creation and implementation of the MBH Group's green strategy. .... 14

**4. Description of the System of Internal Control Mechanisms and their Operation in 2024** ..... 14

The system of internal control mechanisms was implemented and operated in 2024 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsde Zrt. and MNB Recommendation 12/2022 (11 August) 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. .... 14

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. .... 15

The Group Leader MBH Bank Compliance and Anti-Money Laundering is specialised in the following areas: ..... 15

1) Capital market, DDC and sanctions compliance ..... 15

2) General compliance ..... 15

3) Money laundering prevention monitoring ..... 15

**4.1. A Summary of the Risk Management Principles** ..... 15

**4.2. Risk Management Organisation** ..... 16

4.3. Control, Feedback ..... 16

4.4. The Auditor's Activities ..... 19

**5. Presenting the Company's Disclosure Policy and Insider Trading Policy** ..... 19

5.1. The Company's Disclosure Principles ..... 19

5.2. The Company's Insider Trading Policy ..... 20

**6. Methods of Practising Shareholder Rights and the Rules on the Conduct of of the General Meetings** ..... 20

6.1. Rules on the Exercise of Shareholders' Rights ..... 20

6.2. A Summary of the Rules Governing the Conduct of a General Meeting ..... 21

**Declaration on compliance with Recommendations on Responsible Corporate Governance** ..... 23

## **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](http://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 2024.

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 2024 the Board of Directors conducted 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, 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 his 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 2024 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 2024 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 Mezöhegyes. 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, working at Raiffeisen Bank from 2004 to 2016 as a business risk manager in structured and project finance, and later as a risk manager in corporate intensive management, where she was involved in the development of the strategy and processes of the areas. She gained international experience as a strategy and business development specialist at Borealis AG, where she was responsible for several acquisition projects in the petrochemicals sector during 2016. At the end of 2016, she joined MBH Bank's predecessor, MKB Bank, as Deputy Chief Risk Officer, responsible for the bank's retail and corporate risk management and receivables management. 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. From 21 June 2023 she has been a member of the Board of Directors of MBH Befektetési Bank Zrt and from 3 May 2024 she is also a member of the Board of Directors of Fundamenta Lakáskassza Zrt.

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

Dr. Ilona Török has more than twenty years of banking experience. She started his career at the Hungarian Financial Supervisory Authority, where she gained legal and financial experience in several areas, before becoming Head of the Licensing and Enforcement Directorate. Between 2010 and 2021, she held various positions at OTP Bank in capital markets and treasury, then became Head of Corporate Governance, and was a member of the management board of several domestic and foreign subsidiaries of the OTP Group. From March 2021, she headed the Office of the Chairman and Chief Executive of MKB Bank. 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..

*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 MBH 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.

No change occurred in the membership of the Board of Directors in 2024.

## 2.2. Supervisory Board

In 2024 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 exam and qualifying as an insurance lawyer, he qualified as a competition lawyer in 2012. He has spent 16 years in the insurance sector in various positions, since 2019 he has been Deputy State Secretary for National Financial Services and Postal Affairs at the Prime Minister's Office, and since 2023 he has been Deputy State Secretary for State Property and Postal Affairs at the Ministry of National Economy. Between April and August 2022, he has been a member of the Board of Directors of MKB Bank Nyrt. and Magyar Bankholding Zrt. Since September 2022 he has been a 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.

### **Dr. Tibor Lélfai 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 Takaréék Jelzálogbank 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 OPTESZ OPUS Zrt. As of September 2021, he is a member of the Supervisory Board of the Foundation for Hungarian Culture.

**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. Since 29 June 2023 he has been a 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 was a consultant at the management consultancy IFUA Horváth & Partners.

From 2005, he held senior positions at OTP Bank for 17 years, including Executive Director of Strategy, Planning and Controlling. Involved in regional expansion, he has international experience, having served on the boards of directors of several leading foreign banks, including OTP Bank in Serbia and CKB Bank in Montenegro. 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 Advisor to the Chairman and Chief Executive of Magyar Bankholding in finance, risk management and strategy, from 1 January 2023 he was appointed Chief Financial Officer, and from February 2023 Deputy Chief Financial Officer. Since May 2023 he has been MBH Bank's Deputy Chief Executive Officer for Strategy and Finances. Since 29 June 2023 he has been a member of MBH Befektetési Bank Zrt's Supervisory Board and Audit Committee.

**András Bakonyi** – a member of the Supervisory Board since 29 April 2024.

He graduated from Budapest Corvinus University in 2002. He started his career in banking at MKB Bank Zrt. between 2002 and 2023. From 2003 he worked for CIB Bank Zrt. at the Large Corporate Customer Relations division where he was Head of Department from 2007. From 2010 he joined K&H Bank Zrt. where, from 2011, he was head of the Budapest West Corporate Region, then from 2013, head of the Budapest East Corporate Region. At the same time, from 2013 he has also been deputy head of the corporate network. From 2015 he was managing director, head of the corporate division, of MKB Bank Zrt.. In 2017 he was appointed Deputy CEO for Corporate and Treasury, where he was responsible for the Bank's corporate, treasury and leasing activities. From 2019 to 2021 he worked as the Bank's Deputy Chief Executive for Risk Management. In the newly launched Magyar Bankholding Zrt. he headed the credit risk management area as managing director from 2021. Since 1 May 2023, he has been MBH Bank Nyrt.'s Deputy Chief Executive for Risk Management. He was member of the Széchenyi István Student Association between 1997 and 2002. He studied economics and political science at the University of Heidelberg, Germany from 1999 to 2000. He studied at the International Credit School of the KBC Bank Group in Brussels in 2010 and 2012. He participated in a Management Training Programme in Ghent, Belgium, in 2013. He speaks English and German at an advanced level Since May 2023 he has been MBH Bank's risk officer, performing his tasks since June 2023 as Deputy Chief Executive Officer. He is a member of the Supervisory Boards of MBH Befektetési Bank and Fundamenta Lakáskassza.

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 2024:

## 2.3. The Company's Management Team

In 2024 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 in 2024

### 3.1. Description of the Board of Directors' Activities in 2024

#### 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 2024, of which four 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 2024 need to be highlighted:

- The Board of Directors paid particular attention to the implementation of the relevant integration regulations in 2024 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 2024 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 2024 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.

- Also in 2024, the Board of Directors paid particular attention to the analysis of the Company's economic activity and the evolution of its financial performance compared to the plan.
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- 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 Covered Bond issuing activity and the development of the AVM (automated valuation model).
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- In 2024, the Board of Directors monitored the ongoing development of the Company's Green Covered Bond Framework and the preparation for ESG (GRI-based) reporting for 2024 and compliance with the CSRD reporting regulations for 2025.
- 
- Through its work, the Board of Directors supported and monitored the Company's change of credit rating and the acquisition and evolution of its bank and mortgage bond ratings.
- 
- 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 2024 as well.
- In 2024 the Board of Directors continued its practice of discussing the Compliance and Anti-Money-Laundering 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 2024 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 2024 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 2024**

### *3.2.1 A summary of the tasks performed by the Supervisory Board*

The Company's Supervisory Board (hereinafter: "SB" operated in 2024 on the basis of the agreed annual work plan. The work plan was composed of the Board's independent tasks and a review of the reports prepared by the Company's internal audit function (hereinafter "Internal Audit"), including the results of the Internal Audit investigations. The SB held a total of four meetings in 2024, of which four were held 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 completion of the tasks required by the 2024 internal audit reports and recorded in the central audit support registers of the area,
- 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 2024 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 in detail the results of the investigations carried out by the Internal Audit under its annual work plan. Focused essentially on governance, management, implementation (processes), compliance and IT security. Accordingly, the investigations included, among others, investigations on corporate governance, business, risk and support processes/activities (accounting and finance, data), as well as IT investigations on IT processes and 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's audits include monitoring the operation of control functions, assessing their effectiveness and making recommendations to improve the quality of the organisation's operations.

### *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 with the Board of Directors, the management team and the Company's Auditor in 2024 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 2024

The Audit Committee provide assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor, and in working with the auditor. The Audit Committee shall have 3 members. The members of the Audit Committee shall be elected by the General Meeting from among the independent members of the Supervisory Board. At least one member of the Audit Committee shall have accounting or auditor qualification.

The Members of the Audit Committee<sup>1</sup> (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 by-laws of the Audit Committee contains the structure of the Committee, the rules for obligations and responsibilities of committee members, the rights and authorisation of the committee, the rules for preparing, calling and holding the meeting, and furthermore it contains the rules for making resolutions within the frames of the meeting and aside of it in writing, and the rules on minutes of making resolutions, and its documentation.

The Audit Committee held 3 meeting in 2024. And adopted resolutions without holding meetings, on 5 occasions. Among others the Audit Committee had on its agenda the proposals for choosing, appointing and remuneration of the statutory auditor, and the approval of choosing the auditor in charge, the conditions of the mandate agreement with the auditor and approving the mandate agreement. As regards matters falling within its powers the 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 defining the skills and responsibilities required for membership of the governing body, and evaluating the composition and performance of the governing body and its members. Decision on the target for the representation of genders in the executive board and elaboration of a strategy required to meet that target, He 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 2024 the Nomination Committee assessed and evaluated the 2023 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 Committee<sup>2</sup> (their CVs are presented in subsection 2.2)

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

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<sup>1</sup> as at 31 December 2024

<sup>2</sup> as at 31 December 2024

### **3.5 Standing Committees as defined in the Company's Rules of Procedure and Standing Committees' Rules of Procedure**

#### *3.5.1. Asset and Liability Committee (ALCO or J-EFB)*

The J-EFB exercises its powers in relation to MBH Jelzálogbank Nyrt. on an individual level within the framework defined by MBH Bank Nyrt. as the group controller, the Integration Organisation and the Integration Business Management Organisation.

The Asset and Liability Committee is the primary responsible body for the Bank's asset and liability management. It is responsible for reviewing and discussing the returns, interest expenses and changes in asset holdings, as well as the impact and potential impact on results. Discussion and approval of the Bank's medium and long-term liquidity and financing plans. Preliminary approval of the mortgage bond issuance programme and its parameters, approval of the parameters of individual issues within a given mortgage bond programme. Prior approval of a non-voting or non-convertible private placement programme and its parameters.

It decides on the pricing of the Bank's products and services, approving the standard (public) terms and conditions for the Bank's own loan portfolios and approving the terms and conditions applied in refinancing operations.

It decides on the setting of limits for market risks and makes proposals to the Board of Directors in accordance with the risk policy/risk strategy, and monitors compliance with the limits.

#### *3.5.2. Methodology Committee (MC)*

The JMB cooperates with the MBH Methodology Committee and carries out the tasks assigned to it by this committee. The JMB exercises its powers within the framework defined by MBH Bank Nyrt., the Integration Organisation and the Integration Business Management Organisation.

It is responsible for reviewing the Bank's risk profile, approving risk methodologies and setting the internal mortgage bank limit for exposures to a client/counterparty group.

Monitoring credit and counterparty risk in treasury and ALM activities, taking the necessary measures, monitoring compliance with credit and counterparty risk for the client or group of clients. Setting limits for country risks, monitoring compliance with the limits.

Taking decisions on operational risk management measures.

As the NPL Committee, it monitors compliance with the allocated risk limits for the portfolio under its responsibility and takes action in the event of a breach of the limits. Regular review of the NPL portfolio, approval of risk methodologies under its responsibility.

#### *3.5.3. Refinancing Credit Committee (RHB)*

The purpose of the Refinancing Loan Committee is to take decisions on the refinancing exposures necessary for the establishment of certain framework conditions for the cooperation agreement (framework agreement) to be concluded with a given counterparty bank in connection with JZB's refinancing business.

#### *3.5.4. Green Mortgage Bond Committee (ZJB)*

The Committee is responsible for setting up and maintaining the Green Mortgage Bond Framework, deciding on the eligibility of Green Mortgage Loans, monitoring the use of funds from the issuance of Green Mortgage Loans. It determines the maximum number of green mortgage bonds that can be placed and informs the EFB. The Committee is responsible for establishing and maintaining the Green Mortgage Bond Framework, decides on the eligibility of Green Mortgage Loans and monitors the use of funds from the issuance of Green Mortgage Bonds. Approves the environmental impact and allocation reports defined in the Green Mortgage Bond Framework. Supports the creation and implementation of the MBH Group's green strategy.

## **4. Description of the System of Internal Control Mechanisms and their Operation in 2024**

The system of internal control mechanisms was implemented and operated in 2024 in accordance with the provisions of the applicable legal regulations, the Responsible Corporate Governance Recommendations of Budapesti Értéktőzsde Zrt. and MNB Recommendation 12/2022 (11 August) 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.

The Group Leader MBH Bank Compliance and Anti-Money Laundering is specialised in the following 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 Htp. 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 Szhtv. 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, Within this framework, in addition to the operation of the risk management organisation, MBH Bank Nyrt's Compliance and Prevention of Money Laundering (hereinafter "Compliance and Prevention of Money Laundering") ensures compliance with the principles and regulations laid down in legislation, other professional conventions and practices not constituting legislation, recommendations, directives and decisions of public authorities, internal regulations (hereinafter "Compliance Rules"), the prevention, prevention, control of violations and breaches thereof, 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.

The compliance function is performed by MBH Bank Compliance and Prevention of Money Laundering instead of MBH Befektetési Bank as of 01 March 2024, based on a service level agreement (SLA). This division coordinates and ensures conformity to the compliance rules.

The Compliance and Prevention of Money Laundering conducts its work on the basis of an annual work plan approved by the Management Board. The purpose of its activity is to promote the organisation's prudent, reliable, effective and efficient operation, in compliance with the applicable statutory regulations across the bank group and thereby to facilitate the organisation's undisturbed and successful operation, the maintenance of confidence in the institution, and help the Company 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.

### General compliance

The purpose of the General Compliance operation is to contribute to the smooth and prudent operation of MBH Jelzalogbank 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 Jelzalogbank'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, among others, 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).

General Compliance participates in the development of the terms and conditions of new and changing products and services, reviews the compliance of new and changing products and services with the requirements of legislation and supervisory regulatory instruments, provides its views on the development of a monitoring system for complaint handling practices and monitors the adequacy of complaint handling activities, except for complaints concerning investment services activities.

### Capital market, DDC and sanctions compliance

In the framework of the Capital Markets, DDC and Sanctions Compliance activities within the Compliance and Prevention of Money Laundering, MBH Jelzalogbank maintains a list of insiders and informs persons with access to inside information about their inclusion in the insider list. Money and Capital Market Compliance also maintains a list for MBH Jelzalogbank of all persons discharging managerial responsibilities and persons closely associated with them.

### Preventing and Combating Money Laundering and Terrorist Financing

The Money Laundering Prevention Investigation and Review and the Money Laundering Prevention Monitoring units within Compliance and Prevention of Money Laundering conduct screening and analysis activities using customer record systems and external software to support the operation of a modern and effective anti-money laundering system by screening and reviewing clients and transactions on a risk basis. Through their analytical and evaluation activities, these divisions identify and mitigate existing and future customer, transactional and geographical risks, thereby supporting risk management and business processes as well.

### Reporting

The Compliance and Prevention of Money Laundering has fulfilled its obligation under the SLA contract to inform the Board of Directors and the Supervisory Board of the Company's compliance activities through its quarterly reports.

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 2024 according to the division's records.

### Data Protection and Secrecy

The Data and Confidentiality Unit within the Law and Governance Division is responsible for the protection of personal data and confidentiality, in accordance with the regulations issued by the Central Organisation of Integrated Credit Institutions at the integration level. For the year 2024, the department required regular annual training in HR Master for the employees concerned and did not provide any other specific training.

In 2024, the provision of data protection support for possible new data management notices, by providing data protection opinions on mortgage bank regulations and data protection opinions on documents related to certain mortgage bank products and services.

An integral part of the internal monitoring system is the Internal Audit organisation, which is independent of the internal control system (first and second lines of defence).

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 it/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 Company's Head of Internal Audit reports directly to the SB.

In 2024, Internal Audit reported to the Supervisory Board and the Company's management on its activities in accordance with the requirements of the Hpt. in a regular and comprehensive manner, and its report included a presentation of the results of the investigations conducted, which were discussed in detail by the Supervisory Board, an overview of the performance of the tasks required in the course of the investigations, the current status of the external investigations and the performance of the tasks required at the conclusion of the investigations, and a summary of the fines imposed.

The planning and implementation of the activities of Internal Audit is based on risk analysis. The scope of the audits covers all organisational units of the Company, including those areas with internal control functions and those with special control functions and tasks, all business areas and activities, processes, products and services of the Company - including outsourced activities and the activities of dependent intermediaries it has appointed - and all Company records, documents and IT systems and databases supporting business or back office processes, i.e. Internal Audit has unrestricted access to all information and documents necessary to conduct investigations. In 2024, Internal Audit continued to have at its disposal all the planning documents (Audit Universe, Long-Term Audit Plan, Annual Work Plan, Capacity Plan) prepared in accordance with the methodology required by the Group Controller's Internal Audit, which were previously reviewed by the IHKSZ, approved by the Group Controller's Internal Audit of MBH Bank and subsequently approved by the Supervisory Board of the Company. The Group Internal Audit Policy and the Internal Audit Rules, which also apply to the Company's Internal Audit, have been discussed by the Supervisory Board and recommended to the Board of Directors for approval. In 2024, Internal Audit also had a manual to facilitate the conduct of internal audit activities, including the rules for conducting investigations, the procedures for preparing reports and statements, and reporting lines.

The core mission of Internal Audit in 2024 was to assess and improve the effectiveness of risk management, control and governance processes through systematic and controlled procedures, thereby helping to achieve organisational objectives.

#### **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:**

When prevented from carrying out his duties, Balázs Árpád Mészáros registered auditor (Hungarian Chamber of Auditors membership card number: 005614, registration number: 005589), is substituted by 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 2024, 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 independency if 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 Companies'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 of the General Meetings**

### **6.1. 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 proxy authorisation of the authorised representative shall be valid for one General Meeting or for the period of time defined therein, but in any case not more than 12 months. The proxy authorisation shall also be valid for the continuation of the suspended General Meeting and for the repeated General Meeting convoked due to the lack of quorum. The authorisation shall be drawn up in the form of a notarial deed or a private document with full probative force and shall be lodged

with the Company at the place and time indicated in the notice of the General Meeting.. 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 written request of a shareholder submitted at least eight days before the date of the General Meeting, the Board of Directors will provide the information necessary for the discussion of the item on the agenda of the General Meeting at the latest three days before the date of the General Meeting. 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 ensures that the rights to be informed, to comment and to suggest at the General Meeting are granted to every shareholder attending the General Meeting, on the condition that the exercising of these rights shall not hinder the lawful and proper operation of the General Meeting. 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.

**Yes**

Explanation:

**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.

**Yes**

Explanation: There was no such proposal or suggestion in 2024, but if it were to arise, the Company would act in accordance with the recommendation.

**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.

**Yes**

Explanation:

**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.

**Yes**

Explanation: There were no such cases in 2024, at the same time the Company manages conflicts of interest in accordance with applicable sectoral laws and recommendations of the MNB, EBA, ESMA, as well as the 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.

**Yes**

Explanation: No shareholder-initiated general meeting was held in 2024, but the Company would have acted as proposed in the above case.

**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.

**Yes**

Explanation: The Company did not pay dividends in 2024, but would have acted as proposed in the above case.

**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**