

## PERFORMANCE MANAGEMENT IN THE MBH BANK

### SUMMARY

#### **The aim of performance management**

Performance management is an integral part of our corporate culture and the basis of our human resources processes. Its purpose is to provide motivation and guidance to support the performance of all employees and the achievement of corporate and individual success.

Performance management is a key pillar of the management toolkit, providing feedback on the employee's annual performance, numerical results and cooperation based on corporate values. It documents the results identified as a focus, the resolution of problems and challenges, and a starting point for improvement. It includes a summary of annual performance and commitment to the next period, and serves as the basis for performance pay.

#### **Individual roles in performance management**

Managers and employees (subordinates) together define, measure and document performance and targets.

#### **Annual evaluation steps**

- Self-assessment
- Managerial assessment
- Calibration
- Communication of assessments

The process includes goal setting and consistent performance evaluation. Career management, talent management, consequence management, training development and incentives are also directly or indirectly linked to the system.

ESG aspects are part of the overall corporate performance objectives. Sustainability, CSR, health and safety aspects are also included in the remuneration system of senior management.

#### **Principles**

To maintain prudent operations, our key principles for assessing performance are:

- treating customers fairly,
- providing high quality service to customers,
- full compliance with legal requirements as quality criteria.

The uniform, group-wide performance evaluation process covers all employees. The cornerstone of performance management is that it always strives to balance "WHAT" and "HOW". The numerical targets define the "WHAT" to be done. The "HOW" to be done are the qualitative targets based on attitudes linked to corporate values.

Individual performance targets are assessed together. The achievement of "WHAT" should not be the basis for payment for any performance-related pay element. Without "HOW", i.e. the appropriate (or expected level of) performance on the soft criteria, there can be no above-expectation or below-expectation performance rating.

### **Recognition of workers**

Employees are rewarded for outstanding performance through the Employee Recognition Programme. Through the programme, the Bank creates a transparent recognition framework that rewards commitment to the company and exemplary individual and team performance that goes far beyond the job. The Employee of the Quarter will be regularly rewarded for performance, and the Employee of the Year and Team of the Year will also be selected and rewarded.