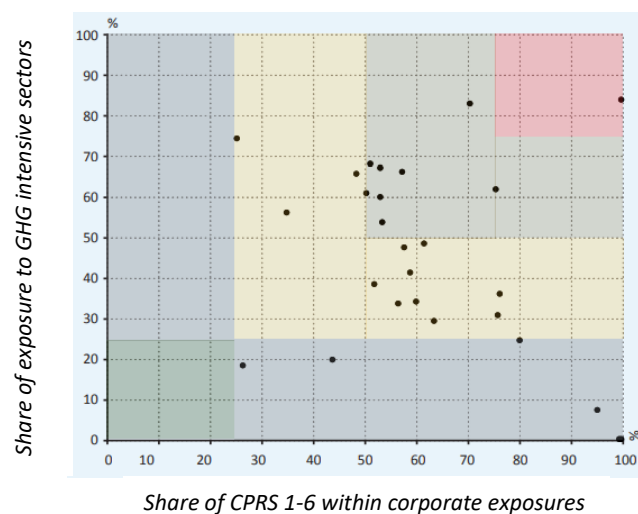


## The Central Bank of Hungary (MNB) has recently published its Climate-related Financial Disclosure (TCFD report) for the second and Green Finance Report for the third time

*The main objective of the Green Finance Report<sup>1</sup> is to provide a comprehensive picture of the environmental sustainability risk exposure of the Hungarian financial sector on an annual basis, including two climate stress tests, a short-term bank climate stress test and a long-term insurance climate stress test.*

Hungarian credit institutions proved to be resistant to a carbon price shock in the short-term stress test exercise, however, when plotting the share of GHG intensive assets and share of assets highly affected by potential climate change regulations (CPRS 1-6), 49% of credit institutions (weighted with the size of balance sheet) belong to the middle-upper quarter.

*Climate risk exposure of the Hungarian banking system*



In addition, the analysis of the MNB's own activities is also essential to understand the related climate risks and to support better decision making. Therefore, the MNB publishes its **TCFD report<sup>2</sup>** annually that analyses the transition as well as physical risk exposure of the bank's wide range of portfolios with different metrics.

The carbon footprint of the MNB's operational activities has decreased by 30% over the past 3 years. Majority of the emissions are related to energy use of buildings. In line with its strategic objectives, the MNB aims to reduce its operational carbon footprint by 80% by 2025 (on a 2019 basis). To compensate for the remaining emissions, the MNB finances habitat restoration projects that can absorb the entirety of its carbon footprint in the coming years (e.g. afforestation projects in cooperation with WWF).

<sup>1</sup> <https://www.mnb.hu/en/publications/reports/green-finance-report>

<sup>2</sup> <https://www.mnb.hu/en/publications/reports/the-magyar-nemzeti-bank-s-climate-related-financial-disclosure>

Based on the decision of the Hungarian Parliament on May 28, 2021, the mandate of the MNB was supplemented by the support of the government's policy on environmental sustainability, thus becoming the first central bank in EU obtaining an explicit "green mandate".