

EXTRAORDINARY ANNOUNCEMENT

The FHB Mortgage Bank Co. Plc hereby informs its investors that the act on the 'Resolution of certain issues related to the Supreme Court's (Curia) uniformity decision on consumer loan agreements concluded by financial institutions approved on July 4th by the Hungarian parliament, and its main provisions become effective 8 days after being signed by the Head of State and published.

Consumer loan agreements signed between 1 May 2004 and the effective date of the law are covered by the legislation (including retail mortgage loans, unsecured loans, credit and financial lease contracts in both foreign currency and Hungarian forints).

In case the act becomes effective with the same content, in our opinion the wording raises concerns from the viewpoints of constitutional law and banking, therefore we are examining the available legal remedies. Accordingly, the bank intends to initiate court proceedings to prove that unilateral changes to consumer agreements were fair.

The standpoint of the bank is still the same, accordingly the processing of loan applications, the concluding of loan agreements, and then the disbursement, recording and management of loans had always been in compliance with the relevant provisions of Act on Credit Institutions and Financial Enterprises, the Code of Conduct and the all time effective other consumer protection laws. The bank acted in accordance with the recommendations of the HFSA and was under the control of the competent supervisory bodies. Accordingly, our contracts are valid, and the contractual terms are fair.

Of course, the FHB will take all measures that are required to lawfully execute the provisions of law after it has become effective.

Considering that the concrete way of financial settlement with clients is going to be handled in a separate act, and the approved law grants legal remedy to credit institutions in connection with unilateral changes to consumer agreements, the impact of measures in the act may not be quantified at the moment. According to preliminary estimations, as a result the use of foreign-exchange-rate margins is void the FHB Group may be obliged to repay approximately HUF 4.5 billion, to which the Group generated provisions in the second quarter. The impact of legal provisions on the fairness of unilateral changes to consumer agreements may be estimated to HUF 12-15 billion, which amount may differ from the way of financial settlement and the interpretation of legislation on limitation period. In connection with the latter amount the Bank intends to exercise the aforementioned legal remedy. After accounting of expected losses from these legal changes, capital adequacy of the Group in accordance with the current regulation expected to remain on appropriate level.

Budapest, 11 July 2014

FHB Mortgage Bank Co. Plc.