

Announcement

FHB Mortgage Bank Co. Plc. (registered seat: Üllői út 48., 1082 Budapest, Hungary; hereinafter the "**Company**") informs its investors, that on 12 June 2017 the Metropolitan Court acting as the Court of Registration registered the amendments of the Statutes resulting from the resolution Nr. 7/2017 (26.04) of the General Meeting.

The resolutions of the General Meeting are available in the official places of announcements of the Company.

The effective Statutes of the Company is annexed to this announcement.

Budapest, 14 June 2017

FHB Mortgage Bank Co. Plc

STATUTES

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FHB Mortgage Bank Co. Plc. (hereinafter as: the Company), as a member of the Integration Organization of the Cooperative Credit Institutions (hereinafter as: the Integration Organization) and as a shareholder of the Bank of Hungarian Savings Co-operatives Pte. Ltd. (hereinafter as: the Savings Bank or the Central Bank), pursues its activities as a cooperative credit institution, as defined in Act CXXXV of 2013 on the Integration of Cooperative Credit Institutions and on the Amendment of Certain Statutes Related to Matters of Economy (hereinafter as: the Integration Act), in accordance with the provisions of its operating license.

The Integration Organization, the Central Bank (hereinafter collectively as: central bodies) and the cooperative credit institutions (hence, the Company as well) and the cooperative companies defined under the decision of the National Bank of Hungary (hereinafter as: the Supervisory Authority or the National Bank of Hungary) are subject to joint supervision.

For matters not regulated under these Statutes, the provisions of the Integration Act, Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter as: the Credit Institutions Act), Act CXX of 2001 on the Capital Market (hereinafter as: the Capital Market Act), Act XXX of 1997 on Mortgage Banks and Mortgage Bonds (hereinafter as: the Mortgage Banks Act), and Act V of 2013 on the Civil Code (hereinafter as: the Civil Code) shall be applied.

Corporate name, registered office and scope of activities of the company

1. Corporate name

FHB Jelzálogbank Nyilvánosan Működő Részvénytársaság

Foreign corporate names of the Company:

In English: FHB Mortgage Bank Co Plc.

In German: FHB Hypothekenbank AG.

Abbreviated corporate name of the Company: FHB Nyrt.

2. Registered office of the Company

1082 Budapest, Üllői út 48.

3. Type of the Company

The Company operates as a public company limited by shares, that is, its shares are partially or wholly offered to the public and are traded on the stock exchange.

According to its position taken among financial institutions, the Company is a mortgage credit institution, as specialized credit institution.

4. Sphere of activities of the Company

- 4.1 *The Company shall perform its financial service activities as per Article 3(1) of the Credit Institutions Act and the auxiliary financial services as per Article 3(2) of the Credit Institutions Act, as well as its activities as per Article 7(3) of the Credit Institutions Act in line with and subject to the conditions stipulated under the Credit Institutions Act, the Investment Services Act, the Mortgage Banks Act and the other legislation related to financial service activities, based on the license granted by the Supervisory Authority.*

4.2 **The activity (activities) of the Company carried out in HUF and/or foreign exchange, in line with Resolution no. 345/1998 of the Supervisory Authority, is/are as follows:**

Core activity:

6492'08 Other lending

Within the above sphere of activities the Company carries out exclusively the following activities pursuant to Article 3 of Act XXX of 1997 on the Mortgage Banks and Mortgage Bonds, namely:

- acceptance of repayable liquid assets from the public, not including deposit collection,**
- provision of cash loan secured by mortgage established on a real property located on the territory of Hungary or a member state of the EEA,**
- provision of loans without the stipulation of mortgage in the case of assumption of joint and several suretyship by the state,**
- assumption of suretyship and bank guarantee, and other banker's commitments.**

Other business:

6499'08 Other financial mediation not included elsewhere, namely:

- trading activities in respect of foreign exchange swap transactions serving to cover the exchange risk of interest rate swap transactions and the foreign exchange sources thereof.**

6619'08 Other activities auxiliary to financial services

5. **Field of operation**

Within the frames of the legal rules in force and the relevant licences, the Company is entitled to carry out its activities or certain elements thereof, and to establish branch institutions or representative offices both in Hungary and abroad.

6. **Term**

The Company has been established for an open-ended period. The business year of the Company shall be the same as the calendar year, with the provision that in the year of foundation of the Company, the business year shall commence on the day of registration of the Company into the Companies Register.

**Registered capital and shares of the company,
the rights and obligations of the shareholders**

7. **Registered capital**

7.1 The registered capital of the Company is HUF 10,849,030,000 that is Ten billion Eight hundred and forty-nine million Thirty thousand Hungarian forints, consisting of cash contribution only.

7.2 With the exception of the increase of the registered capital through the offering of new shares, the Company may also increase its registered capital even if the nominal value of not all of its shares issued earlier has been fully paid yet.

7.3. The General Meeting of the Company may resolve to authorize the Board of Directors to increase the registered capital. The authorization shall stipulate the maximum amount (approved capital) with which the Board of Directors may increase the Company's registered capital in total, over a period of not more than five years. When deciding on the authorization to increase the registered capital, the General Meeting shall also decide on the possible exclusion or limitation of the exercise of the preferential subscription right set forth in Article 7.5.

The authorization granted to the Board of Directors to increase the Company's registered capital at the same time authorizes and obliges the Board of Directors to take the decisions relating to the capital increase that would otherwise, by law or by the Statutes, be the competence of the General Meeting, including the amendment of the Statutes necessary because of the capital increase.

7.4 Upon the increase of the registered capital, the General Meeting or the Board of Directors may simultaneously also decide that the person(s) designated in the resolutions of the General Meeting or the Board of Directors shall solely be entitled to receive the new shares or, in the case of a conditional registered capital increase, the convertible bonds to be offered (private increase of registered capital).

7.5 **In the course of raising the Company's registered capital by cash contribution, the shareholders of the Company (and, within those, first of all the shareholders possessing shares belonging to the same share series as the newly issued shares) followed by the owners of convertible bonds shall have preferential subscription rights specified in the resolution of the General Meeting; in the case of a capital raise implemented within the competence sphere of the Board of Directors, these conditions are specified in the resolution issued by the Board of Directors.**

Through the channels determined in the Statutes the Company shall inform the shareholders and holders of convertible bonds of the possibility and way of exercising the preferential rights to receive the shares including the nominal value and par value of shares that can be obtained in this fashion, as well as of the first and last day of the fifteen days period available to exercise such rights.

Upon the written proposal of the Board of Directors, the General Meeting may, however, exclude or restrict the exercising of the preferential subscription right. The reasons for the motion aimed at the exclusion of the preferential subscription right, as well as the planned issue value of the shares shall be indicated in the proposal. The Board of Directors shall put the discussion of the proposal on the agenda in the invitation convening the General Meeting, as part of the item on the agenda concerning the increase of the registered capital, but prior to that. The General Meeting may not adopt a valid resolution on the increase of the registered capital unless a decision is made on the matter of exclusion or restriction of the exercising of the preferential subscription right. The Board of Directors shall make sure that the resolution of the General Meeting is submitted to the Court of Registration and at the same time is published in the places of publication specified in the Statutes.

8. Shares

8.1 The registered capital of the Company is embodied by 80,163,440 pieces (say Eighty million One hundred and sixty-three thousand Four hundred and forty) of registered shares at the face value of HUF100 (say One hundred Hungarian forints) each, and 2,832,686 pieces (Two million Eight hundred and thirty-two thousand Six hundred and eighty-six) of registered shares with the face value of HUF 1,000 (say One thousand Hungarian forints) each.

8.2 Division of the registered capital in the breakdown by share types and share classes:

- 66,000,010 (say Sixty-six million and ten) pieces of series "A" ordinary shares at nominal value of HUF 100 (say One hundred forints) each, of a total nominal value of HUF 6,600,001,000 (say Six billion Six hundred million One thousand forints,
- 14,163,430 pieces (say Fourteen million One hundred and sixty-three thousand Four hundred thirty) of Series "B" preference (dividend preference) shares at the face value of HUF 100 (say One hundred Hungarian forints) each, of a total face value of HUF 1,416,343,000 (say One billion Four hundred and sixteen million Three hundred and forty-three thousand Hungarian forints) and at the issue value of HUF 10.155.179.310 (say Ten billion One hundred and fifty-five million One hundred and seventy-nine thousand Three hundred ten Hungarian forints) each, and 2,832,686 pieces (say Two million Eight hundred and thirty-two thousand Six hundred and eighty-six) of Series "C" ordinary

shares at the face value of HUF 1,000 (say One thousand Hungarian forints) each, of a total face value of HUF

- 2,832,686,000 (say Two billion Eight hundred and thirty-two million Six hundred and eighty-six thousand Hungarian forints) and at the issue value of HUF 20,310,358,620 (say Twenty billion Three hundred and ten million Three hundred and fifty-eight thousand Six hundred and twenty Hungarian forints) each:

8.3 The shares of the Company are produced as dematerialized securities in line with the legislative provisions on securities.

9. Transfer and registration of shares

9.1 The shares of the Company may be freely transferred within the scope of the legal rules in force and the present Statutes; they may only be acquired and transferred in the manner defined in a legal rule, solely through debiting and crediting onto securities accounts.

9.2 **The Company shall keep a register of shareholders in accordance with the currently effective legislation, these Statutes and the applicable internal regulations. The owner's quality of shareholders is certified by the entry in the register of shareholders of the Company; accordingly, a shareholder may exercise its shareholder's rights towards the Company only if it has been entered in the register of shareholders. The register of shareholders shall be kept by the Board of Directors and the Board of Directors has the right to commission the person(s) defined by law to keep the register of shareholders, in which case the fact of commissioning and the personal data of the commissioned person must be published.**

9.3 **The Company shall keep the register of shareholders according to the relevant provisions of the Civil Code and the Capital Market Act.**

9.4 **The Board of Directors of the Company, or its agent appointed in accordance with the legal rules applicable to securities, shall keep a register of shareholders, which contains at least the following data:**

- **name of shareholders and/or their proxies (nominees), as well as address, mother's name and citizenship in the case of natural persons, and registered office in the case of legal entities (e.g. business associations) and individual undertakings;**
- **if a share has several holders, data of holders and the joint representative;**
- **number of shares of shareholders in a breakdown by share series, the ratio of their ownership share;**
- **securities code, as well as series and nominal value of shares;**
- **type of shares;**
- **date of entry of the share purchase in the register of shareholders;**
- **date of withdrawal and destruction (cancellation) of shares;**
- **file number and date of the supervisory decision related to the acquisition of ownership, if it is required for acquisition of ownership.**

In an annex to the register of shareholders, the Board of Directors or its proxy as per the applicable legislation shall keep the data identifying the indirect holding (ownership) of all owners having at least five percent in the Company, calculated according to the provisions of Annex no. 3 of the Credit Institutions Act. The owner holding or acquiring at least five percent ownership interest in the Company must notify the Company of its indirect ownership held in the Company, as well as of any changes thereof, and shall simultaneously also disclose data suitable for identification. The voting right of the shareholder who fails to fulfil its above notification obligation shall be suspended by the Supervisory Authority until the obligation is fulfilled.

9.5. The shareholder shall be responsible for any damage caused to any person through providing untrue information in the course of the entry in the register of shareholders, or failed to fulfil its obligation of

information laid down in Articles 9.6 and 9.7.

- 9.6. **Any shareholder entered in the register of shareholders of the Company is obliged to notify the Board of Directors within 30 days in writing of any change in their data registered in the register of shareholders.**
- 9.7. In cases where the ownership of a shareholder ceases by debit to the securities account, the shareholder / account keeping financial institution shall notify the keeper of the register of shareholders to that effect within two banking days. Based on the notification the keeper of the register of shareholders must record the change in the register without delay. All data erased from the register of shareholders shall remain legible.
- 9.8. **The Company accepts the proprietary deposit certificate issued by the KELER Central Depository Ltd ("KELER Ltd"), as place of deposit and the securities account extract issued by KELER Zrt. for an appropriate date as certificate of the ownership of the share.**
- 9.9 Senior employees of the Company as per Article 6(122) of the Credit Institutions Act shall report to the Board of Directors of the Company the shares in their possession issued by the Company.

10. Rights and obligations of shareholders

10.1 Obligations of shareholders:

- 10.1.1 The responsibility of shareholders against the Company shall extend to the provision of the nominal value or issue value of the share. The shareholder shall otherwise not be responsible for the obligations of the Company.
- 10.1.2 During the existence of the Company, shareholders may not reclaim any pecuniary contribution made by them. With the exception of the case of reduction of the registered capital, it is prohibited to effect disbursements to shareholders on the basis of their membership legal relationship to the debit of the registered capital.
- 10.1.3 **The provisions of the Capital Markets Act and the Credit Institutions Act shall apply to the acquisition of influence in the Company.**

10.2 Rights of shareholders:

- 10.2.1 **Shareholders are entitled to exercise their shareholders' rights in possession of the holder's certificate defined in the provisions of legal rules applicable to shares and securities. A holder's certificate is not required for exercising the shareholders' rights in cases where eligibility is established through the shareholder's verification under the Capital Markets Act and in compliance with the provisions of the Statutes. In addition to the foregoing, compliance with Article 12.1 is also required for exercising the rights of shareholders in connection with the General Meeting.**
- 10.2.2 **These rights may be exercised by the shareholder personally or by proxy (a representative) or through a nominee as per the Civil Code and the Capital Markets Act. The representative's authorization shall be valid for a General Meeting or a definite period of time, but not more than 12 months. The validity of the representative's authorization shall extend to the continuing of the suspended General Meeting and the General Meeting convened repeatedly as a result of lack of quorum. The power of attorney shall be submitted to the Company in the form of a public deed or a private deed with full probative force. A member of the Board of Directors and of the Supervisory Board may only proceed as representative, if such person as proxy has obvious and written voting instruction in each and every proposal given by the principal. The Auditor of the Company and the property inspector of the**

Company may not proceed as representatives. The shareholder may appoint a proxy to represent him at the General Meeting by returning the form included in Annex 1 or Annex 2 to the Statutes and supplied by the Company electronically or by mail. The form shall be returned as a private deed with full probative effect not later than by the end of the working day preceding the day of the General Meeting. If a shareholder is represented by more than one proxy and the proxies cast different votes or make different statements, all votes cast and statements made by the proxies shall be null and void.

- 10.2.3 Shareholders may apply for crediting shares onto a securities account following payment of the total nominal value of their shares, or if the nominal value or the issue value are different, the payment of the total consideration of the latter.
- 10.2.4 Shareholders shall have a right to a share of the after-tax profits of the Company in proportion to the nominal value of their shares (dividend), pursuant to the legal rules of accounting, ordered to be distributed by the General Meeting. The dividend can be determined with due consideration of the rights assigned under the Statutes to the different share classes.
- 10.2.5 Shareholders who are registered in the Company's Register of shareholders on the balance sheet day determined by the General Meeting for dividend payment are entitled to receive dividend. At least 20 business days shall lapse between the date of the decision providing for the initial date of dividend payment and the initial date of dividend payment.
- 10.2.6 In the case of the termination of the Company without a legal successor, shareholders are entitled to a portion of the assets that may be divided as a result of final accounting in proportion to their shares.
- 10.2.7 Shareholders are entitled to attend the General Meeting, request information and make observations. The Board of Directors may require the applicant shareholder to sign a non-disclosure agreement as a condition of complying with the request for information or access to documents. The Board of Directors may decline a request for information or access to documents, if it would violate any business, bank, security, or other similar secret of the Company, if the applicant exercises his or her right in an abusive manner or fails to sign a non-disclosure agreement upon request. If the applicant finds the denial of his or her request for information to be unjustified, he or she may ask the Court of Registration to oblige the Company to provide the information. As for items on the agenda of the General Meeting, the Board of Directors shall provide the shareholders with information necessary to discuss any and all items on the agenda of the General Meeting, so that the shareholders – upon a written request filed at least eight days prior to the General Meeting – shall receive the necessary information at least three days prior to the General Meeting.
- 10.2.8 Shareholders are entitled to make proposals and – within the frameworks allowed under legislation – to exercise the rights arising from their shares.
- 10.2.9 Shareholders shall be entitled to all the minority rights provided for by the Civil Code.
- 10.3. The holder of Series "B" dividend preference shares shall be entitled to exercise shareholder's rights with the differences below:
- 10.3.1. Right to dividend: holder of the Series "B" dividend preference shares shall be entitled to 10% more dividend than the holder of Series "A" ordinary shares from after-tax profit to be distributed among shareholders, provided that dividend is not paid to the holder of dividend preference shares in any financial year, the unpaid dividend may not be paid from the profit of the following years;
- 10.3.2. Right to vote: holder of the Series "B" dividend preference shares shall not have right to vote, thus

he shall not be entitled to vote on the General Meeting. Where the Company does not pay dividends in any financial year, the voting rights of the holders of dividend preference shares shall be equal to the voting rights related to Series "A" ordinary shares, which right may freely be exercised until the annual account for the following financial year is adopted.

10.4. The holder of Series "C" ordinary shares shall be entitled to exercise shareholder's rights with the differences below:

10.4.1. Right to vote: holder of the Series "C" ordinary shares shall have the same voting right as in case of Series "A" ordinary shares, namely a pieces of Series "C" ordinary share at a face value of HUF 1,000 (say One thousand Hungarian forints) shall give right to ten votes.

Organization of the Company

11. General Meeting

11.1 The General Meeting is the supreme organ of the Company.

11.2 The General Meeting shall be convened by the Board of Directors by means of an announcement published in the media determined by the Statutes, at least 30 days prior to the initial date of the General Meeting. The announcement shall contain the following:

- a) Corporate name and registered office of shareholders;
- b) Date and place of the General Meeting;
- c) Agenda of the General Meeting;
- d) The conditions stipulated in the Statutes for exercising voting right;
- e) The date as long as the name of the shareholder who intends to attend at the General Meeting or the authorized nominee could be registered into the register of shareholders;
- f) [Deleted] ;
- g) Terms and conditions on exercising the right on requesting information and complementing the agenda of the General Meeting as defined in the Statutes;
- h) Information on the date, place and method of the access of the proposals and draft resolutions in connection with the agenda of the General Meeting; and
- i) The date and place of the repeated General Meeting in case the General Meeting has no quorum; and
- j) the method of holding the General Meeting.

Shareholders who indicate in writing their preference to that effect shall also be sent electronic notification of the convocation of the General Meeting in addition to the announcement through the places of announcements, according to the Staues of the Company.

The Company shall disclose the material data of the financial statement prepared under the Accounting Act, and of the reports of the Board of Directors and the Supervisory Board, the summary in connection with the numbers of the shares and of the voting rights at the date of the convocation (as well as the separate summary on the classes of shares), the abstract of proposals to the agenda items and the draft resolutions, as well as the forms used for voting through proxies (if not sent to the shareholders directly) at least twenty one days prior to the General Meeting according to the provisions of the Statutes of the Company on the publication of the announcements and official statements. If the shareholders exercised their rights determined in in Article 3:259(2) of the Civil Code and it leads to the modification of the agenda of the General Meeting, such provision shall apply to the method of the disclosure of the amended agenda and the draft resolutions submitted by the shareholders.

11.3 **The General Meeting shall be convened by the Board of Directors, with the exceptions stipulated by law or these Statutes, if it is considered necessary for the sake of proper operation of the Company, or if it is required by the Statutes or any piece of legislation. Based on the Integration**

Act, the Board of Directors shall be obliged to convene the General Meeting of the Company, as soon as possible, if the Board of Directors of the Integration Organization or the Board of Directors of the Central Bank initiated the holding of the General Meeting for purpose of renewing the executive officers.

- 11.4 **The General Meeting shall be convened at least once every year. The Central Bank and the Integration Organization must be notified of the General Meeting, in advance, simultaneously with the sending of the invitations to the owners. The invitation and its annexes must be attached to the notification. The General Meeting may not adopt a valid resolution if the above obligations are breached. The authorized representatives of the Central Bank and the Integration Organization shall be entitled to attend the General Meeting of the Company with the right of consultation.**

Shareholders who indicate in writing their preference to that effect shall also be sent electronic notification of the convocation of the General Meeting in addition to the announcement through the places of announcements, according to the Statutes of the Company.

The Company shall disclose the material data of the financial statement prepared under the Accounting Act, and of the reports of the Board of Directors and the Supervisory Board, the summary in connection with the numbers of the shares and of the voting rights at the date of the convocation (as well as the separate summary on the classes of shares), the proposals related to the items of the agenda, the supervisory board reports concerning these, the draft resolutions, as well as the forms used for voting through proxies (if not sent to the shareholders directly) at least twenty one days prior to the General Meeting according to the provisions of the Statutes of the Company on the publication of the announcements and official statements.

- 11.5 If the General Meeting has been called in violation of the rules, it may adopt resolutions only in the presence of all shareholders entitled to vote, and only if the shareholders agree to the holding of the General Meeting unanimously.
- 11.6 Over and above the annual ordinary General Meeting, the Board of Directors shall convene an extraordinary General Meeting in the cases defined in legal rules, if the previous General Meeting or the Board of Directors adopted such a resolution, or if the holder (holders) of shares representing at least one percent of votes so request indicating the reason and the purpose. The General Meeting may also be convened by the Supervisory Board in accordance with Article 15.22. The General Meeting could be convened in 10 days if it should decide about raising the capital of the company in order to avoid the restructuring proceeding of the supervisory authority according to the Act XXXVII of 2014 on measures, extraordinary measures and developing the security of the financial intermediation services.
- 11.7 **The shareholders may exercise their shareholder rights in person, or through their representatives, in line with Article 10.2.2.**
- 11.8 The General Meeting has a quorum if more than half of the shareholders representing the votes embodied by the shares authorizing to vote are in attendance. If the General Meeting has no quorum, the second General Meeting convened on a date defined in the original announcement shall have quorum regarding the issues included on the original agenda, irrespective of the persons in attendance. A General Meeting repeated due to the lack of a quorum may be reconvened to a day ten to twenty-one days after the original date.
- 11.9 The person requested by the Board of Directors shall proceed as chairman of the General Meeting. The mandate of the chairman of the General Meeting shall be valid for the given General Meeting as well as the repeated or continued General Meeting.
- 11.10 The Chairman may suspend the General Meeting not more than once. In such a case the General Meeting must be resumed within thirty days. In such instances the rules for the convocation of the General Meeting and election of its officers shall not be applied.

12. A Competence of the General Meeting, order of adoption of resolutions and exercise of the voting right

12.1 Each Series "A" ordinary share of a face value of HUF 100 (say One hundred Hungarian forints) shall give right to one vote and each Series "C" ordinary share of a face value of HUF 1,000 (say One thousand Hungarian forints) shall give right to ten votes at the General Meeting. At the General Meeting shareholders' verification is carried out as defined by the Capital Markets Act, the Stock Exchange Rules and in the Rules of KELER Zrt., and the turning date of owner's compliance may only fall on the period between the 7th and the 4rd stock exchange days preceding the General Meeting. That shareholder may exercise his/her/its membership rights at the General Meeting, who – is the holder of the share – on the date shareholder's verification and whose name is entered in the register of shareholders at – (its closure) – 6.00 p.m. CET on the 2nd day preceding the General Meeting.

Closure of the register of shareholders shall not limit the right of the holder entered therein to transfer shares after such closure. Nor does the transfer of shares before the day of opening of the General Meeting exclude the right of the holder on the register to participate in the General Meeting and exercise his shareholder's rights..

12.2 The General Meeting shall adopt a resolution on the matters included on the agenda in open voting, using a computerized vote counter, by producing the voting-paper, or in any other manner suitable for counting votes. In the absence of any different decision by the General Meeting, voting shall be effected in a breakdown by draft resolutions. The parties vested with the right of vote shall first vote about the amending draft resolutions, and then about the original draft resolutions. The proposal shall be considered rejected in case of tie. If tie exists in any issue in which a decision shall be taken, on a compulsory basis, through a provision of a legal rule, the issue must be included on the agenda again.

12.3 The following shall fall within the exclusive competence of the General Meeting:

- a) establishment and amendment of the Statutes;
- b) **passing of the decision on the change of the type of the Company;**
- c) **increase and reduction of the registered capital, including the authorization granted to the Board of Directors to increase the registered capital, as defined in Articles 7.3 and 7.4;**
- d) decision on the merger and consolidation, merger, demerger of the Company with another company limited by shares, or its termination without a legal successor, or the transformation of the Company into another corporate form;
- e) election, recall and establishment of the remuneration of the members of the Board of Directors;
- f) election, recall and establishment of the remuneration of the members of the Supervisory Board
- g) election, recall and establishment of the remuneration of the members of the Auditor;
- h) providing financial assistance to third parties for acquiring shares issued by the Company;
- i) acceptance of the report drawn up in accordance with the Accounting Act and making a decision on the use of after-tax profit;
- j) decision on the payment of dividend and interim dividend, except for the case stipulated in 14.19.1 e);
- k) **the evaluation of the work of the executive officers performed during the previous business year, as required under the Civil Code, and decision on the relief that may be granted to them;**
- l) change of rights attached to the individual share series, and transformation of the individual share types and classes;
- m) decision making on the issue of convertible bonds or bonds providing subscription right;
- n) decision on exclusion of the priority of subscription;
- o) decision on the acquisition of own shares, unless the acquisition of own shares is required in the interest of avoiding any serious damage threatening the Company, and on the acceptance of a public bid received for own share;
- p) decision on steps to disturb a public bid procedure;
- q) approval of the Rules of Procedure of the Supervisory Board;
- r) approval of the report on responsible corporate governance;

- s) decision on preparing the establishment of a recognized group of companies and on the contents of the holding contract;
 - t) approval of the draft of the holding contract;
 - u) decision on the application for the cancellation of the shares of the Company from any stock exchange or subscription system, unless a shareholder who has at least a seventy-five percent voting right in respect of the share series intended to be cancelled exists, as in this case, the shareholder may decide himself/herself/itself on the cancellation of shares by a legal statement drawn up in a private deed with full probative force;
 - v) the approval of the guidelines of remuneration which shall be published on the official homepage of the Company within thirty days counted from its approval;
 - w) decision on all issues referred to the exclusive competence of the General Meeting by law or the Statutes.
- 12.4 The Company's Board of Directors shall be authorized to modify the registered office, the business premises, the branch offices or the scope of business – except for the core business – of the Company and to amend the Statutes of the Company accordingly.
- 12.5 **The consent or approval of the Integration Organization and the Central Bank shall also be required for the decision of the General Meeting in the cases determined in the Integration Act.**
- 12.6 **The prior consent of the Integration Organization shall be required for amendment of the statutes.**
- 12.7 **The General Meeting shall adopt its resolutions on issues falling within its competence by at least the simple majority of the votes approving the draft resolution except for matters specified by Articles 3:102, 3:211(3), 3:276 of the Civil Code and all other cases specified by law where the approval of a 3/4 (three-quarter) majority of the shareholders attending - or if the law provides otherwise then according to the conditions set out therein - is required for the adoption of the resolution concerned. Abstention shall qualify as „no” vote.**
- 12.8 **The General Meeting shall adopt a resolution on all issues submitted to the General Meeting by the Board of Directors, the Supervisory Board or the shareholder(s) representing at least one percent of shares. If shareholders who hold at least one percent of the votes notify the Board of Directors about their proposal for the amendment of the agenda – with all the details required for items of the agenda – or about a draft resolution relating to an item on, or to be added to, the agenda within eight days after publishing the announcement of calling the General Meeting, the Board of Directors shall publish an announcement regarding the updated agenda or the draft resolution proposed by the shareholders after being notified about the proposal. The issue specified in the announcement shall be deemed as put on the agenda.**
- 12.9. **A resolution of the General Meeting aimed at the transformation of the form of public (open) operation of the Company into private, may be adopted if at least a three-quarters majority of shareholders who separately represent not more than 1% of votes gave its prior consent thereto. In connection with the prior consent, the Board of Directors shall be obliged to call upon the concerned shareholders of the Company, in the announcement containing the invitation to the General Meeting, to send their statements whether they give their consent or not. The shareholders concerned shall send the position taken up by them to the registered office of the Company, in writing, addressed to the Board of Directors, until the deadline indicated in the announcement, which shall be at least the second day following the reporting date of the shareholder identification procedure connected to the General Meeting deciding about the change of the public operation form of the Company to a private operation form. Should a shareholder fail to make any statement within the time limit set in the announcement, the shareholder shall be considered as if they gave their consent. Several consents may not be validly made on the basis of a given share. The Board of Directors of the Company shall determine the scope of shareholders concerned, on the basis of the data contained in the shareholder identification connected to the General Meeting deciding about the change of the public operation form of the Company to a**

private operation form.

12.10. The resolution of the General Meeting as per paragraphs (c) and (l) of Article 12.3 can be adopted if more than half of the shareholders holding the concerned share types or share series present at the given General Meeting have granted their separate consent to this. The votes cast by the shareholders of the concerned share types or share series shall be evaluated separately as well, in terms of this consent, in the course of determining the results of the vote, and, if necessary, a separate voting must be held for these shareholders. A share type or share series is considered as "a concerned share type or share series" if the resolution of the General Meeting directly and adversely modifies a shareholder right defined in these Statutes, attached to the given share type or share series. In the course of the aforementioned, the provisions applicable to the possible restriction or exclusion of the voting right attached to the share (excluding the prohibition to exercise the voting right related to the own shares) shall not apply. Based on the authorization specified in the resolution of the General Meeting passed according to the provisions of this Article, the consent required under law for the resolution passed by other bodies of the Company is deemed to have been granted.

13. **Officers of the General Meeting and their work**

13.1 The chairman of the General Meeting shall

- conduct the discussion in the order indicated in the announcement on the convocation of the General Meeting;
- order the votes;
- sign and request a shareholder in attendance to authenticate the minutes to be taken in connection with the discussion and the resolutions.

13.2 Minutes shall be drawn up of the General Meeting, which shall contain the following:

- corporate name and registered office of the Company;
- method, place, and date of holding the General Meeting;
- name of the chairman of the General Meeting, the keeper of the minutes, the certifier of the minutes and the person counting the votes;
- important events and proposals made during the General Meeting;
- draft resolutions, the number of each share for which a valid vote was cast for a given resolution, the capital share represented by such votes, the number of votes cast for and against the proposal, and the number of abstains;
- objection of the shareholder, a member of the Board of Directors or of the Supervisory Board to a resolution if so requested by the objecting person.

13.3 The minutes shall be signed by the keeper of the minutes and the chairman of the General Meeting and authenticated by a shareholder in attendance and elected for that purpose. The minutes recorded at the General Meeting shall be sent to the Central Bank, the Integration Organization and the Supervisory Authority within 15 days of the date of the General Meeting.

14. **Board of Directors**

14.1 The Board of Directors is the managing body of the Company, and the members of the Board of Directors shall qualify as officers. The Company is managed by the Board of Directors, acting as a body. The Board of Directors shall represent the Company towards third parties, vis-à-vis courts and other authorities. Shareholders cannot vindicate the competencies of officers. The provisions of the Civil Code shall be applicable to the liability of executive officers.

14.2 Only natural persons can be elected as members of the Board of Directors. The Board is made up of at least five and no more than eleven members. The Board of Directors (directors) shall be elected by the General Meeting from among shareholders and other persons. At least two members of the Board of Directors shall be employed by the Company (hereinafter referred to as

- internal members). Furthermore, at least two members of the Board of Directors shall be Hungarian citizens, residents for foreign exchange purposes, and shall have permanent residence in Hungary for at least one year.**
- 14.3 The managing directors of the Company may be elected as internal members of the Board of Directors. In the case of termination of employment of the internal members of the Board of Directors, the membership of the Board of Directors shall, simultaneously, cease to exist.
- 14.4 Those who acted as auditors of the Company or any other financial institution in close relationship with the Company in the preceding three years may not be members of the Board of Directors.
- 14.5 **Members of the Board of Director may not acquire shares in another business organization pursuing the same main activity as the Company, with the exception of shares of public limited companies, and may not be officers of another business organization pursuing the same main activity as the Company except with the approval of the General Meeting. Members of the Board of Directors and their relatives may not engage in transactions, on their behalf or to their own benefit, which fall within the core activities of the Company, with the exceptions stipulated by law. The executive officer of the Company can be an executive officer, without limitations, in a legal entity (falling under joint supervision with the Central Bank) that is engaged, as its core activity, in pursuing the same economic activity as the Company. If the executive officer of the Company accepts a new executive officer appointment, they shall be obliged to report this fact to the Company within 15 days from acceptance of the given position.**
- 14.6 The mandate of the members of the Board of Directors shall last for five years from the date of their election. The members of the Board of Directors may be called back at any time and can be re-elected following the expiry of their mandate.
- 14.7 Members of the Board of Directors may waive their office at any time, but if so required by the operability of the Company, in particular if the actual number of the members of the Board of Directors fell below three, or the number of internal members fell below two as a result of resignation, resignation will only become effective on the sixtieth day reckoned from the announcement thereof, unless the General Meeting provided for the election of the new member prior to that.
- 14.8 The Board of Directors shall elect a chairman from among its members.
- 14.9 The chairman of the Board of Directors (in his/her absence, any member of the Board of Directors designated by him/her) shall organize the work of the Board of Directors, and shall provide for the effective operation thereof. Within the framework thereof, he/she shall, in particular:
- convene the meeting of the Board of Directors in writing, eight days prior to the date of the meeting, with the exception of the case of a decision that may not be postponed;
 - provide for sending the proposals and keeping the minutes;
 - chair the meeting and order voting; as well as
 - chair the General Meeting, if necessary, until the chairman of the General Meeting is elected.
- 14.10 **The Board of Directors shall hold a meeting at least once every two months, however, the chairman of the Board of Directors may convene the Board of Directors at any time. The chairman shall be obliged to convene the Board of Directors upon request of two members and in all cases prescribed by law. The meetings shall be convened by the chairman or the Board of Directors or the member appointed by him/her by an invitation forwarded at least 5 (five) business days before the date of the meeting. The chairman of the Board of Directors shall notify the Integration Organization and the Central Bank of the meeting of the Board of Directors, in advance, by sending the invitation and the attached documents described herein, simultaneously with sending the invitation to the members, but at least 5 business days prior to the meeting. The authorized representatives of the Integration Organization and the Central Bank shall be entitled to attend the meetings of the Board of Directors with the right of consultation. The invitation shall contain the**

meeting's agenda; the proposals relating to each agenda item and all related documents, if any, shall be attached to the invitation. A resolution on any matter not included in the agenda may only be adopted if the representative of the Integration Organization or the Central Bank is present at the meeting, or if the members not present in person at the meeting participate in the meeting by telephone or video conferencing (electronic communication device) if this is feasible, and unanimously consent to discuss the matter not included amongst the agenda items. The Board of Directors may not adopt a valid resolution if the above obligations are breached.

The chairman of the Supervisory Board or a member of the Supervisory Board designated by him/her shall take part in the meeting of the Board of Directors as a person invited on a permanent basis.

- 14.11 The Board of Directors has a quorum if at least half of its members are in attendance at the meeting. The Board of Directors has no quorum if the provisions of Article 14.10 are breached. The simple majority vote of the members present is required for the adoption of a resolution unless otherwise regulated by law or these Statutes.
- 14.12 Minutes shall be drawn up of the meetings of the Board of Directors. The minutes shall contain:
- place and date of the meeting of the Board of Directors,
 - name of the members of the Board of Directors present,
 - proposals set forth,
 - decisions made, and any objections to such decisions.

Members of the Board of Directors may request to enter their opinion word for word in the minutes.

- 14.13 **The minutes shall be signed by the chairman of the meeting, by two further members of the Board of Directors in attendance and by the keeper of the minutes. The minutes shall be sent to all members of the Board of Directors and to the chairman of the Supervisory Board, furthermore to the Integration Organization and the Central Bank, within fifteen days following the meeting, irrespective of whether they attended the meeting or not.**
- 14.14 **The members of the Board of Directors are entitled to participate in the meeting of the Board of Directors by means of electronic communication devices, the detailed rules of which are set out by the rules of procedure of the body.**
- 14.15 **The Board of Directors may only adopt a valid resolution outside a meeting (in other words: without convening and holding a meeting, that is by telephone, facsimile, electronic messages or in any other similar way) if more than half of the members of the Board of Directors cast their votes in a private deed with full probative force and send it to the registered office of the Company within two business days after the notice about the adoption of resolutions outside the meeting and the related documents (hence, in particular: the motions and the voting sheets) are sent to the members of the Board of Directors.**

The provisions of Article 14.10 regulating the prior notice to be sent to the integration Organization and the Central Bank shall be applied, mutatis mutandis, in respect of resolutions adopted outside of a meeting, with the proviso that in case the Central Bank or the Integration Organization so requests, a proper meeting of the body shall be held. The Board of Directors may not adopt a valid resolution if the above obligations are breached.

- 14.16 **The operation of the Board of Directors shall be regulated in detail by the rules of procedure of the Board of Directors. The rules of procedure shall be elaborated by the Board of Directors itself within the framework set out by these Statutes.**
- 14.17 The Board of Directors shall manage and control the business operations of the Company. Within the scope of the Statutes, it is entitled to take all measures that are not reserved exclusively for the General

Meeting. The Board of Directors will be responsible for ensuring prudent operation and compliance with risk taking and capital adequacy provisions at the level of the businesses under the Company's controlling influence. The Board of Directors will exercise ownership rights in the case of businesses owned by the Company, or being under the controlling influence of the Company.

14.18 **The Board of Directors shall:**

- **prepare the report of the Company pursuant to the Accounting Act and the proposal for the use of profits, and to submit them to the General Meeting together with the report of the Board of Directors;**
- **prepare the Company's report on responsible corporate governance and submit it to the General Meeting together with the report of the Supervisory Board;**
- **prepare a report for the General Meeting on an annual basis, and in every three months for the Supervisory Board on management, as well as on the pecuniary situation and business policy of the Company (including the subsidiaries of the Company involved in the consolidation);**
- **convene the ordinary General Meeting once annually, and convene the extraordinary General Meeting within eight days, with the simultaneous notification of the Supervisory Board, if it comes to the knowledge of any of its members that as a result of the losses the equity of the Company has dropped to two-thirds of the registered capital or below the minimum level set forth in the Civil Code, or if it comes to its knowledge that the Company is threatened by insolvency or has stopped its payments or its assets do not cover its liabilities;**
- **provide for keeping the business books of the Company in accordance with the rules;**
- **provide for keeping the register of shareholders and possibility for looking into the register of shareholders at any time in working hours;**
- **make a decision on the acquisition of the own shares of the Company, if it is necessary in the interest of avoiding a serious damage threatening the Company;**
- **ensure prudent operation, and compliance with risk taking and capital adequacy provisions at the level of all the businesses under the Company's controlling influence;**
- **send all of its policies and regulations that are required by the regulations published by the Integration Organization or the Central Bank, within 15 days following entry into force of the given policy or regulation.**

14.19 The competence of the Board of Directors

14.19.1 Competences in relation to the strategy, business and financial activities of the Company:

- a) Approval of strategic and business policy objectives;
- b) Establishment and approval of annual business and financial plans, as well as the business policy;
- c) Analysis and assessment of the implementation of the business policy guidelines on the basis of the quarterly balance sheets of the Company;
- d) Management of the finances of the Company, approval of the Accounting Policy and the related internal rules ;
- e) The Board of Directors is entitled to approve an interim balance sheet, and to pass resolutions on the payment of initial dividend with, however, the prior consent of the Supervisory Board;
- f) Establishment of risk management guidelines that ensure the assessment of risk factors as well as the suitability of internal control mechanisms and the regulatory and the supervisory systems for their management, and ensure legal compliance;
- g) Approval and regular revision of the strategies and rules (as for the rules containing the qualification and estimation processes relating to the credit and operating risks) regarding the separation of tasks inside the organization, the prevention of conflict of interest, taking, measuring, handling, tracing and reduction of risks;
- h) Approval the internal rules regarding the principles of disclosure in connection with risk management;
- i) Establishment of the strategy and procedure relating to the determination and permanent maintenance of the capital, the extent and composition thereof, required for covering the Company's current and future risks;

- j) Establishment of the decision-making competence (limits) relating to financial services;
- k) Decision on loan placements 10% over the guarantee capital of the Company (excluding inter-bank financial transactions);
- l) Decision on investments with a volume, which from an accounting perspective represents more than 5% of the prevailing equity capital;
- m) Decision on the commencement, suspension or termination of the performance of certain activities falling within the licensed sphere of activities of the Company (Article 4.);
- n) Determination of the terms and conditions of the contract of agency to be entered into with the property inspector;
- o) Establishment of the Treasury's operating procedures on the money and capital market, its rules for entering into and administering deals;
- p) Approval of rules for collateral registration, rules on risk taking and large-risk taking, and security valuation;
- q) Decision on issues of receivables-property exchanges (forced investments) over HUF 200 million;
- r) Sales of individual bad debts of individual customers or customer groups with a loss over HUF 50 million.

14.19.2 Duties and competences related to the operation and organisation of the Company:

- a) Convocation of the General Meeting of the Company;
- b) Maintaining contacts with the shareholders at a proper level and with the necessary frequency;
- c) Maintaining contacts with the Supervisory Board and preparation of reports to be submitted to the Supervisory Board
- d) Continuous monitoring of the efficiency of corporate management;
- e) Management of major conflicts of interest having an effect on the whole organisation or on the operation of the Company;
- f) Approval of significant organisational changes (discontinuation or establishment of units);
- g) Establishment of measures and the plan for taking measures which become necessary as a result of the findings of the National Bank of Hungary;
- h) Establishment of a financial incentive system;
- i) Approval of rules of employer's loans.

14.19.3 Competences in relation to the increase of share capital and the acquisition of own shares:

- a) The Board of Directors is entitled – upon basis of and according to the authorization set forth by the Statutes - to increase the share capital of the Company granted by the General Meeting;
- b) The Board of Directors is entitled to make decisions on transactions related to own shares upon, and to the extent of, authorisation by the General Meeting;
- c) The Board of Directors is entitled to make decisions on the acquisition of the Company's own shares without authorisation by the General Meeting provided such acquisition is required in order to avoid serious damage to the Company.

14.19.4 Competences in relation to the management of the Group, foundation of companies and investment:

- a) Decision on the acquisition or sales of a company or a business activity in cases where the volume of such transaction exceeds 100 million HUF and participation reaches the level of influence;
- b) Decision on the issues falling within the sphere of authority of the supreme body in respect of one-person businesses owned by the Company, and exercise of owner's rights;
- c) Exercise of member's rights as set forth in the Civil Code in the case of business associations under the controlling influence of the Company;
- d) Instruction to the boards of credit institutions, financial enterprises and subsidiary businesses in which the Company holds interest over fifty per cent in the interest of compliance with, and implementation of, joint supervisory provisions.

14.19.5 Rights in relation to the representation of the Company:

- a) Development of, and monitoring compliance with, guidelines regarding the disclosure of information to be published pursuant to the relevant statutory provisions;
- b) Exercise of employer's rights over the chief executives (chief executives: the Chief Executive Officer and the Deputy Chief Executive Officers);
- c) Appointment of the employees authorized to sign for the Company to be entered in the Register of Companies, and approval of the internal rules containing the rules of procedure relating to the transfer of the joint right to signature of two internal members of the Board of Directors.

14.19.6. Rights related to own operation:

- a) Making proposals, as required, for the appointment of members to the Board of Directors, and for the remuneration of the members of the Board of Directors;
- b) Election and removal of the Chairman of the Board of Directors;
- c) Approval and modification of the rules of procedure of the body;
- d) entitled to form standing or ad hoc committees with the participation of board members and/or persons outside the Board (employees, external experts, etc.), and to give the necessary authorisations to these bodies;
- e) The Board of Directors is entitled to use the services of external consultants or experts for the implementation of its activity
- f) Supervision of the execution of the resolutions passed by the Board of Directors.

14.19.7 Other competences:

- a) Decision in all matters delegated to the Board of Directors by the General Meeting;
- b) Decision in all matters delegated to the Board of Directors by legislation, or matters outside the exclusive competence of the General Meeting that are included by the Board within its own sphere of competence, or those that any member of the Board of Directors or the Supervisory Board wishes to discuss;
- c) Receipt of reports on current matters within its own competence.

14.20 **The employer's rights specified in Article 14.19.5 b) shall be exercised by the Board of Directors – through the Chairman of the Board of Directors. Employer's rights relating to other employees of the Company shall be exercised by the chief executive officer.**

14.21 **The Board of Directors is entitled, without an authorization of the General Meeting received in advance, to acquire own shares of the Company in a quantity stipulated in the statutory provisions, given that the acquisition is required in the interest of avoiding a serious damage directly threatening the Company. In such cases, the Board of Directors is obliged to disclose information at the next General Meeting on the reasons of acquiring the Company's own shares, on the number and total face value of the acquired shares, as well as on the proportion of these shares in terms of the Company's total registered capital and the amount paid for these shares.**

15. Supervisory Board

15.1 Natural persons may only be members of the Supervisory Board.

15.2 **The Supervisory Board consists of at least three and at most nine persons, the majority of whom, but in any case at least three members, must be independent persons as provided for by the Civil Code, and except for the persons representing the employees, shall not be employed by the Company. Supervisory Board members shall be elected by the General Meeting, for a maximum period of five years. The chairman shall convene the General Meeting if the number of members of the Supervisory Board falls below three.**

15.3 **All persons of full age may become members of the Supervisory Board whose capacity to act has not been limited in respect of actions required for the fulfilment of their duties. The persons subject to any grounds for exclusion in terms of the position of executive officers, as set forth in the Civil Code, may not be elected as members of the Supervisory Board nor the persons who**

qualify or whose relative as per Article 8:1(2) of the Civil Code qualifies as an executive officer of the Company according to the Civil Code.

15.4 **Members of the Supervisory Board shall participate in the work of the Supervisory Board personally. Members of the Supervisory Board shall be independent from the Board of Directors of the Company and may not be instructed in the course of their activities.**

15.5 The members of the Supervisory Board may be removed at any time and may be re-elected following the expiry of their mandate. The rules set out in Article 3:25 of the Civil Code on the termination of the mandate of executive officers shall apply to the termination of the Supervisory Board membership, with the provision that the letter of resignation of the Supervisory Board member shall be addressed to the Board of Directors of the Company.

15.6 **The Supervisory Board shall elect a chairman from its members.**

15.7 If a provision of the Statutes – approved with the consent of the works council – does not exclude it, one-third of the members of the Supervisory Board, i.e. the representatives of employees shall be designated by the Works Council, if the number of full-time employees of the Company is in excess of two hundred persons on an annual average.

Persons designated by the Works Council shall be elected by the General Meeting as members of the Supervisory Board at the first meeting following designation, unless a disqualifying reason defined by law exists towards the candidates.

15.8 The Supervisory Board shall hold a meeting when necessary, but at least every 3 months. The Chairperson of the Supervisory Board shall be entitled to convene the meeting of the Supervisory Board at any time. Any member of the Supervisory Board may request the chairman to convene the meeting of the Supervisory Board in writing, by indicating the reasons and goal thereof, and the chairman, within 10 (ten) days, shall take all measures which are necessary for the convocation of the Supervisory Board meeting to a date within 30 (thirty) days. If the chairman fails to convene the Supervisory Board meeting pursuant to the above, the member shall become entitled to do so. The convocation of the Supervisory Board may also be requested in writing by the chairman or two members of the Board of Directors.

15.9 **The meetings shall be convened by the chairman by a written invitation sent in an electronic message (e-mail) or in the form of a deed, at least 5 (five) business days before the date of the meeting. The Integration Organization and the Central Bank shall be notified of the meeting of the Supervisory Board by an invitation and the attached documents described herein, sent simultaneously with sending the invitation to the members, but at least 5 (five) business days prior to the meeting. The invitation shall contain the meeting's agenda; the proposals relating to each agenda item and all pertaining documents, if any, shall be attached to the invitation and shall be sent in an electronic or printed format to the Supervisory Board members as well as the Central Bank and the Integration Organization. A resolution on any matter not included in the agenda may only be adopted if all members or the representative of the Integration Organization is present at the meeting, or if the members not present in person at the meeting participate in the meeting by telephone or video conferencing (electronic communication device) if this is feasible, and unanimously consent to discuss the matter not included amongst the agenda items. The authorized representatives of the Central Bank and the Integration Organization shall be entitled to attend the Supervisory Board meetings with the right of consultation. The Supervisory Board may not adopt valid resolutions in case of breach of these obligations.**

15.10 **The Supervisory Board has a quorum if two-thirds of its members, but at least three members are in attendance. It shall adopt its resolutions by simple majority of votes. The Supervisory Board has no quorum if the Integration Organization and the Central Bank have not been invited to the Supervisory Board meeting at least 5 business days before the meeting by an invitation to which all materials, proposals relevant to the agenda items have been attached.**

- 15.11 The chairman of the Board of Directors, the Chief Executive Officer or the person appointed by him/her, the continuing auditor shall be entitled to attend the Supervisory Board meeting with a right of consultation; the continuing auditor must attend the Supervisory Board meeting if the Supervisory Board so requests. The Supervisory Board shall be obliged to put on the agenda all matters proposed to be discussed by the continuing auditor.
- 15.12 **Minutes shall be taken of the meetings of the Supervisory Board. The minutes shall contain:**
- **place and date of the meeting,**
 - **name of the members present,**
 - **the motions put forward,**
 - **decisions made, and any objections to such decisions.**
- Members of the Supervisory Board may request to enter their opinion word for word in the minutes.**
- The minutes shall be signed by the chairman of the meeting and two further members of the Supervisory Board present at the meeting. The minutes shall be sent to all members of the Supervisory Board within fifteen days following the meeting, irrespective of whether they attended the meeting or not.**
- 15.13 **Members of the Supervisory Board may participate in the meetings of the Supervisory Board by means of broadcast of electronic communications devices, the detailed rules of which shall be set out in the rules of procedure of the body.**
- 15.14 **The Supervisory Board may only adopt a valid resolution outside the meeting (in other words: without convening and holding a meeting, that is by telephone, facsimile, electronic messages or in any other similar way) if more than half of the members of the Supervisory Board put their votes in a private deed with full probative force and send it to the registered office of the Company within two business days after the notice about the adoption of resolutions outside the meeting and the related documents (hence, in particular: the motions and the voting sheets) are sent to the members of the Supervisory Board.**
- The provisions of Article 15.9 regulating the prior notice to be sent to the integration Organization and the Central Bank shall be applied, mutatis mutandis, in respect of resolutions adopted outside of a meeting, with the proviso that in case the Central Bank or the Integration Organization so requests, a proper meeting of the body shall be held. The Supervisory Board may not adopt valid resolutions in case of breach of these obligations.**
- 15.15 **The Supervisory Board shall establish its rules of procedure itself, subject to the rules stipulated in the Statutes, which shall be approved by the General Meeting.**
- 15.16 The Supervisory Board supervises the management of the Company. As part of this activity, it may request reports or information from the members of the Board of Directors or the employees of the Company, and may examine the documents and books of the Company or may commission experts to examine such documents. The Company provides access for the Supervisory Board to the information concerning the risks of the credit institution, the risk control function, and the opinions of third party experts. Any member of the Supervisory Board may motion to invite a report or ask for information orally at the meeting of the Supervisory Board or, outside the meeting, in a written request addressed to the Chairman of the Supervisory Board and the Chairman of the Board of Directors. The report or information requested shall be sent by the Chairman of the Supervisory Board within fifteen days from the meeting of the Supervisory Board, or from receipt of the written request. The Supervisory Board shall examine the report drawn up in accordance with the Accounting Act, the proposal on the use of after-tax profit, furthermore, any and all proposals relating to a matter falling within the competence of the General Meeting. The findings of this examination shall be presented by the chairman of the Supervisory Board.

Without being aware of the contents of the written report of the Supervisory Board, the General Meeting may not adopt a valid resolution on the report drawn up in accordance with the Accounting Act and the use of after-tax profits.

- 15.17 In addition to Article 15.16, the Supervisory Board shall be responsible, in particular, for
- (a) ensuring that the Company has a comprehensive control plan suitable for profitable operation;
 - (b) making a proposal for the Auditor as a company, or a human being; and his/her/its remuneration, on basis of the preliminary proposal of the management and the recommendation of the Audit Committee;
 - (c) **[deleted]**;
 - (d) monitoring the auditor's compliance with the prescribed professional requirements, conflict of interests and requirements on his/her/its independence, taking care of activities related to the cooperation with the auditor, monitoring other services provided by the auditor to the Company in addition to the audit of the financial statements according to the Hungarian Accounting Act, furthermore – if required – making proposals to the Board of Directors on taking certain actions;
 - (e) commenting the financial statements according to the Hungarian Accounting Act and monitoring its audit;
 - (f) inspecting the annual and interim financial reports of the Company (including consolidated reports);
 - (g) directing the internal audit organization, in framework of which;
 - 1. accepting the annual audit plan of the internal audit organization;
 - 2. discussing the reports prepared by the internal audit at least semi-annually, and controlling the execution of the actions required;
 - 3. if required, supporting the work of the internal audit with the help of an external expert;
 - 4. making a proposal on changing the headcount of the internal audit organization;
 - 5. Prior consent is required from the Supervisory Board for decisions made regarding the establishment and termination of the employment of manager and employees of the Internal Audit Organisation, and regarding the determination of their remuneration.**
 - (i) elaborating recommendations and proposals on the basis of the findings of the examinations conducted by the internal audit organization;
 - (j) **discussion of the report on responsible corporate governance**;
 - (k) monitoring the efficiency of the internal audit and the risk management system,
 - (l) helping the work of the Board of Directors in order to properly audit the financial reporting system, and
 - m) **acceptance and review of the remuneration policy.**
- 15.18 The prior consent of the Supervisory Board is required for making decisions in connection with the establishment and termination of employment of the heads and employees of the internal control organization, and for establishing their remuneration.
- 15.19 The chairman of the Supervisory Board shall send, within ten days following the meeting of the Board, the minutes, proposals and reports relating to an item on the agenda discussed by the Supervisory Board, the subject-matter of which is the gross violation of the internal rules of the Company, or a serious irregularity established in direction and management.
- 15.20 **The members of the Supervisory Board shall attend the General Meeting with the right of consultation.**
- 15.21 The Supervisory Board shall proceed as a body. Control may be divided among its members on a permanent basis. The division of control shall neither affect the responsibility of the members of the Supervisory Board, nor their right to extend control to another activity falling within the sphere of control of the Supervisory Board.
- 15.22 If, at the discretion of the Supervisory Board, the activities of the Supervisory Board violate legal rules, the Statutes or the resolutions of the General Meeting, or otherwise violate the interests of the Company or the shareholders, the Supervisory Board shall convene an extraordinary General Meeting and shall make

a proposal for the agenda thereof.

15.23 The Supervisory Board may make a proposal for convening the meeting of the Board of Directors and including the specific issues in the agenda.

16. Audit Committee

16.1. The Audit Committee consists of at least three and at most nine persons. The members of the Audit Committee shall be elected by the General Meeting for a period not more than five years from among the independent members of the Supervisory Board.

16.2. The Audit Committee supports the Supervisory Board in controlling the financial reporting system, selecting the auditor, and cooperating with the auditor. The competence of the Audit Committee shall include

- a) commenting the financial statements according to the Hungarian Accounting Act and monitoring its audit;
- b) producing a recommendation to the Supervisory Board regarding the appointment of the auditor;
- c) supporting the preparation of the agreement to be concluded with the auditor;
- d) monitoring the auditor's compliance with the prescribed professional and conflict of interests related requirements, taking care of activities related to the cooperation with the auditor, including especially the reviewing and monitoring of other services provided to the Company, and – if required – making proposals to the Supervisory Board on taking certain actions;
- e) evaluating the operation of the financial reporting system and monitoring the processes thereof, as well as making recommendations regarding the taking of necessary measures;
- f) monitoring the efficiency of the internal audit and the risk management systems of the Company; and
- g) supporting the work of the Supervisory Board in order to properly audit the financial reporting system.

16.3. The operation of the Audit Committee shall be regulated in detail by the rules of procedure of the Supervisory Board.

17. Permanent auditor

17.1 **A Continuing Auditor is working for the Company. The Continuing Auditor shall be elected by the General Meeting from the register of auditors published by the Central Bank, for the maximum period of five years, to ensure the lawful operation of the Company and to control the management. The period of the mandate of the Continuing Auditor may not be shorter than the period between his or her election by the General Meeting and the adoption of the subsequent report by the General Meeting.**

17.2 **The continuing auditor may only be engaged if he complies with the conditions set out in Subsections (1)-(2) and (4)-(5) of Article 260 of the Credit Institutions Act and Subsections (6)-(8) of Article 17/K of the Integration Act. The Company may not commission any employee of the Supervisory Authority or their close relative as per Article 8:1 (1) of the Civil Code to become the continuing auditor.**

In addition to the requirements set out in Article 260 of the Credit Institutions Act, it shall be a requisite for the private person continuing auditor of the Company that

- a) they may only carry out auditor activities at maximum five cooperative credit institutions at the same time,**
- b) their incomes (revenues) from a single cooperative credit institution may not exceed thirty percent of their annual incomes (revenues),**
- c) the income (revenue) of the auditor from cooperative credit institutions, investment firms, investment fund managers, exchanges or clearing houses controlled by the same group or**

holding, or from an investment fund managed by an investment fund manager controlled by the same group or holding cannot exceed 60 % of his annual income (revenue).

- 17.3 The mandate agreement shall be concluded with the continuing auditor, with the conditions and remuneration established by the General Meeting, by the Board of Directors within ninety days as of the appointment or election. The mandate agreement entered into with the continuing auditor shall reflect the obligations of the continuing auditor originating from the Integration Act as well as from these Statutes. In case the agreement is not entered into within this deadline, the General Meeting shall elect a new continuing auditor.
- 17.4 A new mandate agreement can be concluded with the same auditor after lapse of four years following the termination of the mandate. The auditor (employee, executive officer, member subject to the obligation of performing work) employed by an auditing company, who has personal responsibility for the auditing work, may perform auditing tasks for the same credit institution no longer than for a period of five years, and such auditor can perform auditing tasks at the same credit institution again, only after the lapse of four years following the termination of his/her mandate.
- 17.5 The continuing auditor may not render services to the Company and may not establish such a cooperation with the management that jeopardizes the independent and objective provision of his auditing duties.
- 17.6 It is the duty of the continuing auditor to carry out the permanent audit orderly, and based on this to make a statement in an independent auditor report on whether the report of the Company drawn up in accordance with the Accounting Act complies with the relevant legislation, and presents a true and fair view of the financial and earnings position of the Company and its results of operation. Within the framework thereof, he/she shall, in particular:
- a) may inspect the books of the Company, may request information from officers, members of the Supervisory Board and employees of the Company, may inspect the cash desk, as well as the portfolio of securities and goods, the contracts and bank accounts of the Company;
 - b) inspect the trueness and compliance with legislation of the report of the Company drawn up in accordance with the Accounting Act and submit a report thereon to the General Meeting;
 - c) shall examine all essential business reports submitted to the General Meeting, in particular the report drawn up in accordance with the Accounting Act and the statement of assets from the respect whether they contain true data or are in compliance with statutory provisions;
 - d) may inspect the Company's files and accounting records, may request information from the executive officers as per Article 3:21 (1) of the Civil Code, the members of the Supervisory Board and the employees of the Company, and inspect the Company's payment account, petty cash and securities and goods stock and contracts;
 - e) may participate in the meetings of the Supervisory Board with rights of consultation, and if so requested under the notice of the Supervisory Board he is obliged to participate in the meeting of the Supervisory Board, and may request the Supervisory Board to put on the agenda the matter recommended by him, which shall be put on the agenda by the Supervisory Board;
 - f) may submit reports to the Supervisory Authority in cases defined by the Credit Institutions Act, particularly in cases defined by Article 142 of the Credit Institutions Act;
 - g) if he detects a deterioration in the Company's assets that jeopardizes the satisfaction of the claims against the Company, or detects any circumstance that entails the responsibility of the executive officers as per Article 3:21 (1) of the Civil Code or the members of the Supervisory Board for activities carried out in their capacity as such, he shall without delay initiate at the management any measures that are required for the members to make a decision. If the initiative does not yield results, he shall notify the court of registration carrying out judicial oversight in respect of the legal person of the discovered circumstances.

- 17.7 The continuing auditor shall be invited to the session of the General Meeting discussing the report of the Company drawn up in accordance with the Accounting Act. The continuing auditor shall participate in the session, but his absence shall not impede the holding of the session.
- 17.8 **In case the continuing auditor discovers that the report drawn up in accordance with the Accounting Act of the Company does not comply with the laws or does not present a true and fair view of the assets, financial and earnings position of the Company and its results of operation, then he shall, further to the legal consequences laid down in other legislation, notify within 3 business days as of discovery the Audit Committee, the Supervisory Authority, the Integration Organization and the Central Bank about these findings.**
- 17.9 The Auditor shall report to the Audit Committee any and all key issues that arise in the course of the audit, including especially any and all major shortfalls of internal control relating to the financial reporting process.
- 17.10. **The continuing auditor shall record his findings regarding those in Article 263 (1) of the Credit Institutions Act in a separate supplementary report, and shall send this report until 31 May of the year following the relevant year at the latest to the Board of Directors of the Company, the managing director, the chairman of the Supervisory Board, the Supervisory Authority, as well as to the Central Bank and the Integration Organization.**
- 18. Property Inspector**
- 18.1 In the interest of providing for the lawful operation of the Company, as well as for controlling and verifying the cover records of mortgage bonds issued by the Company, on a continuous basis and within the sphere defined by law, the Board of Directors of the Company shall appoint a Property Inspector. The license of the Supervision is required for the validity of the appointment of the Property Inspector.
- 18.2 The Property Inspector may be appointed for a definite period of time not exceeding five years, but may be appointed again following expiry of the period of appointment. Without the licence of the Supervision, the contract of agency concluded by the Company and the property inspector may not be validly terminated.
- 18.3 The Company may not instruct the Property Inspector within the sphere of his activities as Property Inspector.
- 18.4 The Property Inspector may have access to the books and other documents of the Company containing data necessary for the fulfilment of his/her duties, and may request information in connection with the fulfilment of his/her duties, at any time. The Company shall provide continuous information to the Property Inspector about the principal and interest repayment of mortgage loans entered in the cover register and any changes affecting the pledged property and the additional cover even without that.
- 18.5 The Property Inspector shall be invited to the General Meeting of the Company, and he/she may participate therein with the right of consultation.
- 19. Chief Executive Officer**
- 19.1 **The Chief Executive Officer is the Company's employee, the senior employee, in connection with whom the employer's rights – with the exception of those falling into the exclusive competence of the General Meeting – are exercised by the Board of Directors, through the Chairman of the Board of Directors.**
- 19.2 The Chief Executive Officer qualifies as a senior executive under Paragraph 122 b) of Subsection 1 of Article 6 of the Credit Institutions Act, therefore only such persons may be elected as Chief Executive Officer in respect of whom no grounds for exclusion or conflict of interest circumstances set out in Subsections (4)-(6) of Article 137 of the Credit Institutions Act exist, and who comply with the conditions

set out in the regulation defined in Paragraph c) of Subsection 1 of Article 11 of the Integration Act.

- 19.3 Rights with respect to the Chief Executive Officer's membership of the Board of Directors shall be the exclusive competence of the General Meeting.
- 19.4 The Chief Executive Officer undertakes management and control of daily operation in the context of his employment, and performs his duties as member of the Board of Directors under company law. Accordingly, his employment is governed by the Labour Code, and his election on, and membership of, the Board of Directors is governed by the provisions of the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Act on Credit Institutions) and of the Civil Code .
- 19.5. The duties between the Board of Directors and the Chief Executive Officer are divided in such a way that the daily work of the Company shall be directed and controlled by the Chief Executive Officer within the framework of legal rules and the Statutes of the Company, and according to the decisions of the General Meeting and the Board of Directors. The decision-making on all matters which are not referred to the exclusive competence of the General Meeting and the Board of Directors shall fall within the competence of the Chief Executive Officer. The above division of duties shall not affect the responsibility of the Board of Directors and the members of the Board of Directors defined by legal rules.
- 19.6. The Chief Executive Officer shall exercise the employer's rights related to the employees of the Company in accordance with the provisions set forth in Article 14.19.5.b.

20. Authorized signature

- 20.1 Two persons shall jointly sign for the Company in matters assuming commitments on behalf of the Company in connection with financial service activities, including disposal over the Company's bank accounts, as follows:
- one external and one internal member of the Board of Directors jointly;
 - two internal members of the Board of Directors jointly,
 - two managing directors (persons satisfying the conditions set forth in Article 6(1), point 115 of the Act on Credit Institutions) jointly,
 - the joint right to sign of two internal members of the Board of Directors and two managing directors may be transferred as joint right to sign in accordance with the relevant provisions of legal rules and the Rules of Procedure laid down in the Internal Rules approved by the Board of Directors of the Company.
- 20.2 The signature for the Company shall be effected in such a way that the persons entitled to represent the Company shall sign their names under the pre-typed, pre-printed or printed corporate text of the Company in accordance with their authentic specimen signature.

Miscellaneous provisions

21. [Deleted provision]

22. [Deleted provision]

23. [Deleted provision]

24. Withdrawal of shares from the stock exchange

The General Meeting may only make a decision resulting in the withdrawal of the shares of the Company from the stock exchange, including the decision leading to the cancellation of the securities series as a sanction, in the events specified under the currently effective capital markets and stock exchange rules.

25. Legal disputes

- 25.1 The Arbitration Court attached to the Hungarian Chamber of Commerce and Industry shall decide any legal dispute arising from the present Statutes among shareholders.
- 25.2 **The Company shall be entitled to apply to the courts against the decisions or instructions of the Board of Directors of the Central Bank as per the Integration Act, also under the rules of judicial review of corporate resolutions. Applying to the court shall have no suspensive effect, and the decision or instruction shall be implemented within the deadline designated therein, regardless of the procedure.**
- 25.3 **The Company shall be entitled to apply to the courts against the decision of the Integration Organization addressed to it, to establish whether the instruction is in line with the law, other legislation, and the regulations and directives issued by the Integration Organization and the other regulations of the integration. Applying to the court shall have no suspensive effect, and the decision shall be implemented within the deadline designated therein, regardless of the procedure.**
- 25.4 The Company, the Savings Bank and the Integration Organization may agree on dispute resolution by means of arbitration instead of ordinary courts with regards to certain disputes defined in Articles 25.2 and 25.3.

26. Announcements

The Company shall publish its announcements on its own website (www.fhb.hu), on the website operated by the Central Bank of Hungary (www.kozzetetelek.hu), and the website of the Budapest Stock Exchange. An announcement shall also be published in the Companies Gazette if required by law or these Statutes. Publication of an announcement on the website of the Company shall replace any and all other publication related obligations where such replacement is allowed by law and other applicable regulations.

27. Closing provisions

- 27.1 In matters not regulated by this Statutes the relevant provisions of the Civil Code, the Credit Institutions Act and the Capital Market Act, furthermore the Mortgage Act shall apply.
- 27.2 By virtue of Resolution No. 7/2017 (26.04) of the General Meeting of FHB Mortgage Bank Plc. approved the above amendments to the Statutes of the Company.

**ANNEX 1
AUTHORIZATION OF NOMINEE**

The undersigned _____, duly authorized representative(s) of

(Name/corporate name of shareholder)

(registered seat: _____; registration number: _____; hereinafter: the "**Shareholder**") entered in the Register of shareholders of **FHB Mortgage Bank Private Limited Company** (1082 Budapest, Üllői út 48., Register of Companies number: 01-10-043638) (hereinafter: the "**Company**") hereby appoint and authorize _____ (name of nominee) (Mother's maiden name: _____; Address: _____; ID card number _____), to act on my behalf and represent me as my nominee and exercise my rights as a shareholder with full power of attorney at the annual regular/extraordinary General Meeting of FHB Mortgage Bank to be held on _____ 201... or, in the event of an absence of a quorum, at the repeated General Meeting reconvened at the date and venue stipulated in the announcement.

_____, _____ 201...

on behalf of the Shareholder

on behalf of the Shareholder

Witnesses:

Name: _____

Name: _____

Address: _____

Address: _____

ID number: _____

ID number: _____

ANNEX 2
AUTHORIZATION OF NOMINEE

The undersigned _____, a shareholder (hereinafter: the “**Shareholder**”) duly entered in the Register of shareholders of **FHB Mortgage Bank Private Limited Company** (1082 Budapest, Üllői út 48., Register of Companies number: 01-10-043638) (hereinafter: the “**Company**”) by virtue of this Deed of Authorization of Nominee hereby appoint and authorize

(name of nominee)

Mother's maiden name: _____; Address: _____; ID card number _____), to act on my behalf and represent me as my nominee and exercise my rights as a shareholder with full power of attorney at the annual regular/extraordinary General Meeting of FHB Mortgage Bank to be held on __ _____ 201... , or, in the event of an absence of a quorum, at the repeated General Meeting reconvened at the date and venue stipulated in the announcement.

_____, __ _____ 201...

on behalf of the Shareholder

Witnesses:

Name: _____

Name: _____

Address: _____

Address: _____

ID number: _____

ID number: _____