

Non-official translation

**STATUTES
OF
THE MAGYAR NEMZETI BANK
CONSOLIDATED WITH CHANGES**

Chapter 1 COMPANY DATA

1.1 Name of the company:

Magyar Nemzeti Bank

(hereinafter referred to as 'MNB')

In accordance with Article 5(2) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank (hereinafter referred to as 'MNB Act') the company name of the MNB need not be entered in the Register of Companies.

1.2 Registered office

The registered office of the MNB is located at 8–9 Szabadság tér, Budapest 1054, Hungary.

1.3 Legal status

The MNB is a legal person functioning in a form of a company limited by shares. Based on the MNB Act, the designation 'company limited by shares' – and in view of this the indication of the corporate form (private company limited by shares) and its abbreviation – need not be included in the company name of the MNB.

Chapter 2 THE SCOPE OF ACTIVITIES OF THE MNB

2.1 The basic tasks of the MNB shall be:

- a) defining and implementing the monetary policy,
- b) issuing banknotes and coins, including commemorative banknotes and coins,
- c) holding and managing official foreign exchange and gold reserves in order to preserve the external stability of the Hungarian economy,
- d) conducting foreign exchange operations in relation to the management of the foreign exchange reserves and the implementation of exchange rate policy,
- e) overseeing the payment and securities settlement systems,
- f) collecting and publishing statistical information, and operating a central bank information system,
- g) establishing the macro-prudential policy for the stability of the entire system of financial intermediation, for the purpose of which and within the limits specified in the MNB Act the MNB shall explore the business and economic risks threatening the system of financial intermediation as a whole, promote the prevention of the development of systemic risks and the reduction or elimination of the evolved systemic risks, furthermore, in the event of disturbances to the credit market it shall contribute to the balanced implementation of the function of the financial intermediary system in financing the economy through stimulating lending and by restraining lending in the event of excessive credit outflow.

2.2 Without jeopardising the fulfilment of its primary objective and basic tasks, as other tasks, the MNB shall:

- a) act as resolution authority,
- b) supervise the system of financial intermediation,
- c) settle disputes out of court – via the Financial Arbitration Board – between the consumer and the entities or persons covered by the acts defined in Article 39 of the MNB Act relating to the establishment and performance of legal relationships for the use of services.

2.3 The MNB shall participate in supporting the preparation and publication of studies related to the provision of information to customers of the persons and entities covered by the acts referred to in Article 39 of the MNB Act, to the reinforcement and promotion of financial literacy and to supervisory and supervised activities, as well as the activities of the non-governmental consumer protection organisations.

- 2.4 In respect of amounts payable periodically to the International Monetary Fund the MNB shall perform the tasks of the agency making payments on behalf of Hungary in respect of the amounts payable to the International Monetary Fund from time to time, including the payments in connection with the participation in the Special Drawing Rights Department of the International Monetary Fund. It may issue non-transferable, non-interest bearing notes to the benefit of the International Monetary Fund. The MNB shall be the fiscal agency on behalf of Hungary as required by the Articles of Agreement of the International Monetary Fund, thus it shall be entitled to establish and implement all operations and transactions and to act as beneficiary in its capacity as the fiscal agency in respect of any amount transferred or paid to Hungary. The MNB as the designated depository shall attend to the safeguarding of the currency reserves of the International Monetary Fund held in Hungary.
- 2.5 In the course of its account management activity the MNB shall manage the single bank account of the treasury account and the bank account of the Államadósság Kezelő Központ Zártkörűen Működő Részvénytársaság (Government Debt Management Agency Private Company Limited by Shares).
- 2.6 The MNB shall be entitled to:
- a) based on Article 148 of the MNB Act act as an agent of the state on the securities market , proceed in the state's foreign currency borrowing operations, issuance of securities abroad and the performance of tasks in connection with the management of the state's foreign receivables;
 - b) in order to maintain the stability of the system of financial intermediation, submit a proposal to adopt legal regulations or to make legislative proposals, including in a public announcement;
 - c) manage forint and foreign currency accounts for the organisations specified in Article 159 of the MNB Act, and in this context to conduct financial, ancillary financial and investment services;
 - d) acquire and keep shares in organisations established in relation to its activity or those performing activities for the operation of a payment system, as well as performing stock exchange, clearing house, central securities depository and central counterparty activities.
- 2.7 The MNB shall perform the tasks defined, in addition to the MNB Act, by acts or by legal regulations adopted pursuant to the authorisation of an act.

Chapter 3 THE SUBSCRIBED CAPITAL AND SHARES OF THE MNB

3.1 The subscribed capital of the MNB

The MNB Act establishes the subscribed capital of the MNB.

The subscribed capital shall consist of 1, that is, one registered share, with a nominal value of HUF 10,000,000,000, that is, ten billion Hungarian forints.

3.2 Production of the MNB's share

3.2.1 The MNB's share is a printed share. The share shall indicate:

- a) the MNB's company name and registered office;
- b) the shareholder's name;
- c) the date of issue, the amount of subscribed capital at issue and the number of the share issued;
- d) the signature of the Governor of the MNB as stipulated by the regulations on corporate signature.

3.2.2 The legal provisions on the destruction of securities shall be applied in the event of the loss of or destruction to the share. In the event of the share being damaged, the MNB shall issue a new share, corresponding to the damaged share, upon the request and at the cost of the shareholder.

Chapter 4 THE SHAREHOLDER OF THE MNB

4.1 The Shareholder of the MNB

The share of the MNB is owned by the Hungarian State. The Hungarian State as shareholder (hereinafter referred to as 'Shareholder') is represented by the minister in charge of public finances (hereinafter referred to as 'Minister', registered office: József Nádor tér 2-4, Budapest, 1051, Hungary).

4.2 The Shareholder Resolution

4.2.1 Pursuant to the MNB Act, the MNB shall operate without a general meeting. In issues falling under the exclusive competence of the Shareholder, the Shareholder shall decide in writing (hereinafter referred to as 'Shareholder Resolution').

4.2.2 Issues falling under the exclusive competence of the Shareholder:

- a) establishing and amending the Statutes;
- b) electing and dismissing the auditor;
- c) establishing the remuneration of the auditor.

4.2.3 The executive board shall notify the Shareholder of the accounting report drawn up by itself including the audit opinion by sending the report to the Shareholder.

Chapter 5 THE BODIES OF THE MNB

- a) the Monetary Council,
- b) the Financial Stability Council,
- c) the executive board and
- d) the supervisory board.

Chapter 6 THE MONETARY COUNCIL

6.1 Legal status of the Monetary Council

The Monetary Council is the supreme decision-making body of the MNB in respect of the tasks specified in Article 9(1) of the MNB Act.

6.2 Composition of the Monetary Council

6.2.1 The Monetary Council shall consist of at least 5 (five) and at most 9 (nine) members.

6.2.2 Members of the Monetary Council are:

- a) the Governor of the MNB as chairman of the Monetary Council,
- b) the Deputy Governors of the MNB,
- c) other members, elected by the Parliament for 6 (six) years.

6.2.3 Each year the Monetary Council shall elect, by a simple majority of the votes of those present a deputy chairman of the Monetary Council at its first meeting from amongst the Deputy Governors of the MNB. In the event that the mandate of the deputy chairman is terminated, the Monetary Council shall elect a new deputy chairman at its next meeting.

6.3 The scope of competence of the Monetary Council

The scope of competence of the Monetary Council shall be governed by the MNB Act and the internal rules of procedure of the Monetary Council (hereinafter referred to as 'Rules of Procedure').

6.4 Rules of Procedure of the Monetary Council

The Monetary Council shall establish its own Rules of Procedure within the framework specified by the regulations of the MNB Act and other acts.

6.5 Meetings of the Monetary Council

The Monetary Council shall meet as frequently as required, but at least once a month. These ordinary meetings and any extraordinary meetings convened at different dates shall be convened and chaired by the chairman. Any member of the Monetary Council may request the chairman to convene a meeting.

Chapter 7 THE GOVERNOR

- 7.1 The head of the MNB shall be the Governor. The Governor of the MNB shall carry out duties defined by law, the Statutes and the resolutions of the Monetary Council, the Financial Stability Council and the executive board. The Governor of the MNB shall decide on issues not falling into the scope of competence of the bodies of the MNB.
- 7.2 With the exception of the issuance of decrees, the deputy chairman of the Monetary Council shall substitute for the Governor of the MNB in the event of his absence. In issuing decrees, the Governor of the MNB may be substituted for by the Deputy Governor he designated in a decree.

Chapter 8 THE EXECUTIVE BOARD

8.1 Legal status of the executive board

The executive board shall be responsible for implementing the decisions of the Monetary Council and the Financial Stability Council in respect of certain functions specified by the MNB Act as well as for managing the operations of the MNB.

8.2 Members of the executive board

8.2.1 The members of the executive board are:

- a) the Governor of the MNB as chairman of the executive board and
- b) the Deputy Governors of the MNB.

8.2.2 The chairman shall act on behalf of the executive board. Pursuant to Act V of 2013 on the Civil Code (hereinafter referred to as 'Civil Code') the management of the MNB shall be performed by the executive board.

8.3 The scope of competence of the executive board

8.3.1 The scope of competence of the executive board shall be governed by the MNB Act and the rules of procedure of the executive board.

8.3.2 The rules of procedure approved by the executive board shall set out the allocation of tasks and scope of competences between the members of the executive board.

8.4 Rules of procedure

The executive board defines its own rules of procedure in accordance with the MNB Act, other legislation and the Statutes hereunder.

8.5 Meetings of the executive board

The executive board shall hold its meetings as needed. It shall hold its ordinary meetings in accordance with meeting times specified in advance in its work schedule. The chairman shall convene and chair the above ordinary meetings and any extraordinary meetings convened at times other than specified in the work schedule of the executive board.

Chapter 9 THE FINANCIAL STABILITY COUNCIL

9.1 Legal status of the Financial Stability Council

Among the cases within the MNB's competence, within the strategic framework defined by the Monetary Council, the Financial Stability Council – as the MNB's body, acting on behalf of the MNB – shall have the right to act in procedures concerning the tasks specified in Article 4(5) and (7) to (9) of the MNB Act.

9.2 Composition of the Financial Stability Council

9.2.1 The Financial Stability Council shall consist of at least 3 (three) and at most 10 (ten) members.

9.2.2 The members of the Financial Stability Council are:

- a) the Governor of the MNB as its chairman,
- b) the Deputy Governors supervising certain specific tasks, as specified by the MNB Act,
- c) managers designated by the Governor of the MNB.

9.3 The scope of competence of the Financial Stability Council

The powers of the Financial Stability Council are governed by the MNB Act and the rules of procedure of the Financial Stability Council.

9.4 Rules of procedure

The Financial Stability Council shall define its own rules of procedures.

9.5 Meetings of the Financial Stability Council

The Financial Stability Council shall hold its meetings as needed, but at least every two months. The meetings of the Financial Stability Council shall be convened and chaired and its agenda shall be proposed by the chairman. The representative of the Minister responsible for the regulation of the money, capital and insurance market and external attendees invited by the Governor of the MNB shall participate in the meetings of the Financial Stability Council with the right of discussion. The Board shall have a quorum if the majority of its members are present. The Financial Stability Council shall make its decisions by a simple majority of the votes of the members present; in the event of a tied vote the chairman shall have the casting vote.

Chapter 10 SUPERVISION OF THE MNB

10.1 State Audit Office (hereinafter referred to as 'ÁSZ')

The rights of control of the ÁSZ over the MNB shall be governed by the Act on the State Audit Office.

10.2 Auditor

10.2.1 The auditor of the MNB may be appointed for a maximum term of 5 (five) years. The auditor may not be reappointed as auditor within 5 (five) years of the expiry of the mandate.

10.2.2 The Governor of the MNB shall consult with the president of the ÁSZ before the election and the dismissal of the MNB's auditor is proposed. The Governor of the MNB, acting on behalf of the executive board, shall make a proposal to the Shareholder for the auditor with the consent of the supervisory board.

10.2.3 The auditor shall verify the fairness and legal compliance of the accounting report prepared in accordance with the Act on Accounting, and check the consistency of data contained in the business report and annual report. The auditor shall issue an opinion on planned and actual operating and investment expenses in relation to the comparative analysis prepared by the MNB in accordance with Article 131(5) of the MNB Act. The auditor shall submit to the executive board a written report containing his findings and opinion concerning these issues.

The auditor may:

- a) view the MNB's books;
- b) request information from the executive officers and employees of the MNB;
- c) examine the cash, securities portfolio, the contracts and the bank account of the MNB.

10.2.4 The auditor shall not disclose any state secrets, bank secrets, securities or business secrets that come to his knowledge in relation with his duties. This confidentiality obligation shall remain in force following the termination of his mandate.

10.3 The supervisory board

10.3.1 The legal status of the supervisory board

10.3.1.1 The supervisory board is the body responsible for the continuous supervision of the MNB on behalf of the owner based on Article 14(1) of the MNB Act.

10.3.1.2 The scope of competence of the supervisory board shall not include the tasks defined in Article 4(1) to (9) of the MNB Act or their impact on the MNB's profit and loss. The supervisory board shall compile the report required by the Civil Code on the annual accounts as specified in the Act on accounting within the above limitations.

10.3.1.3 The supervisory board may request information in issues pertaining to its scope of competence from the executive officers and the Executive Director(s) either orally or in writing. Such requests shall be answered by the person so requested or the person appointed by him/her, in writing in 5 working days, and possibly also orally at the subsequent meeting of the supervisory board.

10.3.2 Composition of the supervisory board

The members of the supervisory board are:

- a) the chairman elected by the Parliament,
- b) three additional members elected by the Parliament,
- c) the representative of the Minister,
- d) an expert appointed by the Minister.

10.3.3 Rules of procedure of the supervisory board

In the framework of the provisions of the MNB Act and other legislation and these Statutes, the supervisory board shall establish its own rules of procedure, which shall be approved by the Shareholder in a Shareholder Resolution.

Chapter 11 CORPORATE SIGNATURE, REPRESENTATION AND THE EMPLOYER'S POWERS

11.1 Signatories and corporate signature

No signature on behalf of the MNB shall be valid or binding unless made as follows: the Governor of the MNB shall sign his name under the typed, hand-written, stencilled or printed name of the company or alternatively, any two employees authorised to sign on behalf of the MNB shall jointly sign their names as above.

11.2 Corporate signature on securities

As far as the issuance of securities is concerned, the above provision shall be amended to the extent that, subject to the legal provisions on the printing of securities, the company name of the MNB and the signature of the Governor of the MNB made in accordance with the rules on corporate signature may also be reproduced by a typographic process.

11.3 Corporate signature on banknotes

Banknotes shall be signed jointly by the Governor of the MNB and the Deputy Governor designated by the Governor; their signatures made in accordance with the rules on corporate signature shall be reproduced on the banknotes by a typographic process.

11.4 Representation

The MNB may be represented in front of third parties by the Governor, the Deputy Governor, the Director General and the person vested with representation rights by the Governor. A Deputy Governor may only exercise his representation rights jointly with the Director General.

11.5 Employer's rights

11.5.1 With the exception of the powers concerning the appointment and dismissal of the Deputy Governors and the establishment of their remuneration, the Governor shall exercise the employer's rights over the Deputy Governors, the Director General and the Executive Directors, the employees under his direct supervision as well as the heads of organisational units under his competence.

11.5.2 The Governor shall exercise the rights to establish the employment relationship, terminate the employment relationship as well as to establish the remuneration of employees not falling within Paragraph 11.5.1, the exercise of which he may delegate to the Director General.

11.5.3 With the exception of the powers specified in Paragraph 11.5.2, the Deputy Governors, the Director General and the Executive Directors shall exercise the employer's rights over the employees of the organisational units under their competence.

Chapter 12 MISCELLANEOUS

12.1 Financial year

The financial year of the MNB shall correspond to the calendar year.

12.2 Rules on conflict of interest

The rules on the conflict of interest relating to the employees of the MNB shall be governed by the provisions of Articles 152 to 156 of the MNB Act.

12.3 Information service

For the purpose of providing its customers with information, the MNB is entitled to issue

- a) announcements,
- b) statements,
- c) information notices.

Chapter 13 ENTRY INTO FORCE

These Statutes shall enter into force on 30 October 2015.

Budapest, 28 October 2015¹

Mihály Varga
Minister
for the Shareholder

¹ The day these Statutes were drawn up and executed.