

**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 the MNB)

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

1.2 Registered office

The registered office of the MNB is at 55 Krisztina körút, Budapest 1013.

1.3 Legal status

The MNB is a legal entity operating as a company limited by shares. Based on the MNB Act, the form of the company (closed company limited by shares) and/or its abbreviation need not be indicated in the company name of the MNB.

Chapter 2 SCOPE OF ACTIVITY OF THE MNB

2.1 Fundamental duties:

- a) defining and implementing the monetary policy,
- b) issuing banknotes and coins, including commemorative banknotes and coins,
- c) accumulating and managing official foreign exchange and gold reserves in order to preserve the external stability of the Hungarian economy,
- d) performing foreign exchange operations in connection with the management of the foreign reserves and the implementation of the exchange rate policy,
- e) overseeing the payment and clearing, as well as the securities settlement systems,
- f) collecting and publishing statistical information, and operating a central bank information system,
- g) developing the macroprudential policy regarding the stability of the whole financial intermediary system, for the purpose of which the MNB shall identify – within the framework stipulated in the MNB Act – the business and economic risks jeopardising the entirety of the financial intermediary system, foster the prevention of the development of systemic risks, as well as the mitigation or elimination of the already existing systemic risks, and further – in the case of credit market disturbances – contribute to the balanced realisation of the intermediary system's economy-financing function by lending incentives, or – in the case of excessive outflow of credits – by the curbing thereof.

2.2 Without jeopardising the fulfilment of the MNB's primary objective and fundamental duties, as additional tasks the MNB shall:

- a) act as resolution authority,
- b) perform the oversight of the financial intermediary system,
- c) perform – through the Hungarian Financial Arbitration Board – the out-of-court settlement of the disputes with regard to the establishment and fulfilment of legal relations entered into between the consumer and the organisations or persons falling within the scope of the laws specified in Article 39 of the MNB Act, for the use of service.

2.3 The MNB shall participate in the preparation and publication of studies related to the information of the customers of the persons and organisations falling within the scope of the laws specified in Article 30 of the MNB Act, the strengthening and spreading of financial literacy, as well as to the supervisory and supervised activities, and also in the support of the activity of the civil consumer protection organisations.

- 2.4 The MNB shall perform the duties of the organisation performing payments on behalf of Hungary in respect of the amounts payable to the International Monetary Fund from time to time, including also the fulfilment of the payments related to the participation in the Special Drawing Rights Department of the International Monetary Fund. It may issue non-transferable bills without interest payment obligation in favour of the International Monetary Fund. The duties of the financial body prescribed by the Statute of the International Monetary Fund shall be performed by the MNB on behalf of Hungary; thus it is entitled to conclude and manage operations and transactions, and act as beneficiary in its capacity as financial body in respect of any amount transferred or paid to Hungary. The currency reserves of the International Monetary Fund held in Hungary shall be kept the MNB as designated depository.
- 2.5 In the course of its account management activity the MNB shall keep the uniform treasury account and the settlement account of the Government Debt Management Agency.
- 2.6 The MNB is entitled to:
- a) act in the securities market as the agent of the government based on Article 148 of the MNB Act, proceed in the fulfilment of duties related to foreign currency borrowing, issuance of foreign securities and the management of the government's foreign receivables;
 - b) for the purpose of ensuring the stability of the financial intermediary system, make proposals to the Government for the codification of law or to initiate legislations, in public as well;
 - c) keep bank accounts, in forint and foreign currency, for the organisations stipulated in Article 159 of the MNB Act, and in connection with those accounts to render financial, supplementary financial and investment services;
 - d) acquire and maintain equity stake in the organisations established in connection with its activity or those operating the payment system, as well as in organisations performing stock exchange, clearing house, central securities depository and central counterparty activities.
- 2.7 The MNB performs the duties specified, in addition to the MNB Act, in the law or the legal provision issued based on statutory authorisation.

Chapter 3 REGISTERED CAPITAL AND SHARES OF THE MNB

3.1 Registered capital of the MNB

The MNB Act establishes the registered capital of the MNB.

The registered 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 produced by printing. 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 registered capital at the time of issue and the number of the share issued; and;
 - 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 damage 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 SHAREHOLDER OF THE MNB

4.1 Shareholder of the MNB

The share of the MNB is owned by the Hungarian State. The Hungarian State as a shareholder (hereinafter referred to as the Shareholder) is represented by the Minister responsible for the Budget (hereinafter referred to as the Minister) (registered office: H-1051 Budapest, József Nádor tér 2-4.).

4.2 Shareholder resolution

4.2.1 Pursuant to the MNB Act, the MNB shall operate without a General Meeting. In issues falling under its exclusive competence, the Shareholder shall take its decisions in writing (hereinafter referred to as the Shareholder Resolution).

4.2.2 The Shareholder shall, under its exclusive competence:

- a) establish and amend the Statutes;
- b) elect and dismiss the Auditor;
- c) establish the Auditor's fee.

4.2.3 The Executive Board informs the Shareholder by submitting the financial statements drawn up by itself, with an auditor's opinion attached.

Chapter 5 Organs of the MNB

- a) the Monetary Council,
- b) the Financial Stability Board,
- c) the Executive Board, and
- d) the Supervisory Board.

Chapter 6 MONETARY COUNCIL

6.1 Legal status of the Monetary Council

The Monetary Council (hereinafter referred to as the 'Council') is the main decision making body of the MNB in respect of the duties specified in Article 9 (1) of the MNB Act.

6.2 Composition of the Council

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

6.2.2 Members of the Council comprise:

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

6.2.3 Every year, at its first meeting, the Council elects, by simple majority of votes of the members present, the Deputy Chairman of the Council from among the Deputy Governors of the MNB. In the event the appointment of the Deputy Chairman expires, the Monetary Council shall, at its subsequent meeting, elect a new Deputy Chairman.

6.3 Powers of the Council

The powers of the Council are governed by the MNB Act and the Internal Rules of Procedure of the Council (hereinafter 'Rules of Procedure').

6.4 Rules of Procedure of the Council

The Council shall define its own Rules of Procedure within the limits determined by the MNB Act and other laws.

6.5 Meetings of the Council

The 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 Council may request the Chairman to convene a meeting.

Chapter 7 THE GOVERNOR

- 7.1 The MNB is headed by the Governor. The Governor of the MNB carries out duties defined by law, in the Statutes and the resolutions of the Monetary Council, the Financial Stability Board and the Executive Board. The Governor of the MNB decides on issues not referred to the authority of the above bodies of the MNB.
- 7.2 If the Governor of the MNB is prevented from carrying out his duties, he shall be substituted by the Deputy Chairman of the Council, except when issuing a decree. The Deputy Governor designated by decree shall substitute the Governor of the MNB for the issue of a decree.

Chapter 8 EXECUTIVE BOARD

8.1 Legal status of the Executive Board

In respect of certain functional responsibilities stipulated in the MNB Act, the Executive Board is responsible for implementing the decisions of the Council and the Financial Stability Board, and for managing the operation of the MNB.

8.2 Members of the Executive Board

8.2.1 Members of the Executive Board:

- a) Governor of the MNB, as chairman of the Executive Board, and
- b) Deputy Governors of the MNB.

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

8.3 Powers of the Executive Board

8.3.1 The powers of the Executive Board are 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 set out the division of duties and authority between members of the Executive Board.

8.4 Rules of Procedure

The Executive Board independently defines its Rules of Procedure in accordance with the MNB Act, other legislation and the Statutes hereunder.

8.3 Meetings of the Executive Board

The Executive Board holds meetings with the necessary frequency. It holds regular meetings in accordance with meeting times determined in advance in its work schedule. The chairman convenes and chairs the above regular meetings and extraordinary meetings – convened at times other than specified in the work schedule – of the Executive Board.

Chapter 9 FINANCIAL STABILITY BOARD

9.1 Legal status of the Financial Stability Board

Of the matters belonging to the competence of the MNB, the Financial Stability Board – as the organ of the MNB – shall act on behalf of the MNB, within the strategic framework determined by the Council, in the proceedings related to the duties specified in Article 4 (5) and (7)-(9) of the MNB Act.

9.2 Composition of the Financial Stability Board

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

9.2.2 Members of the Financial Stability Board

- a) Governor of the MNB, as chairman of the Financial Stability Board,
- b) Deputy Governors supervising certain specific tasks, as stipulated in the MNB Act,
- c) executives appointed by the Governor of the MNB.

9.3 Powers of the Financial Stability Board

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

9.4 Rules of Procedure

The Financial Stability Board independently defines its Rules of Procedures.

9.5 Meetings of the Financial Stability Board

The Financial Stability Board shall meet as frequently as required, but at least every two months. The Chairman shall convene and chair the meetings of the Financial Stability Board, and make proposal for the agenda. The meeting shall be attended by the representative of the Minister responsible for the control of the money, capital and insurance markets, and by external guests invited by the Governor of the MNB, with negotiating right. The Board shall have a quorum if the majority of its members are present. The Financial Stability Board shall pass its decisions with simple majority of the votes of the members present; in the case of a tied vote the Chairman's vote shall decide.

Chapter 10 SUPERVISION OF THE MNB

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

The powers to control the MNB shall be governed by the Act on the State Audit Office.

10.2 Auditor

10.2.1 The Auditor of the MNB shall be appointed for a maximum of 5 (five) years. The auditor shall not be re-appointed for the performance of the MNB's auditing tasks 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 appointment and the dismissal of the MNB's Auditor is proposed. The Governor of the MNB, acting on behalf of the Executive Board, shall propose to the Shareholder to appoint the Auditor with the agreement of the Supervisory Board.

10.2.3 The Auditor shall verify the fairness and legal compliance of the Financial Statements prepared in accordance with the Accounting Act, and check the consistency of data contained in the business report and annual report. The Auditor shall issue an opinion on budgeted and actual operating and investment costs 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) review the MNB's books;
- b) request information from the senior officers and employees of the MNB;
- c) examine the cash, securities, 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 Supervisory Board

10.3.1 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 competence of the Supervisory Board shall not include the tasks described in Article 4 (1)-(9) of the MNB Act, and the impact of such tasks on the profit and loss of the MNB. The Supervisory Board shall prepare the statutory report provided for in the Civil Code in accordance with these restrictions.

10.3.1.3 The Supervisory Board may request information in issues pertaining to its scope of authority from the executive officers and the Executive Director(s) either verbally 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 verbally at the subsequent meeting of the Supervisory Board.

10.3.2 Composition of the Supervisory Board

Members of the Supervisory Board shall include:

- a) the Chairman, elected by Parliament,
- b) additional three members elected by Parliament,
- c) the representative of the Minister,
- d) the consultant appointed by the Minister.

10.3.3 Rules of Procedure of the Supervisory Board

Pursuant to the MNB Act and other legal provisions and the provisions of 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 modified to the extent that, subject to the legal provisions on the printing of securities, the 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 employers 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 staff of the MNB shall be governed by the provisions of Articles 152-156 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; and
- c) information notices.

Chapter 13 ENTRY INTO FORCE

These Statutes shall enter into force on 1 November 2021.

Budapest, 15 October 2021¹

Mihály Varga
Minister
for the Shareholder

Countersigned by:

name: Dr. Ivett Demkó
position: head of department

bar association identification number: 36079162

¹ The day these Statutes were drawn up and executed.