

**Rules of Procedure of the Supervisory Board
of FHB Mortgage Bank Plc.**

1. General provisions

According to Act IV of 2006 on Business Associations, the Supervisory Board shall supervise the management of FHB Mortgage Bank Plc. (hereinafter: the Company) on behalf of the general shareholders' meeting.

It shall perform its operations and activities primarily on the basis of the Statutes of the Company, on Act IV of 2006 on Business Associations, Act CXII of 1996 on Credit Institutions and Financial Enterprises, Act XXX of 1997 on Mortgage Banks, and on other legislation applicable to the Company, and on the present rules of procedure.

2. The organisational structure of the Supervisory Board, the formation and termination of membership of the Supervisory Board

- 2.1. Only natural persons may be members of the Supervisory Board.
- 2.2. The Supervisory Board shall consist of a minimum of three and a maximum of nine members. Supervisory Board members are elected by the general shareholders' meeting, for a maximum period of five years. The chairman of the Supervisory Board shall be recommended by the State Audit Office. The person elected on the basis of the recommendation of the State Audit Office shall be considered as a member nominated by the owners, and the provisions pertaining to supervisory board members nominated by employees shall be appropriately applied to their activities and their revocation.
- 2.3. Members of the Supervisory Board (with the exception of employee members delegated by the Works Council) may be revoked at any time and may be re-elected after the expiration of their appointment.
- 2.4. A person elected as member of the Supervisory Board shall, within 15 days of accepting the position, inform in writing those business associations at which he is already a member of the supervisory board. If a person becomes an executive officer or a supervisory board member in another business association during his term as supervisory board member at FHB, he shall notify the chairman of the Supervisory Board within 15 days of accepting such position. If the chairman of the Supervisory Board finds that a conflict of interest arises in relation to such position, he shall immediately request the member to terminate that position. If the member concerned fails to meet such request within 30 days, the chairman of the Supervisory Board shall inform the shareholders of that fact.
- 2.5. Membership of the Supervisory Board shall cease upon the expiration of the mandate, the removal of the supervisory board member, the occurrence of statutory grounds for disqualification, the resignation, the death of the member, or in case of employee member the termination of his/her employment relationship.
- 2.6. Members of the Supervisory Board may resign from their membership by submitting a written declaration addressed to the chairman of the Supervisory Board. Following the receipt of the declaration, the chairman of the Supervisory Board shall immediately inform the chairman of the Board of Directors and the CEO of the Company of the fact

of the resignation. However, if so required for the continued operation of the Supervisory Board – including, in particular, if due to the resignation, the actual number of Supervisory Board members should fall below three – such resignation shall only take effect on the sixtieth day after the announcement thereof, unless the general shareholders’ meeting has already provided for the election of the new member within that period of time.

3. The chairman of the Supervisory Board and his responsibilities:

- 3.1. Members of the Supervisory Board shall elect a chairman from among themselves. State Audit Office shall make a proposal regarding the person of the Chairman of the Supervisory Board. The person elected for Chairman upon basis of the proposal of the State Audit Office shall be regarded as member proposed by the shareholders, and the regulation concerning the members of the Supervisory Board proposed by the employees shall be applied on his/her activity and recall. The voting procedure shall be governed by the provisions of Article 6.8.
- 3.2. At the general shareholders’ meeting, members of the Supervisory Board participate with a consultative right, where the findings of the Supervisory Board are presented by the chairman.
- 3.3. According to the Statutes of the Company, the chairman, or a member of the Supervisory Board appointed by him, may participate at the meetings of the Board of Directors as a permanent invitee, with a consultative right.
- 3.4. In the case of the expiration of the chairman’s mandate, the Supervisory Board, having regard Article 3.1., shall elect a new chairman. To that end, the Company’s management or any member is entitled to convene a meeting of the Supervisory Board.

4. The competence and the duties of the Supervisory Board:

- 4.1. 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 managers of the Company, and may examine the documents and the books of the Company or may commission experts to examine such documents. During its activities, in justified cases, the Supervisory Board may as necessary – at the expense of the Company – use an external expert. The Supervisory Board shall keep itself informed on a continuous basis of the performance of the annual plan as approved by general shareholders’ meeting, for which the necessary information shall be provided by the Board of Directors.
- 4.2. The Supervisory Board assesses the information on the performance undertaken by the Company under the agreement concluded between the Hungarian State and the Company on 25 March, 2009, relating to the loan of EUR 400,000,000 granted by the Hungarian State for the Company. The Supervisory Board is to be provided with information regarding this matter by the Company’s Chief Executive Officer, at least quarterly.*
- 4.3. The Supervisory Board is required to examine all material business policy reports submitted to the general shareholders’ meeting, the financial statements prepared

according to Act C of 2000 on Accounting, the proposal regarding the distribution of after-tax profits, as well as all other submissions that are related to issues within the exclusive competence of the general shareholders' meeting. The outcome of this examination shall be presented by the chairman of the Supervisory Board. The general shareholders' meeting may adopt a valid resolution regarding the financial statements prepared according to the Accounting Act and the distribution of after-tax profits only in the possession of the written report of the Supervisory Board.

4.4. The Supervisory Board has exclusive right to approve the Company's business plan. Any business plan without the approval of the Supervisory Board shall not be valid.

4.5. The duties of the Supervisory Board – in addition to the above – include in particular:

- 4.5.1. Ensuring that the Company has a comprehensive control system, one that is suitable for effective operation;
- 4.5.2. Valuation of financial accounting system's operation and making a recommendation regarding necessary arrangements;
- 4.5.3. Making a recommendation to the general shareholder's meeting regarding the person and the remuneration of the auditor, preparing the auditor's contract;
- 4.5.4. Following with attention the enforcing of technical requirements and conflict-of-interest-regulations to the auditor, providing the duties in cooperation with the auditor;
- 4.5.5. Offering an opinion in connection with the report according to Act C of 2000 on Accounting;
- 4.5.6. Supervision of the Company's annual and interim financial statements;
- 4.5.7. Management of the internal auditor organisation, including:
 - (a) approval of the annual audit plan of Internal Audit,
 - (b) discussion of the reports prepared by Internal Audit at least every six months, and verification of the implementation of the necessary measures,
 - (c) assisting the work of Internal Audit by engaging the services of an external expert as necessary,
 - (d) making a recommendation regarding the modification of the headcount of Internal Audit;
- 4.5.8. Preparation of recommendations and proposals based on the findings of the audits of the internal audit organisation;
- 4.5.9. Checking and monitoring, through the Internal Audit organization, the appropriate application of the Bank's methods and systems in the interest of meeting the capital requirements prescribed by law.
- 4.5.10. Monitoring the effectiveness of further parts of the internal controlling lines apart from internal audit (i.e. risk management, compliance function) and evaluation thereof at least once a year.

- 4.6. The Supervisory Board is entitled to assign audit duties for Internal Audit, in addition to the annual audit plan.
- 4.7. Prior consent is required from the Supervisory Board regarding decision making concerning the formation and the termination of the employment of managers and employees of the internal audit organisation, and regarding the determination of their remuneration.
- 4.8. The Supervisory Board shall act as a body. The supervisory board may entrust any of its members to fulfil certain supervisory tasks, or may divide supervisory duties among its members on a permanent basis. Such division of supervisory duties shall not concern the responsibility of the Supervisory Board member, or his right to extend his supervision to other activities falling within the supervisory duties of the Supervisory Board.
- 4.9. If the Supervisory Board becomes aware of any fact or act of negligence that violates the law, the Statutes of the Company or the resolutions of the general shareholders' meeting, it shall immediately inform the Board of Directors of such cases. If, in the judgment of the Supervisory Board, the activity of the Board of Directors or of the management violates the law, the Statutes of the Company or the resolutions of the general shareholders' meeting, or otherwise infringes on the interests of the Company or its shareholders, the Supervisory Board shall call an extraordinary general shareholders' meeting and shall propose its agenda.
- 4.10. The Supervisory Board shall establish its rules of procedure itself, which shall be approved by the general shareholders' meeting.
- 4.11. The chairman of the Supervisory Board shall – within ten days following the meeting of the Supervisory Board – send to the Hungarian Financial Supervisory Authority those minutes of meetings, submissions and reports that are related to such agenda items discussed by the Supervisory Board that address serious violation of the Company's internal regulations or serious irregularity in the management or governance of the Company.
- 4.12. The Supervisory Board, or its chairman, may propose in writing, via the chairman of the Board of Directors the convening of a meeting of the Board of Directors and putting specific topics on its agenda.

5. The rights and responsibilities of the members of the Supervisory Board

- 5.1. Members of the Supervisory Board may exercise their rights and responsibilities only in person, representation is not allowed.
- 5.2. Members of the Supervisory Board may not be instructed in their capacity as such by the General Shareholders' Meeting or by the Board of Directors.
- 5.3. Members of the Supervisory Board may participate at the General Shareholders' Meeting with a consultative right, and may propose its agenda.
- 5.4. Members shall treat information received regarding the business of the Company as confidential information.

5.5. Members of the Supervisory Board shall comply with legal regulations concerning the prohibition of insider trading. Members of the Supervisory Board shall not use, transfer or make known to unauthorised persons information related to the operation and the customers of the Company that has become known to them in connection with their position on the Supervisory Board.

5.6. Members of the Supervisory Board shall announce to the Board of Directors of the Company shares in their possession issued by the Company.

5.7. Members of the Supervisory Board shall immediately, but no later than two days following the transaction, announce transactions they entered into in person or by proxy involving shares issued by the Company or other financial instruments whose value is dependent on the value or the share price of such shares, to the Hungarian Financial Supervisory Authority and publicly disclose in places stipulated in Paragraph (5) of Section 34 of the Capital Markets Act (as a general rule, in a daily newspaper of national circulation, or on the website of the Bank, the securities distributor or the BSE, and in Magyar Tőkepiac journal).

Such announcement shall include:

- the description of the financial instrument involved in the transaction,
- the volume of the financial instrument involved in the transaction,
- the price of the financial instrument involved in the transaction,
- the date of the transaction,
- the name of the investment broker who carried out the transaction.

5.8. Members of the Supervisory Board are not allowed to enter into transactions involving securities issued by the Company (i.e. shares of the Company, or publicly traded mortgage bonds issued by the Company):

- (a) in the period between the balance sheet date of the current year and the disclosure of an abstract of the annual report which shall at a minimum include the contents of the quick reports (except in the case of a public offering);
- (b) within 30 days prior to the last day of the deadline set for the disclosure of the semi-annual quick report;
- (c) within 15 days prior to the last day of the deadline set for the disclosure of the quarterly quick report;
- (d) (only concerning persons defined in Points 1.1.a-b. above) within three days prior to the disclosure of the conclusion of a contract subject to extraordinary disclosure requirements.

This prohibition is lifted on the day when the quick report or the annual report is published or when the extraordinary disclosure is made.

5.9. Members of the Supervisory Board shall immediately make an announcement to the Hungarian Financial Supervisory Authority if

- a) they are elected members of the Board of Directors or the Supervisory Board at another financial institution, or if he terminates such a position,
- b) they acquire a qualifying holding in an enterprise, or if they terminate such a holding,

c) legal proceedings set forth in Paragraph (6) of Section 44 of Act CXII of 1996 on Credit Institutions and Financial Enterprises (Hpt.) are brought against them.

5.10. With the exception of acquiring shares in a public company limited by shares, members of the Supervisory Board may not acquire interest in another business association pursuing an activity identical to that of the Company, and may not be an executive officer in another business association pursuing an activity identical to that of the Company, unless rendered possible by the Charter of the Company or if consent is received from the General Shareholders' Meeting of the Company.

5.11. Member of the Supervisory Board or their close relatives [Paragraph b) of Section 685 of the Civil Code] may not conclude transactions falling within the scope of activities of the business association in his own name or to his own benefit, unless expressly permitted in the Charter of the Company.

5.12. Members of the Supervisory Board shall bear joint and several liability, according to the rules of civil law, for any damage caused to the Company resulting from violating their supervisory duties.

6. Operation of the Supervisory Board

6.1. The Supervisory Board shall prepare an annual or semi-annual work plan and perform its activities on the basis of that plan.

6.2. The chairman may invite to the meetings of the Supervisory Board the auditor or a representative of the Hungarian Financial Supervisory Authority.

6.3. The Supervisory Board shall have a meeting within 30 days prior to the General Shareholders' Meeting of the Company, and shall have other meetings as necessary, but at least three times a year.

6.4. The convening of the Supervisory Board – indicating the reason and purpose thereof – may be requested in writing from the chairman by any member of the Supervisory Board, or by the chairman or any two members of the Board of Directors. The chairman shall, within 8 days after the receipt of such request, call a meeting scheduled within a period of thirty days. If the chairman fails to comply with such request, the member shall have the right to convene the meeting.

6.5. The Supervisory Board shall be convened by the chairman, with an indication of the agenda points. Members shall be notified of the date of the meeting eight days prior to the meeting, written submissions shall be sent to them at least three days prior to the meeting. The chairman of the Supervisory Board may depart from these deadlines in the case of the convening of an extraordinary meeting.

6.6. At the meetings of the Supervisory Board, apart from its members – based on the decision of the chairman of the Supervisory Board – experts and other parties may be present with a consultative right whose presence is necessary for a given point on the agenda.

6.7. The chairman of the Board of Directors of the Company, the chief executive officer or his delegate are permanent invitees to the meetings of the Supervisory Board.

6.8. The Supervisory Board shall constitute a quorum if at least three members are present. The Supervisory Board shall adopt its resolutions by simple majority, through open ballot. If so requested by any member, the chairman may order a secret ballot prior to adopting a resolution. In the course of setting out the decisiveness and the result of the voting in connection with the decision-making in issues of Articles 4.3.3, 4.3.4 and 4.3.5, shall be taken notice of the votes only of the attended independent members of the Supervisory Board. Independent is the member of the Supervisory Board, if has no other legal connection with the Company, except the membership of the Supervisory Board.

6.9. Minutes shall be prepared of all Supervisory Board meetings, which shall include:

- the location, date and time of the Supervisory Board meeting,
- the names of the participating members of the Supervisory Board,
- the names of the submitters,
- the motions put forward,
- the decisions made, and objections against such decisions,
- the number of votes for and votes against motions.

The minutes shall record all facts or opinions that were put forward by the members. Any minority or dissenting opinions, or objections must be recorded in the minutes in every case, or they shall be attached to the minutes in writing. The result of the voting shall be recorded, along with the opinions of those voting against a motion. The minutes shall be prepared within 15 days after the meeting. The minutes shall be authenticated by the chairman and he shall forward it to the members and to those persons who were invited to the meeting.

6.10. The Supervisory Board – acting on a request from any member or from the management, if justified by especially strong interest – may adopt a resolution outside a meeting, based on the decision of the chairman. Such resolutions are valid and effective if at least two-thirds of the members return (via fax or by a similar means) a vote in favour – in the form of a private record representing conclusive evidence – to the Company headquarters within 2 business days following the request for such vote and if the votes received are unanimous.

6.11. Resolutions of the Supervisory Board shall be filed bearing a consecutive number each, and with the year indicated. Administrative duties related to the operation of the Supervisory Board shall be performed by the Company's organizational unit in charge of secretarial duties.

Budapest, ~~14 April 2008~~ 7 April, 2009

Róbert Somfai

Chairman of the Supervisory Board