MOLGROUP

DOCUMENTS FOR THE ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING OF
MOL HUNGARIAN OIL AND GAS
PUBLIC LIMITED COMPANY

TO BE HELD ON 14 APRIL, 2016

Date and venue of the AGM: 14 April, 2016, 10 a.m.
Budapest Music Center

Dear Shareholder,

The Annual General Meeting of the Company was convened by the Board of Directors of MOL Plc. for 14 April 2016, 10 a.m., whose agenda is contained in the announcement published as stipulated in the Articles of Association. The announcement was published on 11 March 2016 on the homepages of Budapest Stock Exchange and MOL.

Agenda items of the Annual General Meeting:

1. Closing the 2015 business year: 8

- Report of the Board of Directors on the 2015 business operation; presentation of the parent company financial statements prepared in compliance with the Hungarian Accounting Act and the generally accepted accounting principles in Hungary and the consolidated financial statements prepared in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); proposal on the use of profit after taxation 8
- Auditor's report on the 2015 financial statements presented by the Board of Directors 66
- Report of the Supervisory Board on the 2015 financial statements and on the proposal for the distribution of profit after taxation, and its opinion on the Board of Directors' proposals to be submitted to the general meeting 72
- Decision on the approval of the 2015 consolidated financial statements prepared in compliance with International Financial Reporting Standards (IFRS) and the parent company financial statements prepared in accordance with the Hungarian Accounting Act, the use of profit after taxation and the amount of dividend 74
- Approval of the corporate governance declaration 76

2. Waiver to be granted to the Board of Directors and its members according to Article 12.12 of the Articles of Association 115

3. Election of the statutory auditor for the 2016 financial year and determination of its remuneration as well as the material elements of its engagement 116

4. The Board of Directors' presentation regarding the acquisition of treasury shares following the ordinary annual general meeting of 2015 in accordance with Section 3:223 (4) of the Civil Code. Authorization of the Board of Directors to acquire treasury shares in accordance with Section 3:223 (1) of the Civil Code 117

5. Election of member of the Board of Directors 120

6. Election of member of the Supervisory Board and the Audit Committee 121

7. Decision on capital decrease 123

The brochure contains an English language translation of the original proposals and information in accordance with the items on the agenda. The purpose of documents prepared for the General Meeting is to promote a better orientation of the particular items on the agenda and to provide information for the shareholders regarding the questions to be discussed at the General Meeting. Please see the original Announcement for additional information. In case the General Meeting does not have a quorum at the announced date and time, the repeated General Meeting shall discuss the same agenda items with the same Resolution proposals.

This document is published in Hungarian and in English. The official text of this document is in Hungarian only.

Technical remarks

Conditions for participation and exercising voting rights at the General Meeting:

In order to be registered in the Share Register in the course of the shareholders' identification, shareholders must comply with the Articles of Association of the Company and the relevant laws. **The record date of the shareholders' identification shall be April 5, 2016.** Based on the data resulting from the shareholder's identification the name of shareholders and shareholders' proxies (nominees) intending to participate in the general meeting shall be registered by the manager of the Share Register (KELER Zrt.) on April 12, 2016, and upon instruction of the Board of Directors, KELER Zrt. shall **close the Share Register on April 12, 2016,** and no application for registration shall be accepted until the day following the closing of the general meeting. In line with the relevant provisions of law, only those persons may exercise shareholder's rights at the general meeting (participation in the general meeting, requesting information within the limits specified in the relevant laws, making remarks and proposals and voting) whose name is registered in the Share Register at 06.00 p.m. two working days before the starting day of the general meeting.

The securities account managers shall be responsible for registering the shareholders in the Share Register upon instruction of such shareholders. The securities account managers shall provide information to the shareholders on the deadlines for giving instructions to the securities account managers.

The Company shall not be liable for the performance of or the failure to perform the instructions given to the securities account manager. Shareholders may inspect and obtain information in respect of their registration by phone (+36-1-483 6251) or personally at the Share-register Office of KELER Zrt. (address: H-1074 Budapest, Rákóczi út 70-72., R-70 Irodaház) on any workday between 09.00 a.m. and 03.00 p.m. Closing the Share Register does not restrict the right of the persons registered in the Share Register to transfer their shares following the closing date. Transferring shares prior to the general meeting does not deprive the persons registered in the Share Register of their rights to participate in the general meeting and exercise their rights they are entitled to as shareholders.

The general meeting shall have a quorum if the holders of shares representing more than one-third of the voting rights are present. When determining the quorum, restrictions specified under Articles 10.1 and 10.2 of the Articles of Association shall be applied so that votes exceeding the 10% limit to which each shareholder is entitled shall be disregarded. Holders of registered ordinary shares shall be entitled to one (1) vote attaching to each „A" series share with a par value of HUF 1,000 (i.e. one thousand forint) each subject to the restrictions specified in the Articles of Association. The "B" series preference share entitles its holder to one (1) vote in addition to the voting preference rights defined in the Articles of Association.

Shareholders shall be entitled to participate in the general meeting either in person or through a proxy issued or by nominee (hereinafter collectively referred to as "nominee") in accordance with the provisions of the Civil Code and Act CXX of 2001 on the Capital Market.

In case shareholders wish to give a power of attorney in an **official form** ("proxy card") as defined in Article 13.6 of the Articles of Association, they shall submit such request to the Investor Relations Department of MOL Plc. until April 13, 2016 at the latest in writing (mailing address: 1117 Budapest, Október huszonharmadika u. 18.) or e-mail to investorrelations@mol.hu. The request shall contain the exact name and address (mailing or e-mail address) of the shareholder where the form (proxy card) should be delivered to.

The power of attorney for the nominee (including the power of attorney issued by a proxy card) shall be prepared in the form of a public document or a private document with full probative force taking into account any international agreement or reciprocity between Hungary (the Hungarian State) and the country where the document was issued. If the power of attorney is prepared in any language other than Hungarian a certified Hungarian translation thereof shall be attached. In case of shareholders other than natural persons, powers of representations of the persons signing the power of attorney or representing the shareholder at the general meeting shall be certified by appropriate original documents issued by a public authority or office (e.g. certificate of incorporation) or by a public notary. If the certification of the power of representation is in any language other than Hungarian a certified Hungarian translation thereof shall be attached.

The power of attorney (with the exception of the power of attorney issued by a proxy card) shall be deposited in accordance with Article 14.3 of the Articles of Association, at the latest during registration prior to the commencement of the general meeting. The power of attorney given by a proxy card shall arrive to the address of the Company (1117 Budapest, Október huszonharmadika u. 18.) by April 13, 2016 at the latest.

In case of holders of depository receipts ("DRs") issued under a foreign law, The Bank of New York Mellon, as the issuer of such DRs, shall be entitled to exercise rights of representation according to the Deposit Agreement concluded between it and the Company. Holders of DRs will be entitled to exercise their voting rights by a Letter of Proxy issued in favour of The Bank of New York Mellon as depositary, in accordance with the Articles of Association of MOL, the Deposit Agreement and applicable laws and based on the draft resolutions sent by the Board of Directors of MOL Plc to the DR holders via The Bank of New York Mellon. We request DR holders to obtain information on the detailed rules of procedure at the customer service of the Bank of New York Mellon (101 Barclay Street, 22 West New York, NY 10286, Tel: 00 1 212 815 3503, Fax: 00 1 212 571 3050, email: slawek.soltowski@bnymellon.com).

MOL Investors Relations Department will be pleased to be at your disposal for further information, as well (phone: +361 464 1395, fax: +361 464 1335).

The registration i.e. the certification of the right to participate as shareholder (nominee) will take place at the venue of the general meeting between 8.00 a.m. and 9.30 a.m.

We request our shareholders to kindly report for registration on time. Following the closing of the registration, shareholders and nominees not listed in the attendance list, but registered in the share register, are entitled to participate in the general meeting, however, such shareholders may not exercise their voting rights. The shareholders whose voting right is suspended according to Article 8.6. of the Articles of Association are also entitled to participate in the general meeting, however, such shareholders may not exercise their voting rights.

Pursuant to the Articles of Association no shareholder or shareholder group (as defined under Article 10.1.2. of the Articles of Association) may exercise more than 10% of the voting rights at the general meeting with the exception of the organization(s) acting at the Company's request as depositary or custodian for the Company's shares or securities representing the Company's shares. Exemption from this restriction on voting rights shall be applicable to any depositary bank or custodian only if it can verify that the final beneficiary(s) entitled to exercise the shareholders rights associated with the shares and securities in deposit is (are) not subject to the restrictions specified in the Articles of Association.

In case the general meeting does not have a quorum at the announced date and time, the Board of Directors hereby convenes the repeated general meeting with the same agenda on April 26, 2016 at 10.00 a.m. at Budapest Music Center (H-1093 Budapest, IX. district, Mátyás street 8.). In accordance with Section 3:275 (1) of the Act V of 2013 on the Civil Code, such reconvened general meeting shall have a quorum with respect to issues originally put on the agenda, irrespective of the number of the shareholders present or represented.

Method of voting

The Board of Directors recommends machine electronic voting to be used at the General Meeting, regarding which detailed information shall be provided on the spot. The General Meeting shall first decide on the approval of the electronic voting system then elect the keeper of the minutes, the certifiers of the minutes with the official vote counters.

Summary of the number of shares and voting rights existing on the date of the convocation of the General Meeting

Composition of share capital of the Company on 11 March 2016 and on 23 March 2016:

Types of shares	Share series	Par value (HUF/share)	Issued number	Total par value (HUF)
ordinary	„A" series	1,000	104,518,484	104,518,484,000
voting preference	„B" series	1,000	1	1,000
ordinary	„C" series	1,001	578	578,578
Share capital		-	-	104,519,063,578

Number of voting rights attached to the shares on 11 March 2016:

Share series	Issued number	Shares with voting rights	Voting right per share	Total voting rights	Number of treasury shares
„A" series	104,518,484	104,518,484	1	104,518,484	1,530,080
„B" series	1	1	1	1	0
„C" series	578	578	1.001	578.578	578
Total	-	-	-	104,519,063.578	-

Number of voting rights attached to the shares on 23 March 2016 (The number of treasury shares changed since 11 March 2016):

Share series	Issued number	Shares with voting rights	Voting right per share	Total voting rights	Number of treasury shares
„A" series	104,518,484	104,518,484	1	104,518,484	7,536,575
„B" series	1	1	1	1	0
„C" series	578	578	1.001	578.578	578
Total	-	-	-	104,519,063.578	-

No shareholder or shareholder group (as defined in Article 10.1.2 of the Articles of Association of the Company) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder's rights represented by the shares and securities deposited with them do not fall within the limitations specified here below).

The "yes" vote of the holder of "B" series of share is required for decisions at the General Meeting on issues enlisted in Article 12.4 of the Articles of Association of the Company. In all other matters, in accordance with the nominal value of the "B" series share, such share entitles its holder for one vote.

AGENDA ITEM No. 1

Report of the Board of Directors on the 2015 business operation; presentation of the parent company financial statements prepared in compliance with the Hungarian Accounting Act and the generally accepted accounting principles in Hungary and the consolidated financial statements prepared in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); proposal on the use of profit after taxation.

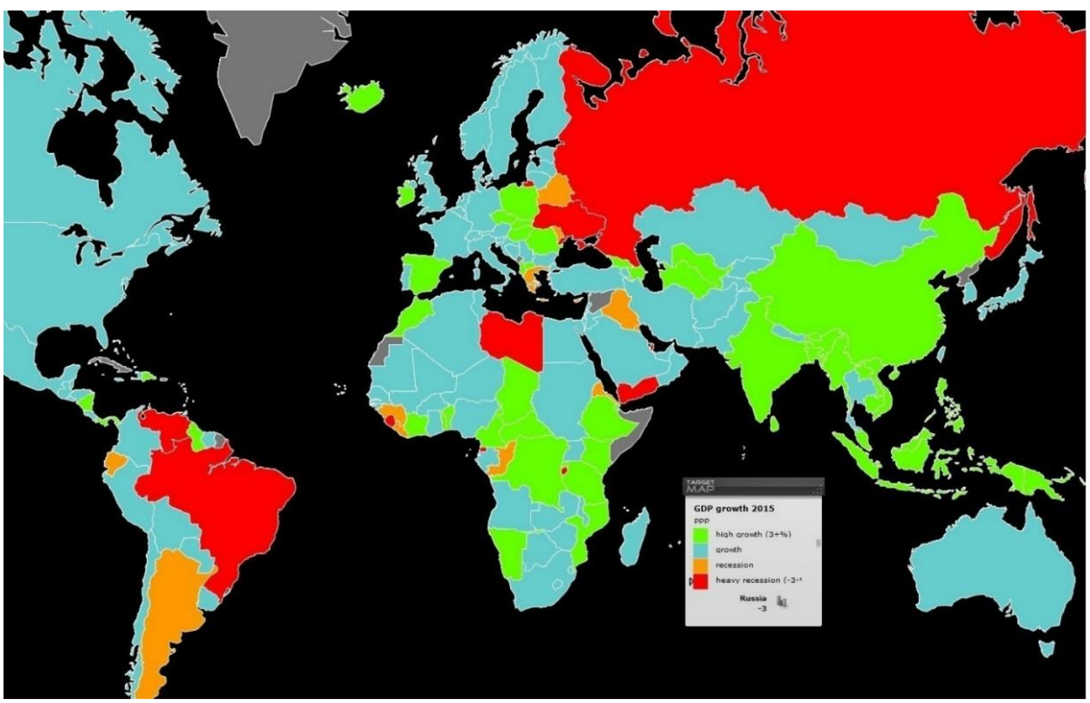
Management Discussion and Analysis of 2015 Business Operations

OVERVIEW OF THE MACROECONOMIC AND INDUSTRY ENVIRONMENT

World Economy

Global growth slowed in 2015, due to a slowdown in emerging economies. The International Monetary Fund's 3.1% global growth rate estimate is the lowest since the crisis year of 2009. The past decade was about the rise of the Chinese economy, which kept global growth high. However, China now shows signs of slowing: its investment-led growth is coming to an end and it is still an open question how the transition will take place to a more consumption-led growth. China's 6.9% official growth rate in 2015 was still high, but it is the lowest since the early 1990s. Moreover, manufacturing and industrial output fared weaker than the overall economy.

The Chinese slowdown has caused trouble in many emerging economies, particularly the major commodity exporters, with Russia and Brazil falling in deep recession. The following map of 2015 GDP growth shows that today it is a commodity importer's world as these countries benefit from cheaper raw material prices (including oil and natural gas).



Map of GDP growth in 2015 – IMF

The picture for advanced economies is diverse, with the United States losing growth momentum recently, while Europe fared somewhat better. The economy of the Unites States experienced lower growth in manufacturing in 2015; however, the gradual decrease of the unemployment rate continued. The Eurozone is cyclically in a good position and it managed to increase its growth to 1.5% in 2015 (as opposed to 0.9% the year before). However, growth is still structurally weak and the new quantitative easing program alone does not seem to be enough to accelerate the region sustainably. Meanwhile, the return to growth and easing of finances have decreased the appetite for structural reforms. In addition to the still unresolved credit issues on its periphery (most importantly in Greece), the European Union has to deal with a new situation by its Eastern borders and with the migration crisis at the same time. The Eurozone's outlook is therefore still clouded by uncertainty, weak growth and persisting political tensions.

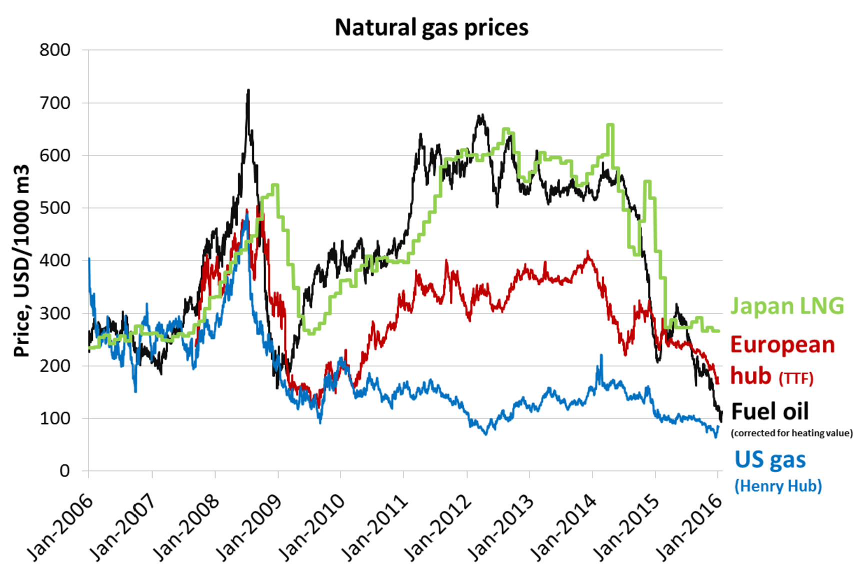
Global Energy markets & Upstream

The most important energy market event of 2015 was the further decrease of the crude oil price. The two main underlying causes of the decline – the United States shale oil boom and the slowdown in China's economy – still have not disappeared. Shale oil production has proven to be more resilient to lower oil price than most experts predicted: output started to decline mildly only in the second half of the year.

The global oversupply on the oil market continued in 2015, as total supply grew more than demand (2.7 MMbpd vs 1.6 MMbpd). The price of Brent crude averaged USD 52 per barrel in 2015. The demand increase was relatively high, 1.6 MMbpd (International Energy Agency) reaching 94.4 MMbpd, as lower prices stimulated consumption both from OECD countries (0.4 MMbpd growth year-on-year) and Non-OECD countries (1.2 MMbpd growth year-on-year).

Non-OPEC production grew by 1.4 MMbpd, from which US growth was 0.8 MMbpd. In the meantime, OPEC production grew as well: the growth of 1.2 MMbpd was mainly due to Saudi Arabia's and Iraq's production growth.

Natural gas prices have decreased and converged on all three main regional markets. The price decrease of liquefied natural gas (LNG) can be attributed to the oil price decrease through oil-linked LNG contracts and the coming oversupply on the market, as many Australian and US producers are coming online in the coming years. These same factors caused European natural gas prices to decline as well.



Sustainable development (technologies, climate change, CO2 quotes)

In December 2015, an important agreement was signed by world leaders in Paris. Among other commitments, almost all countries of the world committed themselves to publish their climate targets for every next 5 years and at the end of each period take on new, stricter targets. Even though the agreement is not legally binding, its consequences can be significant in the fight against climate change. The two largest emitters, China and the US seems to be taking climate change action more seriously, as reflected in bilateral agreements and national programs, too.

Apart from policy changes there have also been important technological developments, which are equally important in tackling climate change. The cost of solar photovoltaic has been decreasing by around 10% annually in recent years. If this decline in cost continues, in a couple of years solar may become one of the cheapest sources of electricity in many parts of the world. Moreover, the cost of batteries have also been declining rapidly, lowering the cost of storing electricity both in stationary applications (like storing intermittent energy from renewables) and electric cars.

Downstream

Global and European refining have benefitted from the sharp drop in oil prices in 2015. Low oil prices have boosted demand, especially in the case of gasoline, thus refinery margins have also been generally good and refineries' own consumption and losses decreased.

However, structural issues remain. Globally, downstream is undergoing a profound transformation. More and more unprocessed liquid hydrocarbons are bypassing refineries, while the refinery overhang is still massive, especially in the OECD. European downstream is in an especially difficult position, with generally weak demand prospects and higher energy costs than e.g. in the US.

Low oil prices increased mainly global gasoline demand, whereas diesel demand stayed broadly constant in recent years. Moreover, the current high margin environment delays refinery closures, which means that the refinery overhang will stay longer, pointing towards lower refinery margins than in 2015 in the next years.

Central and East Europe

All Central and East European (CEE) countries experienced GDP growth in 2015. However, there are still distinct regional differences between dynamic markets (such as Poland) and relatively weak economies (such as Croatia). The strengthening of the Eurozone had a positive effect on the region; however, the high share of non-performing loans in the economies still looms over growth.

Due to relatively good economic growth, regional motor fuel demand grew in 2015. Moreover, this may continue in 2016 as low prices could boost demand further.

Hungary

Hungary was not able to keep up with the exceptionally high growth of 2014 (3.7), still, the 2.7% GDP growth figure is relatively high. This growth is mostly due to the inflow of European Union funds. Medium term growth potential is certainly lower: public debt and spending remain high, bank lending is still lackluster.

Diesel demand grew by 8% and gasoline demand by 3% in 2015, due to lower oil prices, relatively high GDP growth and increased demand by international freight transportation.

Croatia

Croatia's economy grew by 1.8% in 2015, the first year of growth since 2008. Improved access to the EU market upon accession, growth in the Eurozone and low commodity prices as well as policy changes such as the income tax cut in the beginning of 2015 were reasons for the return to growth. Still, structural problems remain: high unemployment characterizes the economy (even though employment grew towards the end of 2015 for the first time since 2011) and the budget deficit and public debt will remain too high without corrective policy action. The country experienced a 2% gasoline demand drop in 2015, while diesel consumption grew by 3%.

Slovakia

Slovakia managed to consolidate its government budget since the crisis and do major reforms and austerity measures. Due to these measures, Slovakia experienced 3.5% GDP growth in 2015 (Eurostat). On the flipside, unemployment is still relatively high at around 11.5%. Gasoline demand grew by 1% in 2015, whereas diesel demand grew by a sizable 8%, mainly due to the favorable economic environment and the oil price decline.

INTEGRATED CORPORATE RISK MANAGEMENT

Integrated corporate risk management function

The aim of MOL Group Risk Management is to deal with challenges of the business environment to support a stable and sustainable operation and future growth of the company. MOL Group has developed risk management function as an integral part of its corporate governance structure.

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) on group level. ERM integrates financial and operational risks along with a wide range of strategic risks, also taking into consideration compliance issues and potential reputation effects. The ERM process identifies the most significant risks to the performance of the company. Risks are assessed based on a unified methodology and collected into risk maps at different levels. Risk responses and controls are reviewed and mitigation actions set and reviewed for completion regularly by top management.

The main risk drivers of the Group are the following

Commodity price risk: MOL is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks stem from long crude oil position to the extent of its group level production, long refinery margin position to the extent of the refined product volumes and long petrochemical margin position. Investors buying oil companies' share are generally willing to take the risk of oil business so commodity price risk should not be fully eliminated from the cash flow. However, commodity hedge deals are considered to eliminate risks other than 'business as usual' risks or general market price volatility.

Foreign Exchange (FX) risk: Business operation is economically driven mainly by USD. The overall operating cash flow exposure of the Group is net long USD, EUR, RON, and net short HUF, HRK, RUB from economic point of view. According to MOL's current FX risk management policy the long FX exposures of the operating cash flow are decreased by the short financing cash flow exposures.

Regulatory risk: Due to the economic crisis the risk of potential government actions increased as well as potential impact of such decisions.

Country risks: The internationally extending portfolio requires the proper management of country risk exposures. Country exposures are monitored to enhance the diversification effect in the investment portfolio.

Drilling risks: The uncertainty related to drilling success is a typical business risk in the exploration activity.

Equipment breakdown: Due to the high asset concentration in Downstream business it is a significant risk driver. The potential negative effects are mitigated besides comprehensive HSE activities through a Group wide insurance management program.

Market demand uncertainties: External factors like drop in market demand can affect MOL's results negatively.

Reputation risk: Reputation of energy industry players has been in the focus of media for the past years due to extreme negative events (e.g. BP oil spill, Fukushima nuclear accident). MOL as a major market player in the region operates under special attention from stakeholders.

Some of the risks are managed centrally, while some are dealt by affected MOL Group companies or within the Business Units or Functions, overseen always by nominated risk owners. Risk Management regularly controls the realization of these risk mitigation actions – in a form of quarterly reports.

Main risk management tools

Enterprise Risk Management is a framework covering Business Units and Functional Units, which ensures incorporation of risks faced by the company into Risk Maps.

Risk analysis activity supports stable and efficient operation by identifying key risks that threaten achievement of company objectives and require specific attention by Top Management through strengthened controls or execution of mitigation actions. The Risk Map is a heat map used to graphically present major risks on a matrix using probability and impact ratings as a result of detailed risk assessment processes. The Risk Maps integrate Strategic, Operational and Financial risks, which are identified and reassessed on a quarterly basis, providing regular updates to Top Management on evolution of risks and status of mitigation actions.

To ensure the profitability and the financial stability of the Group, Financial Risk Management is in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on Monte Carlo simulation, and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options).

Transferring of excess operational risks is done by Insurance Management. Purchase of insurances represents an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability and Control of Well Insurance, set around a yearly cycle (i.e. annual renewal of most insurance programs). Insurance is managed through a joint program for the whole MOL Group to exploit considerable synergy effects.

Valuable synergies can be exploited when risk is approached in a comprehensive way

The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed pillars of risk management. The input sources of modelling financial risks are applied in ERM as well. Similarly, the accumulated information on operational risks gained through managing insurances is also an important factor in the ERM development. The results of ERM on operational risks (including business continuity management) can give a better direction to insurance management by highlighting areas that shall be covered by insurance as a must and which are those where further analysis is required to make decisions on how to manage the related risks.

Decision-making support of capital allocation

Besides providing information on the most imperative risks that MOL Group faces, Risk Management also supports top management and the Board of Directors to take more educated decisions on investments, taking into consideration the risk profile of each project as well. To serve this purpose, Group Risk Management is involved in evaluation of major projects through the utilization of its ERM capabilities by providing opinion on capital allocation and financing headroom.

FINANCIAL AND OPERATIONAL OVERVIEW OF 2015

SUMMARY OF 2015 RESULTS

MOL delivered Clean CCS EBITDA of HUF 692bn in 2015 (USD 2.5bn), which represented a significant 36% increase year-on-year (13% in USD-terms). This also meant MOL significantly outperformed its USD 2.2bn 2015 Clean CCS EBITDA target for the year. Downstream became the earnings engine of the group in 2015 contributing around two-third of the group EBITDA (as opposed to 2014 when Upstream generated more than half of the Group EBITDA). This was a further testament to MOL's resilient business model, which enabled the company to improve its underlying financial performance amidst an extremely challenging external environment.

Net operating cash flow (USD 2.11bn) exceeded organic CAPEX (USD 1.26bn) by USD 850mn, leading to an even more robust balance sheet with Net debt/EBITDA ratio declining further to 0.73 in 2015. MOL booked sizeable impairment charges in Upstream in Q4 2015 of HUF 504bn (USD 1.7bn), which were mostly driven by the low oil price environment. These special items affected reported profit lines for both Q4 2015 and for the full year.

- The **Upstream** segment's EBITDA, excluding special items reached HUF 201bn in 2015, which was HUF 70bn lower compared to 2014, due to the halving crude prices, which offset several positive developments: (1) CEE production overall grew by 2% year-on-year supported by a 12% uplift in oil volumes; (2) exploration related spending was materially lower; (3) the 20% weakening of the HUF versus the USD mitigated the oil price decline and also (4) led to lower unit OPEX of USD 7.3/boe (barrel of oil equivalent) in 2015.
- **Downstream** Clean CCS EBITDA more than doubled in 2015 compared to 2014 and came in at HUF 462bn. The performance was supported by (1) the favourable external macro environment, including a substantial uplift of both refining margins and the integrated petrochemical margin; (2) higher sales volumes in R&M, petrochemicals and retail; (3) materially improving product yields in refining; (4) the internal improvement and strong contribution (USD 210mn) of the Next Downstream Program; and (5) the substantial weakening of the HUF against the USD.
- **Gas Midstream** brought in full-year EBITDA of HUF 60bn, marginally higher year-on-year as a strong contribution in Q4 offset weaker delivery in the first nine months.
- **Corporate and other segment** delivered an EBITDA loss of HUF 35bn in 2015 excluding special items, the widening of the loss compared to 2014 primarily attributable to lower contribution from oil services companies.
- **Net financial expenses** declined to HUF 93bn in 2015 compared to HUF 104bn in the previous year, primarily on lower FX losses.
- **CAPEX** spending in 2015 reached HUF 438bn (USD 1.56bn), down 18% year-on-year on much lower E&P spending. Out of this amount HUF 84bn (USD 301mn) was spent on inorganic investments, including retail network expansions and North Sea acquisitions.
- **Operating cash flow before working capital changes** jumped 53% year-on-year to HUF 644bn increasing by HUF 222bn against the base period. There were some negative changes in net working capital (primarily on lower payables), thus net cash provided by operating activities amounted to HUF 592bn, up 36% year-on-year.

- **Net debt** declined to HUF 472bn in 2015 from HUF 536bn a year ago, while Net Debt/EBITDA sank further to 0.73 from 1.31 in 2014. Net gearing rose marginally to 20.6% from 19.6%.

Key financial data by business segment

Net sales revenues	FY 2014 (restated) (HUF mn)	FY 2015 (HUF mn)	FY 2014 (restated) (USD mn)[5]	FY 2015 (USD mn)[5]
Upstream	577,597	424,528	2,489	1,521
Downstream	4,410,471	3,749,637	18,999	13,425
Gas Midstream	106,768	103,642	458	371
Corporate and other	217,220	205,818	931	735
Total	**5,312,056**	**4,483,625**	**22,877**	**16,052**
Total External Net Sales Revenue [1]	**4,866,607**	**4,102,578**	**20,964**	**14,692**

EBITDA	FY 2014 (restated) (HUF mn)	FY 2015 (HUF mn)	FY 2014 (restated) (USD mn)[5]	FY 2015 (USD mn)[5]
Upstream	286,328	245,150	1,235	870
Downstream	95,512	374,684	428	1,340
Gas Midstream	58,533	59,627	253	214
Corporate and other	(23,509)	(36,762)	(98)	(129)
Inter-segment transfers [2]	(8,500)	4,767	(41)	18
Total	**408,364**	**647,466**	**1,777**	**2,313**

EBITDA excl. special items [3]	FY 2014 (restated) (HUF mn)	FY 2015 (HUF mn)	FY 2014 (restated) (USD mn)[5]	FY 2015 (USD mn)[5]
Upstream	270,925	201,236	1,167	719
Downstream	110,795	383,887	487	1,372
Clean CCS-based DS EBITDA [3,4]	206,335	461,471	874	1 650
Gas Midstream	58,533	59,627	253	214
Corporate and other	(21,532)	(35,224)	(90)	(124)
Inter-segment transfers [2]	(8,500)	4,767	(41)	18
Total*	**410,221**	**614,293**	**1,776**	**2,199**
Clean CCS-based EBITDA [3,4]	**510,607**	**691,878**	**2,183**	**2,477**

Operating profits [1]	FY 2014 (restated) (HUF mn)	FY 2015 (HUF mn)	FY 2014 (restated) (USD mn)[5]	FY 2015 (USD mn)[5]
Upstream	75,784	(468,276)	354	(1,638)
Downstream	(31,579)	263,439	(113)	942
Gas Midstream	45,080	45,612	195	164
Corporate and other	(43,525)	(66,674)	(184)	(235)
Inter-segment transfers [2]	(5,680)	9,901	(29)	35
Total	**40,080**	**(215,998)**	**223**	**(732)**

Operating profits excl. special items [3]	FY 2014 (restated) (HUF mn)	FY 2015 (HUF mn)	FY 2014 (restated) (USD mn)[5]	FY 2015 (USD mn)[5]
Upstream	110,810	(7,835)	486	(43)
Downstream	(306)	272,642	10**	974
Gas Midstream	45,080	45,612	195	164
Corporate and other	(40,835)	(55,504)	(173)	(196)
Inter-segment transfers [2]	(5,680)	9,902	(29)	35
Total	**109,069**	**264,817**	**489**	**934**

** In 2014 intersegment line contains HUF 4,848mn (USD 21mn) non-recurring inventory loss related to methodology changes, which impacted the Group CCS line.*

*** The positive USD amount is caused by the fluctuation of segment EBITDA and exchange rates during the year.*

Notes and special items listed in Appendix I and II.

Outlook on the Strategic Horizon

2015 was a year of extremes with the oil price plunging more than 70% from its 2014 summer peak. The oil & gas industry, including MOL, had to face one of the toughest operating environments of the past two decades. Yet despite the challenges, MOL managed to increase its clean CCS EBITDA by 13% compared to 2014 to USD 2.5bn, beating our targets, generating substantial free cash flows and closing the year with an even stronger balance sheet (indebtedness, as measured by Net Debt/EBITDA declining to 0.73). These achievements have placed MOL ahead of most of the integrated oil companies. The dramatically changed environment forced us to take some painful yet necessary decisions, including the revision of the fair value of our Upstream assets. This resulted in material non-cash impairment charges, similarly to many oil and gas companies.

If 2015 was difficult, 2016 appears to be a real test for the industry with an ever increasing volatility in an already unpredictable oil market. MOL, however, retains a sense of confidence that its resilient integrated business model, its high quality, low-cost asset base, and its constant drive for efficiency would ensure it can navigate through the storm. The primary aim of the Group remains to generate enough operating cash flows to cover the internal investment needs, financial costs, taxes and dividends to shareholders, while retaining a safe and strong balance sheet. With a USD 35-50/bbl oil price view and moderate downstream margin assumptions, MOL believes to be able to deliver around USD 2bn EBITDA in 2016. At the same time, MOL, as part of its alignment process and as a response to the external environment, revised and reduced its organic capital expenditures plan for 2016 to up to USD 1.3bn. This would still imply similar organic CAPEX to 2015. Such spending plan should imply sustained free cash flow generation this year too, allowing MOL to comfortably cover interest and tax expenses, dividends to its shareholders and also potential smaller-scale acquisitions. The balance sheet would remain robust, which is increasingly becoming a distinctive feature and a major value component in a cash-strapped industry. A strong balance sheet not only means safety, but also means opportunity in the current turbulent times, providing MOL a strong platform to react if and when the opportunity arises.

In Downstream, MOL proved in 2015 that it has an efficient, highly cash generative platform which is able to capture market opportunities as it continues to invest into the long-term growth of the business. MOL generated a huge all-time high Clean CCS EBITDA of USD 1.65bn in 2015 and substantial simplified free cash flows of over USD 1bn. While the external environment was clearly an important contributor, this delivery would not have been possible without a material contribution from the internal efficiency programmes, supporting the historic high clean CCS EBITDA generation last year. Of this contribution, the recently launched Next Downstream Program saw USD 210mn contribution in its first year, exceeding our expectations. Asset and efficiency improvement measures added some USD 150mn to the program (compared to our target of USD 110mn for the year), with particular successes achieved in yield improvement, higher operational availability in petrochemicals, alternative crude sourcing and improved retail performance. At the same time, the strategic projects contributed some USD 60mn to the program, primarily on the back of the retail acquisitions and the IES improvement.

In 2016 we continue to implement our Next Downstream Program, which has to deliver another nearly USD 300mn EBITDA uplift until the end of 2017. Further efficiency measures and the petrochemicals growth projects (new butadiene plant in Tiszaújváros, new LDPE plant at Slovnaft) will be major elements of the 2016 contribution. The Next Downstream Program will be instrumental to at least partly offset the expected normalisation of the margin environment. Our assumptions imply somewhat softer margin environment in 2016 compared to the 2015 peaks, but we see both the refinery margin (our assumption is around USD 4-5/bbl in 2016) and the integrated petrochemical margin (our assumption is EUR 400-500/t) to stay above the previous few years' averages in a low oil price environment.

In Upstream, we have strong foundations with our very low-cost, cash generative CEE production, where we also managed to reverse the recent decline and achieved an overall 7% production growth in 2015. This was primarily on the back of strong on-shore oil production growth of 20% in Croatia and 5% in Hungary in 2015.

Yet, the massive drop in crude prices require further actions. We view the low price environment not as a threat, but as an opportunity to strengthen our business and make it fit to excel even in a USD 35/bbl oil price environment. On the back of the massive success of our Downstream programs, we launch our New Upstream Program in 2016, which ultimately aims for making the business self-funding at USD 35/bbl oil price. The program will include a relentless focus on efficiency across the whole value chain. At the same time, we also adjusted our CAPEX program and plan to spend only on projects, which are robust at lower oil prices. This implies our total organic CAPEX will likely fall to around USD 0.5-0.6bn in 2016. While we also reduced our exploration budget, we do not give up on our efforts to add resources and to convert resources to reserves in the medium term to replace our reserves. Our exploration focus in 2016 will be in Norway, in near-field CEE efforts and in Pakistan. In terms of production, MOL will continue to focus on its extensive production optimisation in the CEE with the aim of increasing production in 2016. The international portfolio is also likely to see higher volumes, primarily in the UK. As a result, we expect production at 105-110 mboepd (thousand barrel of oil equivalent per day) in 2016 and 2017, slightly higher than in 2015 and then further increasing to 110-115 mboepd in 2018.

UPSTREAM OVERVIEW

OVERVIEW OF 2015

Key achievements 2015

- Delivered total production of 104 mboepd, equivalent to a 7% increase over 2014
- Started systematic Production Optimization efforts in CEE with first visible results already in 2015. Successfully reversed onshore production decline in high-margin CEE with onshore oil production in Croatian up by 20% and in Hungary up by 5%
- Achieved a 7.3 USD/boe direct production costs for 2015 implying that the vast majority of the portfolio has been profitable at low oil prices
- Doubled the unrisked resource potential of MOL Group to 1.2bn boe with the entry to Norway
- Removed residual risks from the portfolio

Outlook for 2016

- Launched the New Upstream Program in order to deliver a self-funding business in a USD 35/bbl Brent price environment
- Continue Production Optimization in CEE with all interventions break-evening at or below USD 20/bbl
- Implement USD 80-100mn OPEX savings which will result in direct production cost at around USD 6-7/boe
- Cut organic CAPEX to USD ~500-600mn in 2016 (~ -15-30% year-on-year). Cut Exploration CAPEX by ~50%; Norway, nearfield CEE and Pakistan to remain in focus
- Spend development CAPEX in CEE only if projects are break-evening at 30 USD/bbl

Outlook for 2016-2018

- Production to increase further to ~105-110 mboepd in 2016-17 and to ~110-115 mboepd in 2018

What have been the most important tasks for MOL Group Upstream recently?

"The external environment has changed fundamentally with the sharp decline of oil prices by the end of 2015. Delivering value matters more than delivering barrels. In 2015, MOL has proven that even under these circumstances our portfolio can generate substantial value, largely due to our very competitive direct production cost of ~7 USD/bbl. Going forward, in 2016, we want to ensure that our business is self-funding at 35 USD/bbl. In order to achieve this, we have launched the New Upstream Program. Under the program umbrella we will continue our relentless production optimization efforts in CEE while simultaneously focusing much more on OPEX and CAPEX efficiency. MOL's Upstream will be fit for the lower oil price environment!"

Berislav Gašo – Chief Operating Officer, Group Exploration and Production

UPSTREAM MAP

KEY ACHIEVEMENTS

MOL Group Upstream has over 75 years of experience. MOL's portfolio consists of oil and gas exploration and production assets in 14 countries with production activity in 8 countries. MOL Group remains committed to ensuring safe operations that protect people and the environment, as well as to the principles of sustainable development.

THE CENTRAL EASTERN EUROPEAN REGION

MOL Group has started a major production optimization program in its core CEE region. The program delivered already visible results in 2015. Hungarian production decline was the lowest in the past 10 years and Croatian onshore oil production increased by 20% year-on-year. All measures of the production optimization are break evening at or below 20 USD/bbl.

Production Optimization efforts in Hungary started mid 2015. As a result the total 2015 production decline shrunk to -1% from the -4% of 2014. Oil production in Hungary increased even by 5% year-on-year. The program systematically reviews the production potential from a subsurface perspective and targets also cost efficiency.

INA's Production Optimization efforts increased production by 7% in 2015, with Croatian crude oil output increasing by 20%. The program is focusing on all mature fields, and as part of the 2015 efforts INA conducted a well stimulation campaign consisting of 21 wells. Moreover, an intensive well workover and well optimization campaign was executed throughout the year, involving over 90 wells. In addition, INA progressed the first phase of the Ivanić-Žutica EOR project, with well preparation for the second phase of the project now under way.

In terms of CEE exploration, MOL Group also increased its exploration acreage in Hungary to 4,350 km^2 with the successful bidding for new licences offered in the Third Hungarian licensing round. MOL was awarded the 584 km^2 Dány license in Eastern Hungary and the 391 km^2 Battonya- Pusztaföldvár-Észak license in southeast Hungary.

In terms of exploration activities at INA, 4 domestic onshore exploration wells have been completed and INA has been awarded new onshore and offshore exploration licences. In onshore, INA was awarded with Block Drava-2 following participation in Croatia's onshore bid round. In offshore, two exploration blocks were granted in the framework of the First Offshore Bid Round. Both onshore and offshore licences await the Croatian Government's ratification. The investments also contributed to the reduction of the environmental footprint of our E&P operations. In the CEE region carbon-dioxide (CO2) emissions decreased by 25% while the amount of water withdrawn reduced by 52% compared to 2014.

THE NORTH SEA

In the UK, the production contribution of non-operated assets rose in 2015 with first oil in Cladhan and the first infill well delivered in the Scott field. MOL Group doubled its resource potential to 1.2bn while adding 750mn unrisked resources through its entrance into Norway.

In the UK, first oil from Cladhan field was achieved in December, 2015. In case of Scott, Telford and Rochelle the reliability issues in H1 2015 have been resolved by the operator. A well stock review was completed for Scott, and an infill drilling programme has commenced successfully in September with a first infill well that was delivered on Scott. MOL Group is also participating in two large development projects in the UK: Catcher and Scolty&Crathes. The Catcher project remains within budget, and the drilling of the first two wells have been completed with a positive flow back and injectivity test. To minimize the impact of the slippage of the FPSO construction on the project timeline, a mitigation plan has been put in place. The Scolty-Crathes field development plan was approved in October 2015, and work is progressing well on the facilities topsides scope of the project.

In 2015, MOL Group entered Norway with the clear intention to develop a new hub and centre of excellence for exploration. As a first step MOL Group acquired 100% ownership in Ithaca Petroleum Norge

("IPN"), from Ithaca Petroleum Ltd, pre-qualified as operator in Norway. The deal included acquiring the portfolio of 14 licences of which 3 are operated. In addition, MOL Group took over IPN's strong exploration-focused team with in-depth experience of the Norwegian Continental Shelf (NCS). Following the acquisition, MOL Norge successfully expanded its exploration portfolio through acquiring interest in 7 licences, out of which 2 are operated. (3 non-operated acquired from Det norske oljeselskap ASA in October 2015 and 4 (out of which 2 operated) awarded during the 2015 APA round.)

Overall, MOL Norge has established three core areas within the North Sea focused on proven oil plays close to existing infrastructure where discoveries are capable of being efficiently monetized. The new Norwegian portfolio contributes with 750 MMboe to Group's estimated net unrisked prospective resources.

THE MIDDLE EAST, ASIA AND AFRICA

MOL continued its operation of 78 mboepd (100% block) production in the TAL block in Pakistan which has been complemented by successful exploration in neighbouring blocks. With two further exploration successes it has registered 10 discoveries in 3 different blocks since 1999 and successfully derisked more than 400 MMBOE 2P reserves (100% basis). In the Kurdistan Region, Shaikan production stabilised, whereas the Akri Bijeel block was handed back to the Government.

In Pakistan, MOL Group has a proven track record, with strong partners, and over 15 years of operated and non-operated activities. MOL has interests in 5 blocks in Pakistan and is the Operator of the TAL block 30 km from the border of Afghanistan, currently with 78 mboepd production on 100% basis. MOL Group continued to increase resources through significant exploration efforts and via acquiring additional licences. MOL Group spudded three exploration and one development wells in 2015. The completed Mardankhel-1 exploration well was the 7th discovery in the TAL Block since 1999. Further exploratory drilling is ongoing on TAL's Tolanj and Makori fields. In the Karak block, Kalabagh-1 well resulted in MOL's 2nd discovery in the block. Overall MOL made 10 discoveries (7 operated) from 2000 onwards with over 400 MMboe discovered (100% basis). In addition, MOL Group acquired a 30% non-operated stake in the DG Khan Block which marked the entry in the Middle Indus region. Despite good business results tragic safety incident happened in our Pakistani operations in 2015. Four contractor employees lost their lives in a gas vapour explosion while loading a road tanker. This alarms us to further strengthen our safety management in our operations.

In the Kurdistan Region of Iraq, non-operated Shaikan block has undergone debottlenecking and facility upgrades and has doubled the gross probable reserves confirmed by an independent third party review (Competent Person's Report). The field is currently producing from 9 wells through two production facilities (PF-1 and PF-2) with a production capacity of 40 mboepd. The Operator continues to exercise a prudent field development approach related to the regularity and the amount of payments for all production (including the arrears). On the Akri-Bijeel block, a comprehensive in-house assessment was carried out, and confirmed by an independent analysis (Competent Person's Report) of the block's geological potential. The analysis confirmed that the expected recoverable volumes did not pass the Economic Limit Test (ELT), and consequently no reserves were assigned to the block. In agreement with partners, Gulf Keystone Petroleum and the Kurdistan Regional Government's Ministry of Natural Resources, MOL Group relinquished the block, and signed the Relinquishment and Termination Agreement on 31st December 2015. MOL Group prepared plan for restoration of sites and mud pits as per local requirements and international best practices.

In Oman, MOL Group progressed with the maturation of two exploration wells in Block 66, located in the mid-western part of the country, close to the Saudi border. The first exploration well was spudded in November 2015, however, the penetrated reservoirs were water bearing. The second well is expected to be spudded in Q2 2016.

In Cameroon's Ngosso block, oil bearing layers were encountered throughout drilling of one deep HP/HT exploration well. However, as accumulations were below the economic threshold, the well was plugged and abandoned. After reviewing the remaining potential of the block, MOL decided to relinquish the asset.

THE CIS REGION

MOL increased the Baitugan field production via a high density drilling campaign. In the Fedorovsky block in Kazakhstan, a 25-year Production Licence Contract for the Rozhkovsky field was approved by the Ministry of Energy. Preparations are ongoing for the first phase of the project. Appraisal program of Bashkirian discovery was started.

In the operated Baitugan block in Russia, focus has been on increasing production via a high density drilling campaign. The 2015 development drilling programme was carried out with 5 rigs, and 60 production and injection wells were drilled and completed, resulting in 23% production increase year-on-year (9.4 mboepd in 2015). Baitugan is a shallow, compact field with developed infrastructure, which supports low energy and operational costs. This has made Baitugan resilient to the current low oil price environment, and contributed to reaching a cash flow-positive position in 2015.

In the Kazakh Fedorovsky block, Reserve Calculation and Trial Production Plan for the Block were approved by the Kazakh state. Furthermore, a 25 year Production Licence Contract for the Rozhkovsky field was approved by the Ministry of Energy. Preparations are ongoing for the first phase of the project which is intended to help the Partners evaluate the behaviour of the reservoirs. In addition, appraisal of the Bashkirian discovery is ongoing.

Exploration licences acquired/awarded in 2015

Two concession areas were awarded to MOL, in the framework of the Third Hungarian Licensing round. Contract signing is currently in progress.

In Croatia, INA bid for licences offered in the First Onshore Bid Round and was subsequently awarded with Block Drava-2. In addition, two offshore exploration blocks were granted in the First Offshore Bid Round. Both onshore and offshore licences await Croatian Government's ratification.

In Pakistan, MOL Group signed a farm-in agreement for the DG Khan block, whereby MOL acquired a 30% non-operating interest from the Pakistan Oil Field Limited. The Government of Pakistan approved MOL's farm-in in December 2015.

MOL acquired 17 licenses on the Norwegian Continental Shelf, 3 of which are operated by MOL Norge. In addition, as part of the 2015 APA round, MOL Norge was awarded interest in 4 other licences, 2 of which are operated.

OPERATING REVIEW OF 2015

EBITDA, excluding special items, amounted to HUF 201bn in 2015, a decrease of HUF 70bn compared to the base period. Performance was affected by:

(-) Lower average realised hydrocarbon prices due (from 62 USD/boe to 41USD/boe) to unfavourable changes in oil and gas prices (Brent prices decrease from 99USD/bbl to 52USD/bbl)

(-) Adverse regulatory changes in Croatia: the reduction of regulated gas price and an increase in the royalty rate from 5% to 10% (as of Q2 2014)

(+) A 20% decrease of the HUF versus the USD only partly mitigated the oil price decline.

(+) Group-level average direct production cost, excluding DD&A, was at USD 7.3 USD/boe, 7% below last year's level. Operating expenditures in Upstream, including DD&A, but without special items totalled HUF 435bn, representing a HUF 34bn decrease versus 2014.

(+) Exploration expenses were lower by HUF 8bn due to the different work program in the international portfolio.

(+) Total production rose 7% year-on-year to 104 mboepd in 2015 supported by a 4 mboepd and a 2 mboepd increase in the UK and Croatia, respectively. Excluding inorganic elements, i.e. the sale of a 49% stake in the Russian Baitex and the two UK North Sea deals closed in 2014, production increased by 4 mboepd year-on-year as a result of higher contribution from Croatia (+2 mboepd) and the ramp-up of volumes in the Shaikan block in the Kurdistan Region of Iraq (+1 mboepd). Croatian crude oil and offshore gas production showed better performance due to the ongoing well optimization program (4P) and as a result of the new offshore well tie-ins on the Adriatic Sea (Izabela and IKA-SW) during 2014. In Hungary, the production remained almost flat in comparison to the base period, which was a significant achievement compared to earlier projections of up to 5% annual decline.

Reported EBIT was a loss of HUF 468bn in 2015, as a total of HUF 460bn special items depressed reported EBIT, from which to the above special items, material asset impairment charges of HUF 504bn in total (EBITDA neutral, but affecting DD&A and hence EBIT) **affected reported EBIT**:

(-) MOL booked HUF 131bn impairment related to the relinquishment of the Akri Bijeel block, as assets were written off in 2015 in line with the previous announcements on the license.

(-) MOL also booked an additional HUF 373bn asset impairment charges in 2015, which was mainly driven by the revised premises (primarily oil price assumptions) used for the valuation of the assets. The largest items were related to 1) the UK assets (HUF 218bn), where the impairment was primarily premises-driven, 2) INA (HUF 109bn), while 3) the remaining HUF 46bn was booked on various other E&P assets.

Average daily hydrocarbon production reached at 104 mboepd in 2015, an increase of 7% compared to the base period. The main reasons of this production increase were driven by higher production in the MEA region, mainly from the Kurdistan Region of Iraq and the higher contributions of the UK North Sea acquisition.

Average realised price decreased by 35% compared to the base period as a result of the combined impact of lower oil price and lower gas price in CEE, the latter also affected by the adverse regulatory changes in Croatia.

Average realised hydrocarbon price	FY 2014 restated	FY 2015	Ch %
Crude oil and condensate price (USD/bbl)	82.2	45.2	(45.0)
Average realised gas price (USD/boe)	46.8	35.9	(23.3)
Total hydrocarbon price (USD/boe)	**62.2**	**40.5**	**(34.9)**

Hydrocarbon Production (mboepd)	FY 2014	FY 2015	Ch %
Crude oil production	**34.5**	**40.0**	**16.0**
Hungary	10.9	11.4	5.1
Croatia	8.9	10.7	19.5
Russia	7.7	6.7	(12.8)
Kurdistan Region of Iraq	1.9	3.6	88.2
United Kingdom	1.0	3.2	205.2
Other International	4.0	4.4	9.0
Natural gas production	**54.9**	**56.9**	**3.5**
Hungary	26.0	25.7	(0.9)
Croatia	24.2	25.0	3.3
o/w. Croatia offshore	11.1	12.2	9.6
United Kingdom	0.2	1.7	730.0
Other International	4.6	4.5	(2.8)
Condensate	**8.1**	**7.1**	**(12.6)**
Hungary	4.7	3.8	(18.8)
Croatia	2.1	1.9	(8.7)
Other International	1.3	1.3	4.1
Average hydrocarbon production	**97.5**	**103.9**	**6.6**

Main reasons behind production changes:

In **Hungary,** MOL continued an extensive production intensification program started in Q3 2015. The production remained almost flat in comparison to the base period, which was a significant achievement compared to earlier projections of up to 5% annual decline.

In **Croatia**, Crude oil and offshore gas production showed better performance due to the ongoing well optimization program (4P) and as a result of the new offshore well tie-ins on the Adriatic Sea (Izabela and IKA-SW) during 2014.

In UK, Sally acquisition in December 2014 contributed to full year production by 4.1 mboepd in 2015. Cladhan first oil was achieved on 16 December and since then the field has been performing broadly in line with expectations.

In Kurdistan region of Iraq, the ramp-up of volumes in the Shaikan block (+1.4 mboepd): additional wells were added. The Akri-Bijeel block production increased by 0.3 mboepd due to commercial production started only on 18th December 2014. The Akri-Bijeel block was relinquished on 31st December 2015.

Changes in the Upstream regulatory environment

Hungary

In Hungary, a favourable permitting treatment was given to Natura 2000 protected areas (i.e., a European Union wide network of environment and nature protection zones). While previously no E&P activities were allowed in these areas, as of 2015, both surface & subsurface E&P activities can be executed up to 3-4 months, as determined by the relevant Authorities.

Croatia

In Croatia, according to the Government decision, price for natural gas, at which INA is obligated to sell to HEP, was decreased as of 1st April 2015 by 7%.

UK

In the UK, the Oil and Gas Authority was established and is tasked to deliver the methodology of Maximising Economic Recovery from the UKCS.

Norway

In Norway, corporate income tax rate will be reduced to 25% (down by 2%) in 2016 with a corresponding increase of the special petroleum tax rate to 53%. Hence, the marginal tax rate will remain at 78%."

Russia

In Russia, marginal (maximum) rate of export duty on crude oil was decided to be kept at the same level as in 2016 at 42% as in 2015, instead of decreasing to the previously planned rate of 36%.

Kazakhstan

On 9 November 2015, in connection with Kazakhstan's accession to the WTO, amendments to the subsoil use legislation came into force and significantly altered the existing local content requirements. In general, the changes are aimed at improving the regulatory environment from a foreign investor perspective.

Pakistan

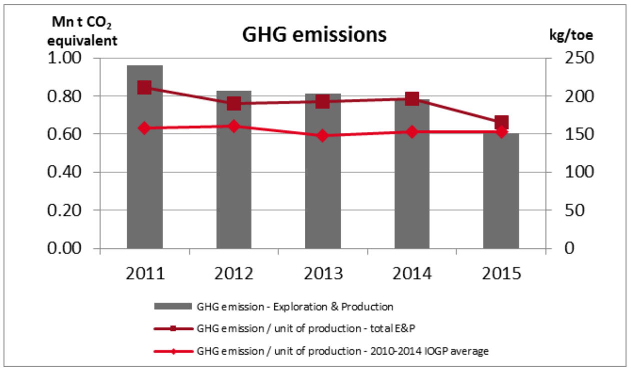
In Pakistan, Supplemental Agreements (SAs) for conversion to 2012 Petroleum Exploration and Production Policy (2012 Policy) for operated and non-operated blocks were signed and executed in 2015. As a result, discoveries made after the 27th of November 2007 have become eligible for higher gas prices as compared to earlier offered prices.

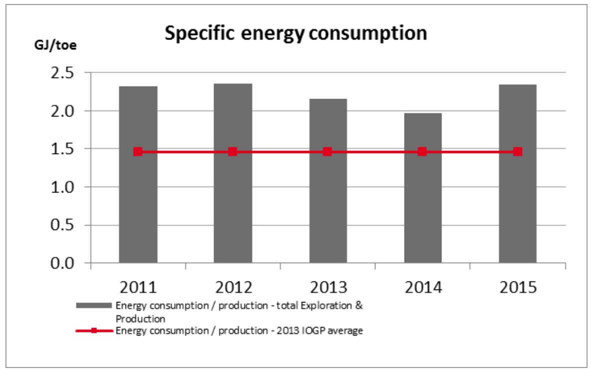
- TAL block
    - **Mamikhel Field:** Eligible for gas price as per 2007 Policy Price, instead of the gas price per Annexure-V of the 2001 Policy. This new gas pricing is applicable since start of production from the field. These changes will be applicable retrospectively.
    - **Maramzai & Makori East:** Eligible for gas price as per 2009 Conversion Policy Price instead of the gas price per Annexure-V of the Petroleum Policy 2001. This new gas pricing is applicable since start of production from these fields. These changes will be applicable retrospectively for the each field.
    - **Mardankhel:** Eligible for gas price as per 2012 Policy Price.
- Karak block
    - **Halini field:** Eligible for gas price as per 2009 Petroleum Policy, instead of the gas price per 2001 Petroleum Policy.
    - **Kalabagh field:** Eligible for gas price as per 2012 Petroleum Policy, instead of the gas price per 2001 Petroleum Policy.
- Ghauri block Eligible for gas price as per 2012 Petroleum Policy, instead of the gas price per Petroleum Policy 2009.

UPSTREAM SUSTAINABILITY HIGHLIGTS 2015

Striving for risk management, people and business excellence in a continuously challenging environment

CLIMATE CHANGE





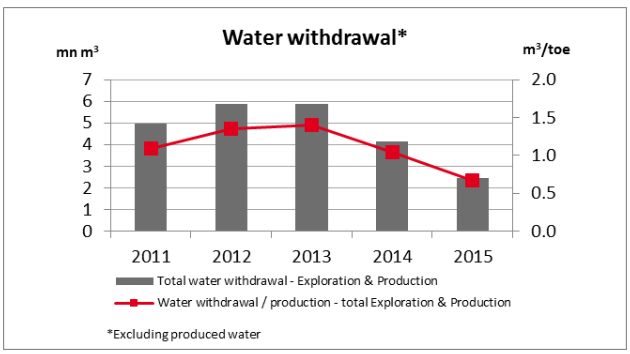
STRATEGIC GOAL:

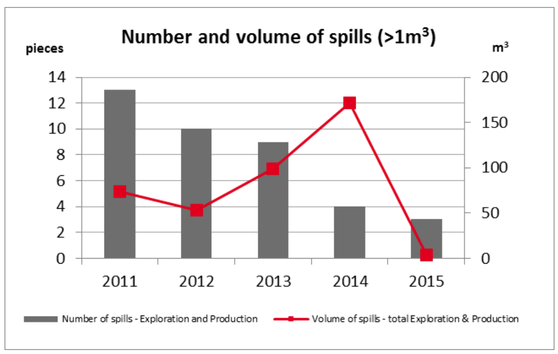
Reduce CO2 intensity of operations by 20% by end of 2017 (in tCO2/ tonnes of oil equivalent)

PERFORMANCE:

- GHG intensity of E&P operations decreased by 25% compared to 2011 primarily due to reduced venting achieved with EOR project in Croatia
- Energy consumption in upstream operations increased mainly due overhaul in INA d.d. production and as a result of the EOR project

WATER AND SPILLS





STRATEGIC GOAL:

- Reduce total water withdrawals by 5%
- Improve water management techniques in water-stressed areas

PERFORMANCE:

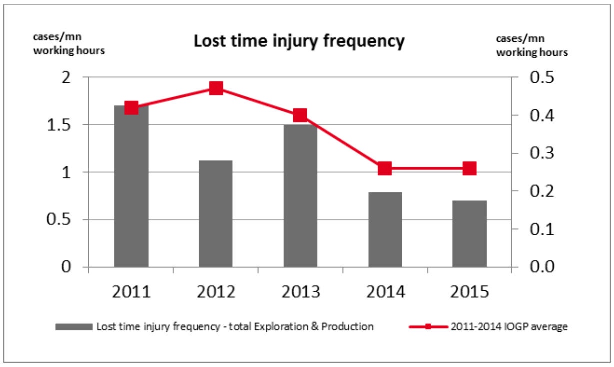
- We continued to reduce total water withdrawal in our upstream operations
- Decrease in water withdrawal is primarily the result of a new cooling water circulation system in MOL Plc.and water efficiency measures in Russia
- The volume of hydrocarbon content of spills above 1 m3 decreased to 4 m3 in total, no major spills occurred in 2015 in contrast to 2014

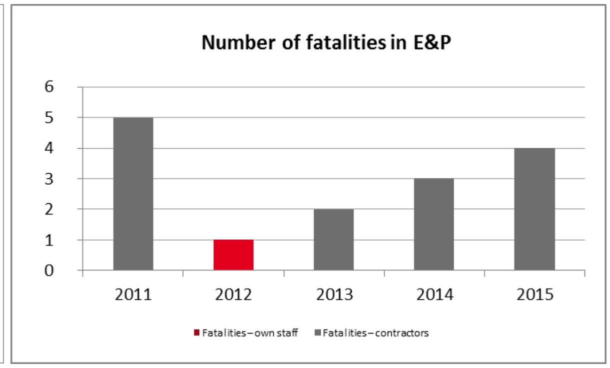
RESERVES AND R&D

	2011	2012	2013	2014	2015
Reserve Life Index (years) (SPE 2P)*	13	15	15	16	14
Research & Development expenditure (HUF mn)	715	730	486	286	1164

*Contains INA total reserves. Production figures contain Total MOL Group including INA.

SAFETY





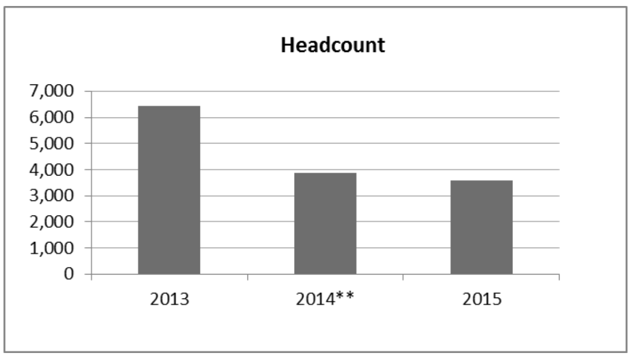
STRATEGIC GOAL:

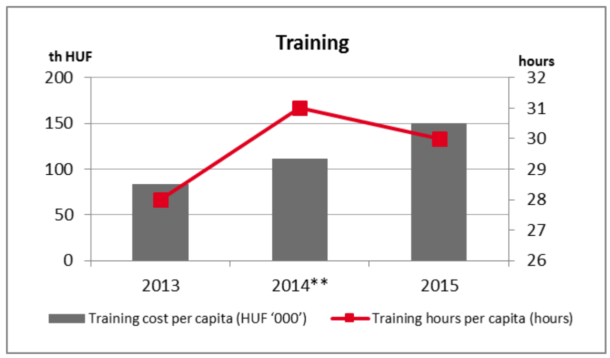
Implement programs that aim for zero incidents

PERFORMANCE:

- In 2015 we had 4 contractor fatalities in our upstream operations, due to a blast fire during loading oprations executed by a contractor in Pakistan
- In own staff LTIF a continuously improving trend (since 2010) is coming to a halt, as in 2015 INA Group registered an increase in its frequency rate

HUMAN CAPITAL





STRATEGIC GOAL:

Ensure operational excellence in challenging business environment

PERFORMANCE:

- Headcount optimization in line with strategic portfolio decisions
- Increased focus on management and petrotechnical professionals' (PTP) capability development

**Crosco is excluded from 2014

COMMUNITY

	2011	2012	2013	2014	2015
Community investments in intetrnational E&P*** (HUF mn) (Total MOL Group without INA Group)	163	191	354	205	601

*** For 2015, covering operations in Russia, Kurdistan, UK and Pakistan

OUTLOOK

Continuing the efforts launched in 2015, MOL Group Upstream business is targeting to become a self-funding business in a USD 35/bbl Brent price environment. To achieve this MOL Group will pursue under the umbrella of the New Upstream Program a series of measures:

1) Increase production further to 105-110 mboepd: This is planned to be delivered through the CEE Production Optimization measures (on a portfolio level break-evening at or below USD 20/bbl Brent price). Further production growth is expected from field development efforts in the international portfolio (mainly UK, Russia, and Pakistan)
2) Implement a thorough efficiency program: Target OPEX spend reduction by USD 80-100 mn as compared to 2015 levels. This will result in a direct production cost at around USD 6-7/bbl
3) Reduce organic CAPEX to USD ~500-600mn (reduction of ~15-30% year-on-year), including a ~50% cut in Exploration CAPEX, with exploration efforts continue to focus on Norway, nearfield CEE and Pakistan
4) Limit Development CAPEX spending in CEE only on projects that are break-evening at or below USD 30/bbl Brent price

DOWNSTREAM OVERVIEW

OVERVIEW OF 2015

2015 Highlights

- Historically the strongest financial performance with USD 1.65bn clean CCS EBITDA, 89% above 2014 in USD terms building on the foundations of internal improvements
- The first year of MOL Group Downstream's three year efficiency program was successfully completed with USD 210mn improvement as all business lines exceeded their yearly targets
- Petrochemicals and Retail contributed ~50% of Downstream clean CCS EBITDA, further continuing with the integration of the business

Outlook

- Macro conditions remain supportive, well above mid-cycle levels, however superior 2015 conditions likely to fade
- Downstream operation continues based on its strategic directions: efficiency increase in Refining, organic and inorganic growth in Petrochemicals and Retail businesses
- The Next Downstream Program continues with the aim of supporting the overall Downstream EBITDA and mitigate a potential shortfall caused by a softening in the external macro. The 2017 CCS EBITDA target of USD 1.3-1.4bn, based on 2014 premises, includes:
  - USD 350mn asset and market efficiency improvements
  - USD 150mn contribution from strategic growth projects
- The Downstream business's normalized CAPEX by 2017 should land between USD 400 – 500mn which provides an excellent free cash-flow generation opportunity

"I am glad that we fully harvested the opportunities of the external conditions in both refining, petrochemicals and retail during 2015. However the historically high USD 1.65bn clean EBITDA is not only a result of favourable external conditions, but also reflects substantial internal efficiency improvements. In the Next Downstream Program we are well on track and added USD 210mn improvement already in 2015. With an action plan in place, we are very confident that the programme will be delivered with a total contribution of USD 500mn. In addition to the business actions of the Next Downstream Program, we have decided to devote more time and attention to improve our internal working culture based on our core values and behaviours. I believe that this is the milestone of making all continuous efficiency improvement programmes sustainable in the longer term and to get closer to the highest level of operational excellence."

(Ferenc Horváth – Executive Vice President, Downstream)

"I would like to emphasize that we have improved our asset availability in key areas. Our organization is driven by the Downstream core values which attach a great importance to safety, and together with leadership changes a promising value based culture development started in MOL Petrochemicals during 2015. We continued with the implementation of LEAN and started an HSE leadership training rollout, while NxDSP actions were also successfully implemented in Downstream Production. We are fully committed to continue towards operational excellence as we define our next strategic investments that will ensure future successes."

(Miika Eerola – Group Downstream Production SVP)

"We have indeed achieved our all-time best results in 2015. This is to some extent down to both the favourable business environment, whilst being able to influence the factors that are within our control. We have no control over crack spreads, however we do control the efficiency of our assets, the quality of our customer relations,

and the engagement and development of our team. These are the three pillars of the strategy that we launched when we were facing a much more challenging environment. This strategy continues to be the backbone of our business decisions."

(Ábel Galácz – Group Supply, Trading & Optimization SVP)

"We continue the journey towards delivering our strategic goals for 2017 by leveraging our selling points and understanding our customers better than anyone else on the market. FRESH CORNER is a great example of how we can maximize our relevant fuel and non-fuel offer in the CEE. Our aspiration is to be seen as real hosts and make customers smile and feel welcome. Our aim is to substantially increase retail's financial contribution and provide stable cash-flow generation to the Downstream business overall."

(Lars Höglund – Group Retail SVP)

"Logistics must be the differentiating factor, always showing agility to manage changes in supply and demand and looking for new ways to meet our customers' expectations."

(Howard Lamb – Group Logistics VP)

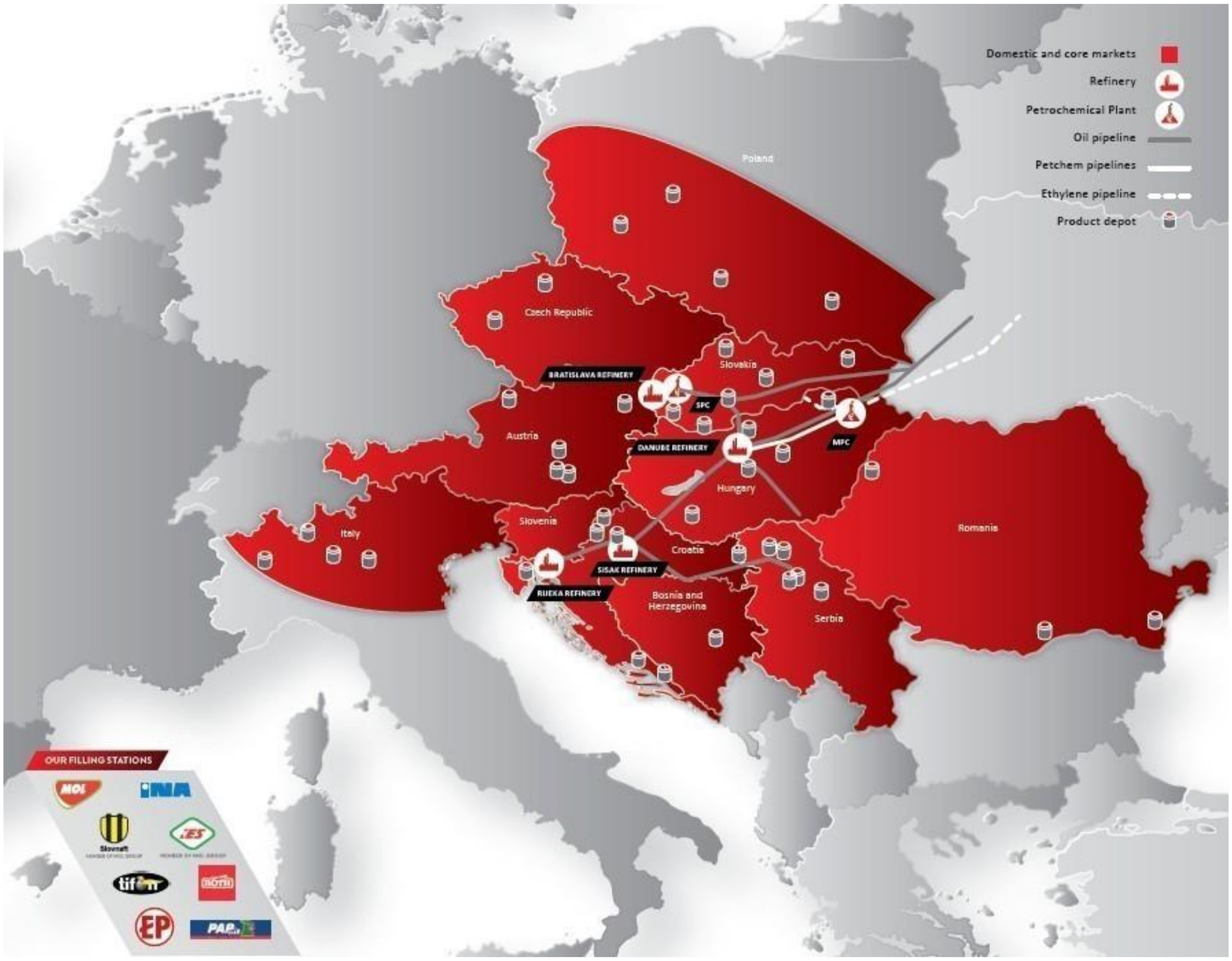
Competitive advantage

MOL Group's Downstream division is made up of different business activities that are part of an integrated value chain. This value chain turns crude oil into a range of refined products, which are moved and marketed for household, industrial and transport use. The products include, among others, gasoline, diesel, heating oil, aviation fuel, lubricants, bitumen, sulphur and liquefied petroleum gas (LPG). In addition, it produces and sells petrochemicals worldwide and holds a leading position in the petrochemical sector in the Central Eastern Europe region.

Our "Six production unit model" with a total capacity of 20.9 mtpa refining and 2.2 mtpa petrochemicals benefits from the synergistic operations of our complex high quality asset base. Our high net cash margin-producing refineries in Hungary and Slovakia make the most of their geographical locations, as well as their well-balanced product and customer portfolios. MOL Group Petrochemicals brings distinct advantages to MOL Group's refineries whilst delivering high quality products to our customers. With widening our value chain by completing the new 130 kt capacity Butadiene unit and finalizing in the first quarter of 2016 the LDPE-4 unit, MOL Group is aiming to become more competitive on the petrochemicals market. Our retail network is composed of more than 1900 stations in eleven countries predominantly located in the supply radius of our refineries which enables us to maximize synergies between refining & marketing and retail.

Feedstock optimisation ensures we select the most appropriate raw materials for all of our refineries from a wide slate of crude oil types. Based on actual crude oil market trends and as a result of successful rehabilitation and expansion of the Friendship I pipeline, between 2012 and 2015 we achieved a continuous increase in alternative crude processing in our refineries, compared to the Urals. Crude and raw materials supplies and low-cost product distribution are achieved through our extensive pipeline system and increased storage depot coverage.

DOWNSTREAM MAP



KEY ACHIEVEMENTS

First year of Next Downstream Program 2015–2017 has been successfully closed

Building on the success and experience of the New Downstream Program, which delivered USD 500mn efficiency improvement between 2012 and 2014, MOL Group Downstream launched the Next Downstream Program, a new wave of efficiency improvement initiatives covering the entire downstream value chain. The Next Downstream Program, which runs between 2015 and 2017, continues to focus on long-term sustainable improvement in order to exploit market opportunities and meet both external and internal challenges. An ambitious USD 500mn EBITDA improvement target was set for the program by the end of 2017, based on:

- Asset and Market Efficiency Improvements
- Strategic Growth Projects

The program is an essential part of MOL Group Downstream Strategy for 2015-2017, serving as a measurement tool for the implementation of strategic goals.

After the first year of the program, the achieved results were above target with USD 210mn clean CCS EBITDA added from internal sources in 2015 vs. 2014. All companies and business lines outperformed their yearly target, thanks to the continuous activity of all stakeholders which focused on decreasing operational costs, achieving higher asset reliability, increasing sales margin and sales volume.

Asset and efficiency improvement measures added around USD 150mn to the program (versus our target of USD 110mn for the year), with particular successes achieved in white product yield improvement of 1.6%. Higher operational availability in petrochemicals and around 15% seaborne crude sourcing in our landlocked Danube refinery's crude intake, coupled with improved retail performance contributed to the successes achieved during the first year of the program. Simultaneously, strategic projects contributed USD 60mn to the program, primarily on the back of retail acquisitions and improvements in IES. Favourable margin and price environment further boosted the Downstream clean CCS EBITDA by over USD 500mn, while a few unplanned events partly off-set the positive contribution of the actions above.

The future delivery of the Next Downstream Program and our general Downstream strategic goals rest on three pillars: our superior asset base, adopting to the needs of the market and the competencies of our employees.

Assets: superior asset base further developed

Significant efforts were put in increasing reliability of our assets during last year. Thanks for the efforts in MOL Petrochemicals we achieved 95.8% availability in aggregated Olefins (versus 88.7% in 2014) and we also managed to improve Danube Refinery operational availability (96.1% versus 95.2% in 2014). In order to support good performance we have introduced the DS Production SVP Reliability Award as a recognition for the best Production asset teams for devoting efforts to achieve an increased availability of production units, the efficient use of complex maintenance spend and the guaranteed reliability of equipment. Turnaround Readiness reviews have been conducted for various topics, including HSE, for all the major turnarounds performed in DS Production during last year.

In 2015 we started to implement an energy management system in accordance with the ISO 50001 standard in order to meet the requirements of the European Union's directive on Energy Efficiency.

Part of our petrochemicals business strategy was to strengthen competitiveness with a broader and higher-quality product portfolio, and increase our market share in captive markets. The 130 kt/year capacity Butadiene extraction unit successfully started its commercial operation in October 2015. All test-runs of the unit have been completed successfully and butadiene production commenced in 2015. Utilization level is driven by market demand since the commercial start-up. The Butadiene Extraction Unit project started in 2013, and with an average of 500 staff on site through the duration of project implementation, it achieved industrially recognized, outstanding level of safety performance as they completed more than 1.3 million man-hours without lost-time injuries (LTI).

The construction of the new 220 kt/year capacity Low Density Polyethylene (LDPE) unit in Bratislava reached mechanical completion in 2015 without any lost-time injuries. The new unit will increase production flexibility, improve product qualities and ensure higher naphtha off-take from the refinery.

In accordance with MOL Group's strategy, we are also continuing to optimise our logistics network. Our RTC (Rail Tank Car) fleet renewal program has been continuing in order to reach an ambitious targeted 23 years average age of fleet by the end of 2016.

Market: we need to find leverage to strengthen our captive market position

The Hungarian petrochemical company (formerly known as TVK) continued its operation from August 2015 as MOL Petrochemicals, in line with the group's strategy. The Tiszaújváros based petrochemical operation is now fully merged and integrated with Downstream production and sales businesses, successfully extending the production value chain and improving efficiency.

In order to maximize commercial benefits, volumes of seaborne crude deliveries were increased via the Adria pipeline and brought over 1.2 million tons of crude oil into the Danube Refinery, increasing the ratio of alternative crude oil processing to 17% in 2015. Furthermore INA recorded an 18% increase in non-Russian crudes, from 43% to 61%.

After closing the conversion process of the Mantua refinery into a logistics hub, the Italian position is under transformation and sales portfolio optimization is ongoing in order to continue MOL Group's wholesale activities in the Italian market and improve its market position.

In case of natural gas the focus is on harvesting synergies and cross-commodity gas, steam, and electricity margin optimization moving towards physical trading direction, while in biofuels we aim to maximize potential in double counting materials where bio content of fuel is coming from renewable sources and improve bio mix to prepare for hitting the blending wall.

The enhancement of logistics access to liquid/trading markets such as Koper in Slovenia is being planned, which could provide support to conclude trading deals closer to the sea. The establishment of an own depot in Serbia will ensure long term security of commercial and logistics operations of MOL Group on the Serbian market. With the planned Solin terminal upgrade of INA in Croatia a reduction in operational complexity of the terminal is being targeted by consolidating all the necessary assets and operation to a single location as opposed to the current two which are connected with product pipeline, thus leading to a reduction in operational costs and compliance with industrial standards over the next 10 years. In logistics, new technology standards are planned to be introduced in order to achieve standard asset and service quality across the whole group.

Retail continued the network expansion primarily through inorganic steps. As a result, a market leading position was maintained in Hungary, Slovakia and Croatia, whilst becoming the second player in the Czech Republic and the fourth player in Romania with market shares in excess of 10% in all five markets.

Our regional Retail market coverage and customer base will be further extended after signing purchase agreements with ENI and announcing the purchase of over 200 filling stations, as MOL Group takes over ENI's entire network in both Hungary and Slovenia.

According to the new Retail strategic directions for 2015-2017, which sets MOL Group Retail to become the customer's first choice in fuel and convenience retailing, the new non-fuel FRESH CORNER concept has been developed based on the needs of today's customer and was successfully implemented in 28 stations across 6 countries in the region. At the same time MOL Group also initiated programs for the safety of customers and the environment, as defibrillators were installed on selected highway stations, visual checks were organized for drivers and over 4000 LED lights being installed across 6 countries in our energy efficiency programme.

People: continuous development supports us to reach our aims defined in our strategy

In order to support the achievement of downstream overall strategic targets, organisational changes have been made to the structure of the Supply Chain Management and Supply / Trading functions by integrating them into a new Supply Trading & Optimisation organisation within the frames of the so called Next Generation Downstream project. As a result, the integration will enable further utilization of operational synergies whilst providing quicker reaction time and decision making process in line with market opportunities. A key metric of the project, in addition to a process change, was a cultural transition within the group. Following the new operational setup, enhanced third party purchases enabled keeping positions on the trading belt.

In addition, lean transformation continued successfully during 2015. Performance improvement of the sites will be additionally boosted with the introduction of an Operational excellence pilot, which will be launched at Bratislava site during the course of the coming year.

Downstream production HSE related targets set for 2015 were achieved, as the 2015 SD&HSE action plan completion was around 90%. We made a step change in Lagging Indicators acceptable limits set for 2015 and we set the limit for TRIR (Total Recordable Injury Rate) as opposed to LTIF (Lost Time Injury Frequency), providing a clearer picture on lower severity incidents like RC (Restricted Case) and MT (Medical Treatment). 2015 TRIR landed exactly on the acceptable limit set at 2.3. Downstream Production aims to devote additional focus on safety through the introduction of a new program pilot from 2016, which should dramatically reduce injuries, while simultaneously stepping up engagement at different sites.

OPERATING REVIEW OF 2015

External environment

	FY 2014	FY 2015	Ch. %
Total MOL Group refinery margin (USD/bbl)	3.4	6.1	79
Complex refinery margin (MOL+Slovnaft) (USD/bbl)	4.6	7.3	58
Brent dated (USD/bbl)	98.9	52.4	(47)
Ural Blend (USD/bbl)	98.0	51.9	(47)
Brent Ural spread (USD/bbl)	1.35	1.39	2
Crack spread – premium unleaded (USD/bbl)	11.3	15.9	40
Crack spread – gasoil 10ppm (USD/bbl)	15.9	14.7	(7)
Crack spread – naphtha (USD/bbl)	(8.1)	(3.8)	53
Crack spread – fuel oil 3.5 (USD/bbl)	(15.9)	(12.1)	24
Integrated petrochemicals margin (EUR/t)	359	680	89

Promising trends in downstream environment

The Downstream environment surprised to the upside in 2015, as both refining and petrochemical margins surged reaching levels well above mid-cycle levels.

Refiners benefited from shrinking oil prices through lower cost of own consumption and losses. Lower oil prices likewise drove the improvement of black product crack spreads. Additionally, the gasoline crack spread was supported by high global demand growth mainly driven by the US and Asia.

The integrated petrochemical margin reached all-time highs. Spiking margins have been supported by the shrinking naphtha price in line with oil. Furthermore, supply was limited by planned and unplanned shutdowns as 19% of European cracker capacity went offline in the second quarter of the year. Import pressure to Europe eased as the USD strengthened 20% against the EUR, coupled with healthy demand from the automotive and the packaging industry throughout the year.

Regional demand

Demand evolution in the CEE countries was heavily influenced by the continued low end-user prices, reflecting the underlying oil price change. Market size increased by 5% versus the previous year, well above the growth rates of the previous 3 years. Substantial increases in demand were recorded in both Hungary and Slovakia, while Croatian demand stagnated compared to 2014 levels. Motor gasoline consumption developed positively as private consumption increased, as diesel demand growth was even more substantial.

Change in regional motor fuel demand	**Market**		
FY 2015 vs. FY 2014 in %	**Gasoline**	**Diesel**	**Motor fuels**
Hungary	3	8	7
Slovakia	1	8	6
Croatia	(2)	3	1
Other	2	6	5
CEE 10 countries	2	6	5

Annual performance

MOL Group Downstream benefited from the favourable external environment and the success of internal efficiency improvement efforts, hence why Downstream’s clean CCS EBITDA rose by an outstanding 124% in a year-on-year comparison, amounting to HUF 462bn.

CCS-based DS EBITDA[3,4] (bn HUF)	FY 2014	FY 2015	Ch. %
MOL Group	**206.3**	**461.5**	**124**
o/w Petrochemicals	37.2	160.3	331
o/w Retail	47.4	61.8	30
MOL excl. INA	**235.4**	**454.7**	**93**
INA	(29.1)	6.8	n.a.
CCS-based DS operating profits [3,4] (bn HUF)	**FY 2014**	**FY 2015**	**Ch. %**
MOL Group	**95.2**	**350.2**	**268**
MOL excl. INA	**147.3**	**363.9**	**147**
INA	(52.0)	(13.6)	(74)

[3,4] Notes and special items listed in Appendix I and II.

CAPEX by type (in HUF bn)	FY 2014 Restate	FY 2015	Ch %
Total	**186.9**	**180.3**	**(4)**
Strategic projects	115.2	88.0	(24)
Normalized CAPEX	71.7	92.3	29

Total Downstream CAPEX stood at HUF 180bn, almost half of that spending targeted strategic projects including the expansion of the retail network and organic petrochemical development. Considering the record high clean CCS EBITDA generation over total CAPEX spending, Downstream was the earnings engine of MOL Group during 2015 delivering HUF 282bn or over USD 1bn simplified free cash flow (clean CCS EBITDA over total CAPEX).

In 2015, both Downstream Clean CCS EBITDA and Clean CCS operating profit saw significant improvements over the corresponding period of last year, reaching HUF 462bn and HUF 350bn respectively. The excellent results came on the back of:

(+) A favourable external macro environment, including a substantial improvement of the Group refinery margin (from 3.4 USD/bbl to 6.1 USD/bbl) and the integrated petrochemical margin (from 359 EUR/t to 680 EUR/t);

(+) Higher sales volumes in R&M, petrochemicals and retail;

(+) Positive internal development of the Next Downstream Program including the material yield improvement in refining and reduction of unplanned downtime especially in MOL Petrochemicals;

(+) material yield improvement in refining;

(+) A 20% weakening of the HUF against the USD.

External refined and petrochemicals product sales by product (kt)	FY 2014	FY 2015	Ch. %
Total refined products	**16,724**	**17,234**	**3**
o/w Motor gasoline	3,614	3,826	6
o/w Diesel	9,133	9,402	3
o/w Fuel oil	554	470	(15)
o/w Bitumen	629	553	(12)
o/w Retail segment sales	**3,513**	**3,916**	**11**
o/w Motor gasoline	1,073	1,157	8
o/w Gas and heating oils	2,347	2,661	13
Total Petrochemicals product sales	**1,126**	**1,298**	**15**
o/w Olefin products	184	198	8
o/w Polymer products	942	1,088	15
o/w Butadiene products	0	12	0
Total refined and petrochemicals product sales	**17,850**	**18,532**	**4**

MOL continued to experience increased competition in its core motor fuel markets amid supportive market conditions, and as a result its Hungarian, Slovak and Croatian market share declined in a yearly comparison. On the other hand sales volumes increased more substantially outside the core countries. Petrochemical sales improved in line with improving market conditions.

Significant improvement in retail performance

The Retail arm delivered a 30% increase on a clean CCS EBITDA basis and contributed HUF 62bn.

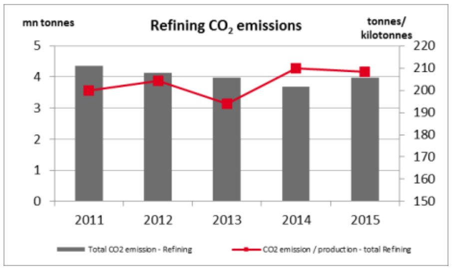
Total retail sales (kt)	FY 2014	FY 2015	Ch. %
Hungary	864	934	8
Slovakia	452	536	19
Croatia	1,077	1,075	0
Romania	501	586	17
Czech Republic	147	359	144
Other	472	426	(10)
Total retail sales*	**3,513**	**3,916**	**11**

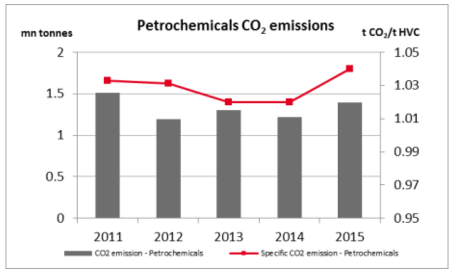
- In **Hungary** volumes improved versus last year (+8%) due to demand increase supported by lower fuel prices.
- In **Slovakia** sales grew by 19% versus 2014 as a result of healthy demand trend and inorganic network expansion.
- In **Croatia** volumes stagnated year-on-year.
- Strong volume increase was experienced in **Romanian** (17%) and **Czech** market (144%), mainly as the result of the inorganic network expansion.

Downstream Sustainability Highlights 2015

A strong safety culture, underpinned by strategic focus on decreasing energy consumption and investing in technical skills ensured a solid downstream sustainability performance as production increased in 2015

CLIMATE CHANGE





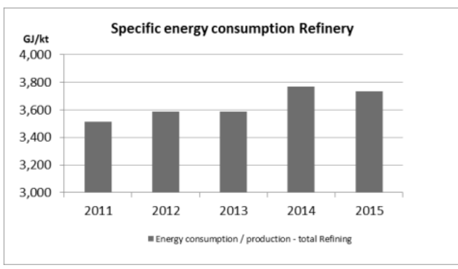
STRATEGIC GOAL:

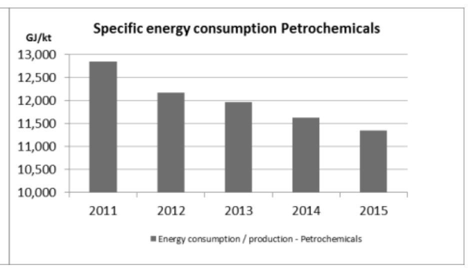
Ensure all sites move up one decile from current positions in their sectoral CO2 benchmarks

PERFORMANCE:

- Refining and petrochemical operations are the primary sources of MOL Group's GHG emissions
- Next Downstream Program brought 49 thousand tonnes of energy and CO2 emissions savings
- GHG target challenged by 4% increase in emissions recorded in 2015

ENERGY





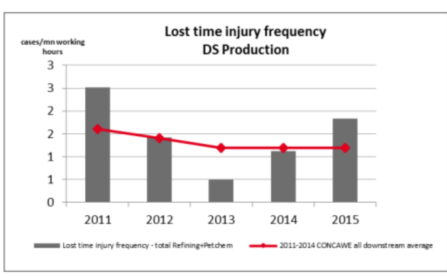
STRATEGIC GOAL:

Decrease downstream production energy consumption by min. 5%

PERFORMANCE:

- MOL Petrochemicals Plc, INA d. d., MOL Plc obtained ISO 50001 certification
- Energy consumption in refineries increased due to an increase in production
- Specific energy-consumption of petrochemicals reduced by 12% compared to 2011 as a results of energy efficiency programs

SAFETY



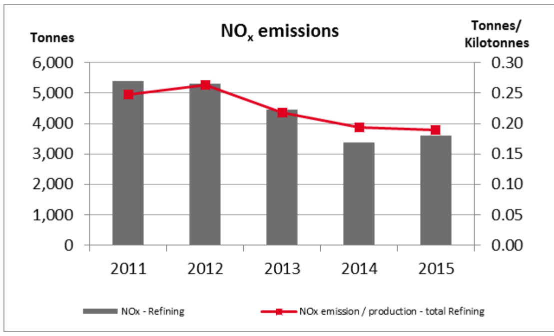
STRATEGIC GOAL:

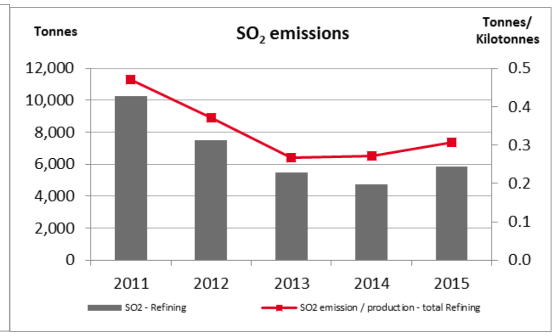
Implement programs that aim for zero incidents

PERFORMANCE:

- The construction of Slovnaft LDPE plant and Butadiene Extraction Unit at MOL Petrochemicals Plc recorded outstanding level of safety performance
- Increased number of LTIs in Hungarian and Croatian refineries
- Relatively high number of LTI mainly caused by slip and trip incidents
- Number of process safety events decreased by 12% compared to 2013, but indirect financial impact increased due to unit shutdown in 2015

AIR EMISSIONS





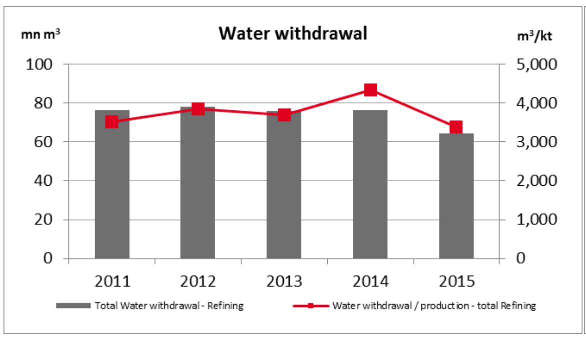
STRATEGIC GOAL:

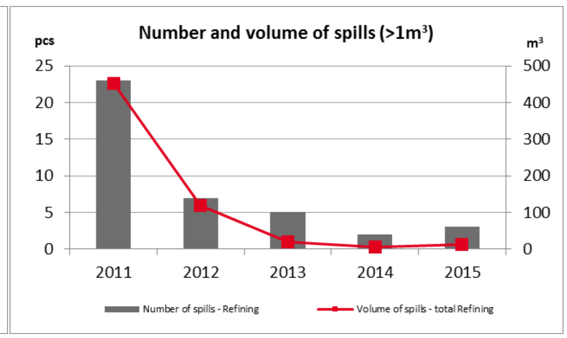
Decrease environmental footprint

PERFORMANCE:

- Increases in SO_2 and NOx was a result of increased fuel oil consumption instead of natural gas in refineries
- Five-year air emission trends show significant improvements primarily as a result of legal compliance

WATER AND SPILLS





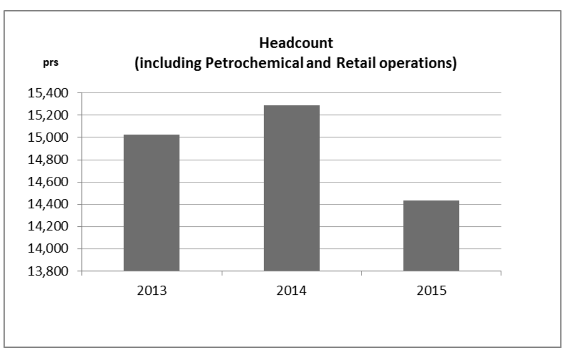
STRATEGIC GOAL:

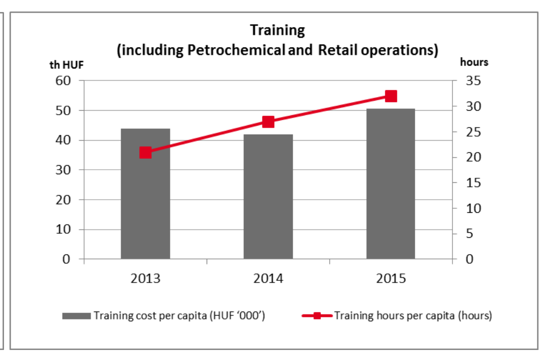
Reduce total water withdrawals in DS Production by 5%

PERFORMANCE:

- Decrease in water withdrawal is not the result of efficiency improvements, but reduced operation of certain units
- The volume of hydrocarbon content of spills above 1 m^3 increased to 12.9 m^3 compared to 2014

HUMAN CAPITAL





STRATEGIC GOAL:

Enhance business critical competencies and leadership skills

PERFORMANCE:

- Total headcount of downstream includes petrochemical, logistics and retail businesses
- Change in implementation of retail business operating model brought about decreasing headcount figures
- Increased focus on technical skills and leadership development spurred increased training activity

Outlook

Fundamentals may still remain above mid-cycle levels in 2016: With a cautious approach we forecast refinery margins of around 4-5 USD/bbl and the petrochemical margin of around 500 EUR/t or even slightly below. It implies that downstream macro condition retreat somewhat from exceptional 2015 levels, but overall they remain supportive versus mid-cycle levels. While the lower crude price environment is lending support through lower processing costs this effect is limited as European refinery capacity overhang will persist, capping any sudden surge in margins. Commissioning of more complex and more competitive refineries in the US and the Middle East put Europe into a vulnerable position since additional import volumes of diesel pushed crack spreads lower. Although in 2015 gasoline crack spread have been performing better compared with diesel ones due to high global demand growth mainly driven by the US and Asia, the Group expects that this trend might not continue in the future.

Following that motor fuel demand increased by 5% in 2015, consumption approached pre-crisis highs in some countries of the region. Motor fuel demand is expected to stabilise with an approximate 2-4% growth in the CEE region during 2016. Further diesel demand growth might be affected by the extent of economic growth (GDP growth) and the potential changes of the regulatory framework which might not support the trend of further dieselisation.

Next Downstream continues to target USD 500mn EBITDA improvement by 2017, USD 210mn already delivered: Although the current business environment is very favourable, we expect the external environment to fade during 2016 compared to 2015. Therefore we are aiming to partially offset any negative effects by continuing the Next Downstream Program in 2016 and 2017 as well. The overall target of Downstream is to achieve USD 1.3-1.4bn EBITDA and around USD 900mn normalized cash flow generation by the end of 2017 on the base of our 2014 performance and external environment. If there is an upside in external conditions that would elevate the above mentioned EBITDA figure further. Ultimately the target of program is to reach an incremental USD 500mn EBITDA from internal efforts.

USD 350mn coming from asset and market efficiencies: Altogether more than 150 individual actions are included in this part of the program, tackling efficiency improvement in production and commercial areas. As a result MOL will improve its white product yield by 2.5ppt, increase operational availability of key assets, enhance energy intensity and increase traded motor fuel volumes to 150% against own produced motor fuels, gradually increase crude intake from through seaborne purchases. Following the successful rehabilitation and expansion of the Friendship I pipeline connecting the Danube and Bratislava refineries in the first half of 2015, from 2016 we are launching seaborne crude oil deliveries to the Bratislava refinery as well. Number of tested crudes in the complex refineries will increase in the future and decision on supply will be made based on economics of different available crude types.

Higher fuel sales are planned for 2016 driven by the acquisitions and country concept actions targeting enhanced captive positions. As a supply & trading priority we are aiming further growth in 3rd party product supply to ensure market coverage and flexibility.

USD 150mn added by strategic projects: Additionally our strategic growth projects will further contribute USD 150mn to the Next Downstream Program. This part of the program covers the constructed new 130,000 tons per annum capacity butadiene extraction unit at our MOL Petrochemicals site and the finalization of the new low density polyethylene plant (LDPE) in Bratislava which will not only replace 3 out-of-date production units currently in operation, but also significantly increase the quality of produced LPDE from the end of first quarter in 2016. From sales perspective we are targeting to reach effective placement of products of the above mentioned new units.

With more than 250 initiatives and major strategic projects coming on stream (e.g. LDPE 4 unit in Slovnaft Petrochemicals), an additional USD 140mn EBITDA improvement is targeted for 2016.

Pursing inorganic opportunities in the region and developing our retail network: Following the aggressive inorganic network expansion of the previous years, according to new strategic directions 2015-2017 which sets MOL Group Retail to become first customer's choice in fuel and convenience retailing we continue to further investigate inorganic growth opportunities across the CEE region within the supply radius of our refineries. Such potential steps are going to enhance our captive market positions and support overall margin capture of our Downstream business. Our new non-fuel FRESH CORNER concept has been developed according to the needs of the modern customer. The plan for 2016 is to roll out the concept in more than 300-400 stations across 8 different countries.

In 2016, significant efforts will be put in training, developing and motivating our staff and partners on the stations to create unique host culture and make our customers smile and feel welcome and understood.

GAS MIDSTREAM OVERVIEW

OVERVIEW OF 2015

Highlights

- a 5,782 km long pipeline system
- 24 entry points, nearly 400 gas exit points
- 6 regional centers, 6 compressor stations
- World-class control center in Siófok

FGSZ Földgázszállító Zrt. (hereinafter FGSZ) is the largest transmission system operator in Hungary. It performs its activities under regulated market conditions. Aside from domestic natural gas transmission, FGSZ also engages in transit activities for Serbia, Bosnia-Herzegovina, Romania and Croatia, Ukraine, and towards the system of MGT Zrt./ Slovakia. In international comparison, the Company's grid is one of those that operated according to the highest technological standards. FGSZ ranks among the companies of strategic importance within the region. Its dynamism and efficiency make the company one of Europe's most significant natural gas TSOs.

The pipeline developments of strategic importance implemented by FGSZ in recent years serve as a solid ground for the Company's future, the performance of the company's role as a regional distributor, as well as Hungary's safe, environment friendly and competitively priced gas supply. FGSZ is prepared to face the challenges, tasks and requirements arising from the establishment of a market which is liquid, integrated, diversified regarding its resources, and which is also supported by the European Union. Our strategic goals require further efficient and well-planned infrastructure developments.

The Regional Booking Platform (RBP) of FGSZ is a capacity allocation IT application developed pursuant to Regulation (EU) 984/2013 on establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council. Subject to the Hungarian legal and regulatory background as from 11 May 2015 both cross-border capacity allocations and allocations on national network points in Hungary take place through the RBP. At the same time this application is suitable for conducting capacity allocation procedures under the CAM NC not only at the cross-border and domestic network points within the system of FGSZ, but also at any other network point, even those independent of the integrated national natural gas transmission system. In 2015, apart from FGSZ, the RBP was used by four other natural gas transmission companies (Eustream (Slovakia), Transgaz (Romania), Plinacro (Croatia) and MGT (Hungary)), and in 2016 further TSOs are expected to join.

GAS MIDSTREAM MAP

COMPETITIVE ADVANTAGES

Geographic location

FGSZ also plays a key role in terms of regional transit transmissions.

INTEGRATED MANAGEMENT SYSTEM

Since 1997 FGSZ has been operating audited and certified quality management systems. Since 2014 these systems have been joined in an integrated system constituting the following: Quality Management System (QMS), Technical Safety Management System (TSMS), Information Security Management System (ISMS), Calibration Laboratory Management System (CLMS) and Welding Management System (WMS) and Energy Management System (EMS). The certifications of such systems maintained by FGSZ in 2015, and also others were also added, and further accredited systems were also included as follows:

In 2015 the Quality Management System (QMS) was re-accredited, and the Information Security Management System (ISMS) was revised (pursuant to the ISO27001 standards published in October 2013).

The Hungarian Office for Mining and Geology has issued a resolution in which approved the modifications of the policies regarding the Technical Safety Management System (TSMS) to be implemented by FGSZ.

FGSZ has passed the statement of production review performed by TÜV according to MSZ EN ISO 3834-2:2006.

In 2015 FGSZ passed the accreditation audit performed by SGS according to the ISO 50001:2011 standards, and was awarded with the EMS certificate for a period of 3 years.

At the beginning of 2015 the Company performed well and passed the revision accreditation visit by the National Accredition Board with respect to the Calibration Laboratory Management System.

Reliable cash flow

The operation of FGSZ's high-pressure natural gas transmission grid of approximately 5,800 kilometers which covers the entire territory of Hungary, and the discrimination-free sale of the grid capacities and the supplementary services provide a reliable cash-flow for MOL Group.

KEY ACHIEVEMENTS

Five time winner of the title "Best place to work"

FGSZ took part for the sixth time at the Aon Hewitt Best Place to Work competition. It is now a five-time winner of the title "Best Place to Work in Hungary" and the three-time winner of the title "Best Place to Work in East Central Europe".

OPERATING REVIEW OF 2015

Similar operating profit level – despite of changing external environment

Operating profits of FGSZ in 2015 were similar to prior year figures, the unfavourable effect of changed domestic regulatory environment was mainly compensated by the effect of changes in macro environment. The effect of decrease of public utility charges (valid from 2013) still has an overall unfavourable effect, therefore operating profit is lower. The combined effect of changes in regulatory environment from 01.07.2015 resulted in a changed structure of domestic revenues, but total regulated revenues did not change significantly.

Decreased domestic gas transmission, decreasing operating revenues

Revenues from domestic transmission services totalled HUF 59bn which is lower by 2% than base period figures. Lower revenues are due to the combined effect of decreased annual capacity demands and the lower volume-driven revenues in line with lower transmission volumes and decreased turnover fee tariff which was partly compensated by the effect of significantly higher short-term capacity bookings.

Domestic transmission volumes are slightly lower by 7% than base period figures mainly due to the lower level of injection volumes.

Higher transit transmission revenues in line with favourable external environment

Revenue from natural gas transit is HUF 21bn, increased by 8% compared to the base period. Favourable FX changes could overcompensate the negative effect of lower transit tariffs. Total transit transmission volumes were lower by 6% than prior year mainly due to the lower transmission volumes to Romania and Ukraine, transit transmission volumes to Serbia, Bosnia and Herzegovina were somewhat above base period figures.

Strict control of operating costs

Level of operating costs were similar to prior year. Gas consumption of the transmission system and pressure increase fees were lower, in line with lower domestic and transit transmission volumes, and compensated the negative effect of certain year-end other expenditures. Cost of maintenance activities and other costs were slightly lower than prior year as a result of strict cost control.

Regulated transmission tariff changes

The transmission tariffs regarding FGSZ essentially remained the same both in content and in size in 2015. However, there have been some changes in the rules that govern the application in the spirit of the preparation for the EU-level harmonisation of applicable network usage regulations (operational and commercial code regulating capacity allocation mechanisms) which entered into force in 2015, and the tariff system. In this context, the authority responsible for setting prices, the Hungarian Energy and Public Utility Regulatory Authority rearranged the entry and exit charges, which did not increase the total earnings of FGSZ, but can facilitate more effective cost management for the network users. In addition to this, the regulation now includes new product implementation (quarterly and within-day capacity booking), and also the new method of pricing within-year standard capacity products. In legal terms in 2015 the natural gas transmission market became a two player market with respect to which the regime of balancing payments regarding the sharing of revenues from system usage fees has been implemented on the one hand, and on the other the nominal tariff has increased in a way to ensure that the performance position of FGSZ remained unchanged as a result of the two events.

The official cost review that began in 2013 was not finished in 2015, instead it will be replaced by a new cost review procedure in 2016. Thus in terms of regulation the regulatory cycle that began on 1 January 2010 is still in effect, the new price regulation cycle is expected to enter into force on 1 January 2017.

OUTLOOK

European dimensions

The interests of FGSZ require a more efficient gas market which rests on several pillars to be established. Therefore, in the 10-year period between 2015 and 2024 it wishes to participate in comprehensive infrastructure developments at both Hungarian and international level to promote the creation of the domestic liquid gas market. The transformation of the gas market allows domestic consumers to access gas sources competing against each other in the region, and thus to optimise their purchasing portfolios in line with their possibilities.

As the first step of the strategic investments, between 2006 and 2010 FGSZ significantly increased its Eastern import capacity, in line with the development of the strategic storage facility. The Hungarian-Croatian and Hungarian-Romanian interconnectors have been constructed.

The second stage of the strategic investments projected for the period 2011-2020 focuses on the development of transmission route running from south-east to north-west. FGSZ has commenced the internal improvements to guarantee security of supply for the Trans-Danubia region independently of the HAG pipeline.

In 2012, the Company concluded a cooperation agreement with Ukrtransgas, as the result of which it has provided the option of interruptible natural gas transmission to Ukraine since the spring of 2013. As the first EU transmission system operator in 2015 FGSZ entered into a cooperation agreement with Ukrtransgas complying with EU regulations by this undertaking the pioneering role in natural gas distribution at the eastern borders of the European Union.

FGSZ has set the goal of guaranteeing the possibility to import natural gas from every possible direction in order to secure supply, and of becoming an integral part of the region that surrounds it by making implemented cross-border connections bi-directional. Developing the entry option for natural gas arriving from Romania was an important step in this regard. Although capacity opened in the first stage only allows for the delivery of a smaller volume, FGSZ and its Romanian partner are working together to expand such capacity significantly. Hungary's gas supply will be set on an even more secure footing by the channeling of the southern and south-eastern, then eastern, finally northern and western gas sources.

The long-term strategic investments of FGSZ allow Hungary to leave its current peripheral role in gas transmission and to develop into a regional gas distribution center in the next decade.

Capital Expenditure Program

Capital expenditures (HUF bn)	FY 2014 Restated	FY 2015
Upstream	328.4	232.2
of which inorganic:	121.0	33.5
Downstream	186.9	180.3
of which inorganic:	13.7	50.9
Gas Midstream	3.8	5.7
Corporate & intersegment	14.9	19.5
Total	**534.1**	**437.7**
of which inorganic:	134.7	84.4

Total CAPEX decreased during 2015 compared to the previous year, primarily driven by lower Upstream spending. Despite the decrease, Upstream continued to absorb the majority of Group CAPEX with 53%, while Downstream was responsible for 41% of the spending. The remaining 6% or HUF 25.2bn of capital expenditures targeted Gas Midstream and other corporate projects.

Organic Upstream CAPEX remained at similar levels compared to 2014, while inorganic spending decreased substantially. Overall Downstream CAPEX was below base as strategic projects reached their completion phase during 2015, while inorganic spending saw a substantial increase driven by Retail acquisitions.

Upstream CAPEX

FY 2015 (HUF bn)	Hungary	Croatia	Kurdistan Region of Iraq	Russia	Pakistan	United Kingdom	Norway	Other	Total (HUF bn)
Exploration	14.5	3.0	27.9	1.0	11.9	1.9	3.6	15.5	**79.3**
Development	14.0	22.3	3.4	6.0	1.5	52.1	0.0	9.4	**108.7**
Acquisition	0.3	0.0	0.0	0.0	0.0	11.0	22.1	0.0	**33.4**
Consolidation & other	7.1	2.4	0.1	0.0	0.1	0.8	0.2	0.0	**10.7**
Total	**35.9**	**27.7**	**31.4**	**7.0**	**13.5**	**65.8**	**25.9**	**24.9**	**232.1**

In 2015, Upstream CAPEX amounted to HUF 232bn, the biggest contributor of which was HUF 33bn inorganic CAPEX, mostly driven by the acquisition of two North Sea assets. Other major investments excl. acquisitions were in the North-Sea Region (28%), in Hungary (18%), in the Kurdistan Region of Iraq (16%) and in Croatia (14%).

Downstream CAPEX

CAPEX (bn HUF)	FY 2014 Restated	FY 2015	Ch. %	Main projects in FY 2015
R&M CAPEX and investments excluding retail	70.7	63.3	(10)	• Final phase of Laura depot conversion project in IES was carried over • Major turnarounds only at MOL • Strategic INA Logistics projects started in 2015, main CAPEX spe expected in 2016
Retail CAPEX and investments	29.7	74.2	150	• 208 sites were acquired from ENI in Romania, Slovakia and Czech Repub • Rebranding of ex-Lukoil and ex-ENI sites on-going • 28 new non-fuel concept pilot projects were completed region wide
Petrochemicals CAPEX	85.0	40.1	(53)	• Peak CAPEX in 2014 related to the butadiene and LDPE4 units' constru followed by lower spending in 2015
Power and other	1.5	2.7	80	
Total	**186.9**	**180.3**	**(4)**	

Downstream CAPEX decreased year-on-year mostly driven by a sharp decline in petrochemical spending as strategic projects (e.g. LDPE4 and Butadiene) reached completion phase. Retail more than doubled its capital expenditures, primarily driven by the inorganic expansion of the network. In Refining & Marketing, due to major turnarounds, maintenance related activities absorbed a substantial amount of capital expenditures.

FINANCING OVERVIEW

MOL sustained its strong financial position

The overall corporate financial position and the ability to generate operational cash flow are key priorities due to the turbulent financial environment, the fall in commodity prices and economic slowdown.

During 2015 MOL maintained its strong financial position and enjoyed EUR 3.4bn available liquidity at year end, after the repayment of the 2015 October bond maturity in the value of EUR 750mn. Indebtedness decreased to 0.73 (simplified Net Debt to EBITDA) from last year's 1.31, whilst the gearing ratio increased from 19.6% to 20.6% year-on-year.

Sufficient external financing

MOL Group has sufficient financing for its operations and investments. Our diversified, medium- and long-term financing portfolio consists of revolving syndicated and club loans, long-term bonds and loan facilities through multilateral financial institutions.

Enhancing the maturity profile

In December 2015 INA signed its USD 300mn revolving credit facility to partially refinance its earlier existing USD 400mn credit facility, and to utilize better market conditions. The tenor of the facility is 3 years with an extension option of 2 additional years.

The Group also decreased its cost of funding and enhanced its maturity profile via the extension of the maturity by one year for the USD 150mn loan agreement with the European Bank for Reconstruction and Development signed on 2 July 2012.

Indebtedness

	2014	2015
Simplified Net debt/EBITDA	1.31	0.73
Net gearing	19.6%	20.6%

Proportion and amount of total debt denominated in the following currencies

31 Dec 2014 (bn own currency)	31 Dec 2014 (bn HUF)	Portion %	Currency	31 Dec 2015 (bn own currency)	31 Dec 2015 (bn HUF)	Portion (%)
0.9	242	25	**USD**	0.9	253	38
2.2	693	72	**EUR**	1.3	392	59
n.a.	27	3	**HUF and other***	n.a.	23	3
n.a.	**962**	**100**	**Total**	**n.a.**	**668**	**100**

*includes also HRK and PLN denominated debt

Notes to the Profit & Loss Statement

Sales, Operating Expenses and Operating Profits

Group net sales revenue decreased in 2015 by 16% to reach HUF 4,103bn as revenue decreased in Upstream by 27%, in Downstream by 15% and in Gas Midstream by 3%.

Other operating income increased by 227% to HUF 87bn, while other operating expenses decreased by 11% to HUF 258bn in 2015 compared to prior year.

In 2015, depreciation expenses increased by 134% to HUF 864bn compared to 2014, mainly as a result of one-off impairment charges recognized in 2015.

In 2015 the economic events treated as special items mainly related to block exit costs and impairments in Upstream and Corporate&Other segment in total amount of HUF 507bn. Impairment of UK off-shore assets amounted to HUF 218bn, Akri-Bijell block exit costs amounted to HUF 131bn, INA Group impairments amounted to HUF 119bn, Cameroon exit costs amounted to HUF 17bn, other impairments amounted to HUF 20bn. Furthermore the MOL Plc. mining royalty penalty claw-back based on the decision of Court of Justice of the EU (HUF 35bn) and the provision for redundancy at INA (HUF 9bn) were also considered as special items in 2015.

In 2014 impairment charges on INA assets amounted to HUF 70bn in total. Special items in operating expenses occurred due to the restructuring of IES in amount of HUF 4bn. Personnel expenses also included a special item provision for redundancy at INA of HUF 5bn. Further special items were the gain on divestiture of 49% of Baitex in the amount of HUF 13bn, negative cost of disputed gas purchase price differential in amount of HUF 6bn and INA tax penalty in amount of HUF 9bn.

Financial results

A net financial expense of HUF 93bn was recorded in 2015, compared to HUF 104bn in 2014. The decrease of HUF 11bn was mainly driven by lower foreign exchange losses. A foreign exchange loss of HUF 28bn and a loss of HUF 39bn were booked on trade and other receivables and payables, in 2015 and in 2014 respectively. Foreign exchange loss of HUF 16bn and a loss of HUF 32bn were booked on borrowings, in 2015 and in 2014 respectively. In 2015 HUF 13bn foreign exchange loss on bank loans and a loss of HUF 2bn on FX forwards designated as net investment hedging instruments were accounted for in the translation reserve, within equity. In 2014 a HUF 49bn foreign exchange loss on bank loans was accounted for in equity. A fair valuation gain on the conversion option embedded in the capital security issued by Magnolia Finance Ltd. amounted to HUF 2bn in 2015 versus the unrealised gain of HUF 1bn in 2014.

Income from associates

Income from associates amounted to HUF 6bn in 2015, mainly as the result of the contribution from MET Zrt. (HUF 2bn) and from MOL's 10% share in the operations of the Pearl Petroleum Company (HUF 3bn).

Profit before taxation

As a result of the above-mentioned items, the Group's loss before taxation in 2015 was HUF 303bn, compared to a loss of HUF 45bn in 2014.

Taxation

Income tax expenses amounted to HUF 22bn in 2015 compared to HUF 5bn in 2014. This year-on-year change was mainly driven by the following factors:

- HUF 13bn decrease in deferred tax income mainly due to significant one-off impairment expenses recognized in 2015 on UK Upstream assets, because of which the previously recognized deferred tax assets were derecognized from the Balance Sheet;
- HUF 5bn increase of current tax expense mainly driven by the increased tax base of Slovnaft compared to prior year;
- HUF 3bn increase of industry tax income due to the industry tax reclaimable by the new Upstream subsidiary in Norway.

Cash flow

Consolidated Cash flow	2014 (HUF mn)	2015 (HUF mn)
Net cash provided by operating activities	434,528	592,184
of which: movements in working capital	47,116	(27,437)
Net cash used in investing activities	(558,459)	(218,299)
Net cash provided by/(used in) financing activities	(257,036)	(444,732)
Net increase/(decrease) in cash and cash equivalents	(360,427)	(71,529)

Operating cash inflow in 2015 increased to HUF 592bn from HUF 435bn in 2014. Operating cash flow, before movements in working capital, increased by 53% to HUF 644bn in 2015. Income taxes paid amounted to HUF 24bn.

Net cash used in investment activities amounted to HUF (218bn) in 2015, which was mainly driven by the cash outflows relating to capital expenditures, exploration and development costs (HUF 378bn). This was partially offset by cash inflow on short-term investments (HUF 163bn).

Net financing cash outflow totaled HUF (445bn) in 2015, primarily as a result of the net repayment of long-term notes and long-term debts.

APPENDICES

APPENDIX I

IMPACT OF SPECIAL ITEMS ON OPERATING PROFIT AND EBITDA (in HUF mn)

MOL GROUP	FY 2014	FY 2015
OPERATING PROFIT EXCLUDING SPECIAL ITEMS	**109,069**	**264,816**
UPSTREAM	**(35,026)**	**(460,441)**
Gain on divestiture of Russian companies	12,679	
Impairment in INA Group	(52,426)	(109,469)
Impairment in UK		(218,168)
Other impairment		(20,122)
Provision for redundancy at INA	(1,715)	
Disputed gas price differential	6,436	
MOL Plc. mining royalty penalty claw-back		35,227
Akri-Bijeel block exit		(130,603)
Cameroon exit		(17,306)
DOWNSTREAM	**(31,273)**	**(9,203)**
Impairment in INA Group	(15,990)	
Tax penalty of INA	(9,095)	
Provision for redundancy at INA	(2,005)	(9,203)
IES provision for dismantling	(4,145)	
Compensation for damages by CMEPS s.r.o.	(38)	
CORPORATE AND OTHER	**(2,690)**	**(11,170)**
Akri-Bijeel block exit		(1,538)
Impairment in INA Group	(1,336)	(9,632)
Provision for redundancy at INA	(1,354)	
TOTAL IMPACT OF SPECIAL ITEMS ON OPERATING PROFIT	**(68,989)**	**(480,814)**
OPERATING PROFIT	**40,080**	**(215,998)**

MOL GROUP	FY 2014	FY 2015
EBITDA EXCLUDING SPECIAL ITEMS	**410,221**	**614,293**
UPSTREAM	**15,403**	**43,914**
Gain on divestiture of Russian companies	12,679	
Impairment in INA Group	(1,997)	
Provision for redundancy at INA	(1,715)	
Disputed gas price differential	6,436	
MOL Plc. mining royalty penalty claw-back		35,227
Cameroon exit (Cumulative Translation Adjustments)		8,687
DOWNSTREAM	**(15,283)**	**(9,203)**
Tax penalty of INA	(9,095)	
Provision for redundancy at INA	(2,005)	(9,203)
IES provision for dismantling	(4,145)	
Compensation for damages by CMEPS s.r.o.	(38)	
CORPORATE AND OTHER	**(1,977)**	**(1,538)**
Akri-Bijeel block exit		(1,538)
Impairment in INA Group	(623)	
Provision for redundancy at INA	(1,354)	
TOTAL IMPACT OF SPECIAL ITEMS ON EBITDA	**(1,857)**	**33,173**
EBITDA	**408,364**	**647,466**

APPENDIX II

Notes

[1] Net external sales revenues and operating profits include profits arising both from sales to third parties and transfers to the other Business Units. Upstream transfers domestically-produced crude oil, condensates and LPG to Downstream and natural gas to Gas Midstream. Internal transfer prices are based on prevailing market prices. Gas transfer prices equal average import prices. Segmental figures include the results of fully-consolidated subsidiaries engaged in their respective segments.

[2] This line shows the effect on operating profits of the change in the amount of unrealised profit in respect of intersegment transfers. Unrealised profits arise where the item transferred is held in inventory by the receiving segment and a third-party sale takes place but only in a subsequent quarter. For segmental reporting purposes, the transferor segment records a profit immediately at point of transfer. However, at the Company level, profits are only reported when a related third-party sale has taken place.

[3] Special items affected operating profits and EBITDA is detailed in Appendix I.

[4] Estimated Current Cost of Supply-based EBITDA and operating profit/(loss) excluding special items, and impairment on inventories in Refining & Marketing.

[5] Figures have been calculated by converting the results of each month in the period on its actual monthly average HUF/USD MNB rate.

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Balance sheet for the year ending on 31 December 2015

Statistical code: 10625790-1920-114-01
Company registration number: 01-10-041683

data in HUF million

Code	*Description*	*Previous year*	*Current year*
A.	**NON-CURRENT ASSETS**	**2,448,582**	**2,225,528**
I.	**INTANGIBLE ASSETS**	**34,786**	**29,492**
1.	Capitalised cost of foundation and restructuring	752	537
2.	Capitalised research and development cost	2,555	3,584
3.	Property rights	16,241	14,777
4.	Intellectual property	2,542	2,543
5.	Goodwill	12,696	8,051
6.	Advances on intellectual property	0	0
7.	Revaluation of intangible assets	0	0
II.	**PROPERTY, PLANT AND EQUIPMENT**	**290,867**	**274,015**
1.	Land and building and related property rights	152,559	137,415
2.	Plant, machinery and vehicles	62,803	69,259
3.	Other equipment, fixtures and vehicles	6,191	6,236
4.	Livestock	0	0
5.	Assets under construction	69,314	60,786
6.	Advances on assets under construction	0	319
7.	Revaluation of property, plant and equipment	0	0
III.	**NON-CURRENT FINANCIAL INVESTMENTS**	**2,122,929**	**1,922,021**
1.	Long-term investments	1,832,193	1,630,640
2.	Long-term loans to related parties	122,472	146,673
3.	Other long-term investments	130,779	138,681
4.	Long-term loans to other investments	5,991	6,022
5.	Other long-term loans	31,494	5
6.	Long-term debt securities	0	0
7.	Revaluation of financial investments	0	0
8.	Fair valuation difference of financial investments	0	0

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data in HUF million

Code	*Description*	*Previous year*	*Current year*
B.	**CURRENT ASSETS**	**729,699**	**558,533**
I.	**INVENTORIES**	**140,924**	**133,544**
1.	Raw materials and consumables	53,308	55,946
2.	Unfinished production and semi-finished products	41,421	29,664
3.	Grown, fattened and other livestock	0	0
4.	Finished products	35,386	38,520
5.	Merchandises	10,809	9,414
6.	Advances on stocks	0	0
II.	**RECEIVABLES**	**284,774**	**315,255**
1.	Receivables from the supply of goods and services (customers)	79,040	60,062
2.	Receivables from related parties	141,022	157,818
3.	Receivables from other investments	21	43
4.	Receivables from bills of exchange	0	0
5.	Other receivables	18,125	58,218
6.	Fair valuation difference of receivables	0	0
7.	Positive valuation difference of derivative transactions	46,566	39,114
III.	**SECURITIES**	**223,175**	**64,195**
1.	Investments in related parties	708	1,048
2.	Other investments	0	0
3.	Treasury shares	0	0
4.	Debt securities for trading purposes	208,479	60,240
5.	Fair valuation difference of securities	13,988	2,907
IV.	**CASH AND CASH EQUIVALENTS**	**80,826**	**45,539**
1.	Cash and cheques	1,292	1,489
2.	Bank accounts	79,534	44,050
C.	**PREPAYMENTS**	**11,099**	**9,780**
1.	Accrued income	4,655	6,255
2.	Prepaid cost and expenses	6,444	3,525
3.	Deferred expenses	0	0
TOTAL ASSETS		**3,189,380**	**2,793,841**

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Balance sheet for the year ending on 31 December 2015

Statistical code: 10625790-1920-114-01
Company registration number: 01-10-041683

data in HUF million

Code	*Description*	*Previous year*	*Current year*
D.	**SHAREHOLDERS' EQUITY**	**1,785,072**	**1,592,511**
I.	SHARE CAPITAL	104,519	104,519
	Of which: treasury shares at nominal value	0	0
II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0
III.	SHARE PREMIUM	223,866	223,866
IV.	RETAINED EARNINGS	1,376,251	1,446,380
V.	TIED-UP RESERVE	8,080	8,494
VI.	VALUATION RESERVE	1,813	(606)
1.	Revaluation adjustment reserve	0	0
2.	Fair valuation reserve	1,813	(606)
VII.	NET INCOME FOR THE PERIOD	70,543	(190,142)
E.	**PROVISIONS**	**131,617**	**307,374**
1.	Provisions for expected liabilities	131,617	307,374
2.	Provisions for future expenses	0	0
3.	Other provisions	0	0
F.	**LIABILITIES**	**1,243,758**	**864,179**
I.	**SUBORDINATED LIABILITIES**	0	0
1.	Subordinated liabilities to related parties	0	0
2.	Subordinated liabilities to other investment	0	0
3.	Subordinated liabilities to third parties	0	0
II.	**LONG-TERM LIABILITIES**	**430,132**	**405,373**
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Liability from bond issue	236,168	234,840
4.	Liabilities from capital investment and development loans	0	0
5.	Liabilities from other long-term loans	66,076	29,030
6.	Long-term liabilities to related parties	127,622	141,165
7.	Long-term liabilities to other investments	0	0
8.	Other long-term liabilities	266	338

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Balance sheet for the year ending on 31 December 2015

Statistical code: 10625790-1920-114-01
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data in HUF million

Code	*Description*	*Previous year*	*Current year*
III.	**SHORT-TERM LIABILITIES**	**813,626**	**458,806**
1.	Short-term borrowings	236,168	0
	Of which: convertible bonds	0	0
2.	Short-term loans	32,333	5,278
3.	Advances from customers	525	740
4.	Liabilities from the supply of goods and services (suppliers)	100,879	97,572
5.	Bills of exchange	0	0
6.	Short-term liabilities to related parties	104,550	166,361
7.	Short-term liabilities to other investments	3	3
8.	Other short-term liabilities	137,590	48,040
9.	Fair valuation difference of liabilities	0	0
10.	Negative valuation difference of derivative transactions	201,578	140,812
G.	**ACCRUALS**	**28,933**	**29,777**
1.	Deferred revenues	113	996
2.	Accrued cost and expenses	24,102	23,252
3.	Other deferred income	4,718	5,529
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,189,380**	**2,793,841**

MOLGROUP

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2015

Statistical code: 10625790-1920-114-01
Company registration number: 01-10-041683

data in HUF million

Code	*Description*	*Previous year*	*Current year*
01.	Net domestic sales revenue	1,797,652	1,493,443
02.	Net export sales revenue	593,926	394,034
I.	**NET SALES REVENUES**	**2,391,578**	**1,887,477**
03.	Changes in own produced inventory	(16,561)	(8,623)
04.	Work performed by the enterprise and capitalised	14,335	12,589
II.	**CAPITALISED OWN PERFORMANCE**	**(2,226)**	**3,966**
III.	**OTHER OPERATING INCOME**	**88,345**	**196,533**
	of which: reversed impairment	0	2
05.	Raw material costs	1,356,278	841,822
06.	Value of services used	95,998	119,747
07.	Other services	179,094	158,405
08.	Cost of goods sold	227,497	258,740
09.	Value of services sold (intermediated)	5,582	11,246
IV.	**MATERIAL EXPENSES**	**1,864,449**	**1,389,960**
10.	Wages and salaries	43,881	40,858
11.	Other personnel expenses	6,454	6,678
12.	Tax and contributions	13,508	12,721
V.	**PERSONNEL EXPENSES**	**63,843**	**60,257**
VI.	**DEPRECIATION**	**45,730**	**49,075**
VII.	**OTHER OPERATING EXPENSES**	**436,990**	**619,601**
	of which: impairment	11,661	10,251
A.	**PROFIT OR LOSS FROM OPERATING ACTIVITIES**	**66,685**	**(30,917)**

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2015

Statistical code: 10625790-1920-114-01
Company registration number: 01-10-041683

data in HUF million

Code	*Description*	*Previous year*	*Current year*
13.	Received (due) dividend	106,099	105,280
	of which: received from related parties	94,773	100,787
14.	Gain from the sale of investments	144	4,719
	of which: received from related parties	0	4,719
15.	Interest and exchange rate gains on financial investments	10,567	3,593
	of which: received from related parties	9,914	3,591
16.	Other received (due) interest and interest-type revenues	8,820	8,715
	of which: received from related parties	377	2,021
17.	Other revenues of financial transactions	231,106	199,806
	of which: fair valuation difference	76,850	136,097
VIII.	**TOTAL FINANCIAL INCOME**	**356,736**	**322,113**
18.	Exchange rate loss on financial investments	0	0
	of which: to related parties	0	0
19.	Interest and interest-type expenses	34,151	31,883
	of which: to related parties	8,919	9,752
20.	Impairment on investments, securities, bank deposits	46,550	249,325
21.	Other financial expenses	214,861	157,217
	of which: fair valuation difference	145,245	96,642
IX.	**TOTAL FINANCIAL EXPENSES**	**295,562**	**438,425**
B.	**FINANCIAL PROFIT OR LOSS**	**61,174**	**(116,312)**
C.	**ORDINARY BUSINESS PROFIT**	**127,859**	**(147,229)**
X.	Extraordinary revenues	53,806	228,273
XI.	Extraordinary expenses	60,988	271,116
D.	**EXTRAORDINARY PROFIT OR LOSS**	**(7,182)**	**(42,843)**
E.	**PROFIT BEFORE TAXATION**	**120,677**	**(190,072)**
XII.	Income tax	134	70
F.	**PROFIT AFTER TAXATION**	**120,543**	**(190,142)**
22.	Use of retained earnings for dividend	0	0
23.	Approved dividend and profit share	50,000	0
G.	**NET INCOME FOR THE PERIOD**	**70,543**	**(190,142)**

MOL Hungarian Oil and Gas Plc. and Subsidiaries

Consolidated statement of financial position as of 31 December 2015
prepared in accordance with International Financial Reporting Standards

	Notes	2015	2014
ASSETS		HUF million	HUF million
Non-current assets			
Intangible assets	4	235,412	371,236
Property, plant and equipment	5	2,229,059	2,513,014
Investments in associated companies and joint ventures	10	189,969	165,776
Available-for-sale investments	11	28,103	20,796
Deferred tax assets	30	113,467	75,000
Other non-current assets	12	64,687	101,692
Total non-current assets		**2,860,697**	**3,247,514**
Current assets			
Inventories	13	349,177	364,591
Trade receivables	14	378,749	450,985
Securities	33	63,147	222,467
Other current assets	15	137,967	144,252
Income tax receivable	30	6,051	15,973
Cash and cash equivalents	16, 36	132,214	203,743
Total current assets		**1,067,305**	**1,402,011**
TOTAL ASSETS		**3,928,002**	**4,649,525**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	17	79,241	79,229
Reserves		1,634,082	1,666,438
Profit/(loss) for the year attributable to equity holders of the parent		(256,554)	4,078
Equity attributable to equity holders of the parent		**1,456,769**	**1,749,745**
Non-controlling interests		364,349	445,993
Total equity		**1,821,118**	**2,195,738**
Non-current liabilities			
Long-term debt	19	461,681	455,039
Provisions	20	415,974	393,192
Deferred tax liabilities	30	67,209	49,820
Other non-current liabilities	21	30,633	28,637
Total non-current liabilities		**975,497**	**926,688**
Current liabilities			
Trade and other payables	22	857,201	969,738
Income tax payable	30	15,258	5,542
Provisions	20	52,947	44,703
Short-term debt	19, 23	205,981	507,116
Total current liabilities		**1,131,387**	**1,527,099**
TOTAL EQUITY AND LIABILITIES		**3,928,002**	**4,649,525**

MOL Hungarian Oil and Gas Plc. and Subsidiaries

Consolidated statement of profit or loss as of 31 December 2015

prepared in accordance with International Financial Reporting Standards

	Notes	2015 HUF million	2014 HUF million
Net revenue	3, 24	4,102,578	4,866,607
Other operating income	25	87,000	26,598
Total operating income		**4,189,578**	**4,893,205**
Raw materials and consumables used		3,032,450	3,910,598
Personnel expenses	26	267,271	260,242
Depreciation, depletion, amortisation and impairment	3, 4, 5	863,464	368,284
Other operating expenses	27	258,286	288,681
Change in inventories of finished goods and work in progress		41,022	73,533
Work performed by the enterprise and capitalized		(56,917)	(48,213)
Total operating expenses		**4,405,576**	**4,853,125**
Operating (loss)/profit		**(215,998)**	**40,080**
Finance income	28	19,772	35,300
Finance expense	28	112,646	139,764
Finance expense, net		**92,874**	**104,464**
Income from associates	10	5,773	18,902
Loss before tax		**(303,099)**	**(45,482)**
Income tax expense	30	21,857	5,384
Loss for the year		**(324,956)**	**(50,866)**
Attributable to:			
Equity holders of the parent		(256,554)	4,078
Non-controlling interests		(68,402)	(54,944)
Basic earnings per share			
Attributable to ordinary equity holders of the parent (HUF)	31	**(2,877)**	**(39)**
Diluted earnings per share			
Attributable to ordinary equity holders of the parent (HUF)	31	**(2,877)**	**(39)**

MOL Hungarian Oil and Gas Plc. and Subsidiaries

Consolidated statement of other comprehensive income as of 31 December 2015
prepared in accordance with International Financial Reporting Standards

	Notes	2015 HUF million	2014 HUF million
Loss for the year		**(324,956)**	**(50,866)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations, net of tax	29	10,375	144,208
Net investment hedge, net of tax	29	(13,113)	(42,249)
Available-for-sale financial assets, net of deferred tax	29	3,881	4,788
Cash-flow hedges, net of deferred tax	29	(3,136)	(2,088)
Share of other comprehensive income for associates	29	14,589	24,168
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**12,596**	**128,827**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Equity recorded for actuarial gain/loss on provision for retirement benefit obligation	29	1,248	(1,541)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1,248**	**(1,541)**
Other comprehensive income for the year, net of tax		**13,844**	**127,286**
Total comprehensive income for the year		**(311,112)**	**76,420**
Attributable to:			
Equity holders of the parent		(254,394)	91,507
Non-controlling interest		(56,718)	(15,087)

MOL Hungarian Oil and Gas Plc. and Subsidiaries

Consolidated statement of changes in equity as of 31 December 2015
prepared in accordance with International Financial Reporting Standards

	Share capital	Share premium	Fair valuation reserve	Translation reserve	Equity component of debt and difference in buy-back prices	Retained earnings	**Total reserves**	Profit/(Loss) for the year attributable to equity holders of the parent	**Equity attributable to equity holders of the parent**	Non-controlling interests	**Total equity**
	HUF million	**HUF million**	**HUF million**	**HUF million**	**HUF million**	**HUF million**	**HUF million**	**HUF million**	**HUF million**	**HUF million**	**HUF million**
Closing balance											
31 December 2013 - Restated	**79,215**	**(325,669)**	**2,563**	**159,724**	**(8,074)**	**1,776,343**	**1,604,887**	**21,901**	**1,706,003**	**473,517**	**2,179,520**
Retained profit for the year							**-**	4,078	**4,078**	(54,944)	**(50,866)**
Other comprehensive income for the year			269	82,280		4,880	**87,429**		**87,429**	39,857	**127,286**
Total comprehensive income for the year	-	-	*269*	*82,280*	-	*4,880*	***87,429***	*4,078*	***91,507***	*(15,087)*	***76,420***
Transfer to reserves of retained profit for the previous year						21,901	**21,901**	(21,901)	**-**		**-**
Dividends						(49,710)	**(49,710)**		**(49,710)**	(11,852)	**(61,562)**
Dividends to non-controlling interests							**-**		**-**		**-**
Equity recorded for share based payments	**14**					152	**152**		**166**		**166**
Net change in balance of treasury shares held, net of tax						1,693	**1,693**		**1,693**		**1,693**
Disposal of subsidiaries							**-**		**-**	(413)	**(413)**
Transactions with non-controlling interests						86	**86**		**86**	(172)	**(86)**
Closing balance											
31 December 2014	**79,229**	**(325,669)**	**2,832**	**242,004**	**(8,074)**	**1,755,345**	**1,666,438**	**4,078**	**1,749,745**	**445,993**	**2,195,738**
Retained profit for the year							**-**	(256,554)	**(256,554)**	(68,402)	**(324,956)**
Other comprehensive income for the year			(1,586)	1,573		2,173	**2,160**		**2,160**	11,684	**13,844**
Total comprehensive income for the year	-	-	*(1,586)*	*1,573*	-	*2,173*	***2,160***	*(256,554)*	***(254,394)***	*(56,718)*	***(311,112)***
Transfer to reserves of retained profit for the previous year						4,078	**4,078**	(4,078)	**-**		**-**
Dividends						(40,903)	**(40,903)**		**(40,903)**		**(40,903)**
Dividends to non-controlling interests							**-**		**-**	(16,613)	**(16,613)**
Equity recorded for share based payments	**12**					148	**148**		**160**		**160**
Net change in balance of treasury shares held, net of tax							**-**		**-**		**-**
Disposal of subsidiaries							**-**		**-**		**-**
Transactions with non-controlling interests						2,161	**2,161**		**2,161**	(8,313)	**(6,152)**
Reclassification				2,299	8,074	(10,373)					
Closing balance											
31 December 2015	**79,241**	**(325,669)**	**1,246**	**245,876**	**-**	**1,712,629**	**1,634,082**	**(256,554)**	**1,456,769**	**364,349**	**1,821,118**

MOL Hungarian Oil and Gas Plc. and Subsidiaries
Consolidated statement of cash flow as of 31 December 2015
prepared in accordance with International Financial Reporting Standards

	Notes	2015 HUF million	2014 restated HUF million
Loss before tax		(303,099)	(45,482)
Depreciation, depletion, amortisation and impairment		863,464	368,284
Write-off of inventories, net		15,611	25,907
Increase / (decrease) in provisions		18,893	4,796
Net (gain) / loss on sale of property, plant and equipment		(2,150)	(1,394)
Write-off / (reversal of write-off) of receivables		9,302	3,596
Net (gain) / loss on sale of subsidiaries		(1,301)	(12,679)
Release of translation reserves	25	(27,794)	-
Interest income		(7,858)	(10,788)
Interest on borrowings		39,521	42,433
Net foreign exchange (gain) / loss		41,372	65,120
Fair valuation difference of conversion option	28	(2,431)	(601)
Other financial (gain) / loss, net		9,217	(2,333)
Share of net profit of associate and a joint venture	10	(5,773)	(18,902)
Other non cash items		(3,006)	3,896
Operating cash flow before changes in working capital		*643,968*	*421,853*
Decrease in inventories		4,359	90,903
Decrease in trade receivables		76,990	96,594
Decrease in other receivables		20,282	7,043
Decrease in trade payables		(75,351)	(181,447)
(Decrease) / increase in other payables		(53,717)	34,023
Total working capital adjustments		*(27,437)*	*47,116*
Income taxes paid		(24,347)	(34,441)
Net cash provided by operating activities		**592,184**	**434,528**
Capital expenditures	36	(378,426)	(478,334)
Proceeds from disposals of property, plant and equipment		4,790	3,423
Acquisition / sale of subsidiaries (net of cash) and other financial investments	8, 36	(58,404)	37,317
Changes in loans given and long-term bank deposits		32,760	55,914
Purchase / sale of financial investments held for sale	32	163,131	(202,385)
Interest received and other financial income		9,207	15,815
Dividends received		8,643	9,791
Net cash used in investing activities		**(218,299)**	**(558,459)**
Issuance of notes		-	-
Repayment of long-term notes		(234,908)	(33,487)
Long-term debt drawn down		693,246	228,149
Repayments of long-term debt		(772,086)	(266,594)
Changes in short-term debt		(35,322)	(60,642)
Interest paid and other financial costs		(30,602)	(62,425)
Dividends paid to shareholders		(40,837)	(49,685)
Dividends paid to non-controlling interest		(17,941)	(11,854)
Acquisition of non-controlling interests		(6,282)	(86)
Equity withdrawn by non-controlling interest		-	(412)
Net cash used in financing activities		**(444,732)**	**(257,036)**
Decrease in cash and cash equivalents		**(70,847)**	**(380,967)**
Foreign exchange differences related to cash and cash equivalents		(682)	20,540
Cash and cash equivalents at the beginning of the year		203,743	564,170
Cash and cash equivalents at the end of the year		132,214	203,743

Proposal to Item No. 1 of the Agenda

Auditors' report on the 2015 financial statements presented by the Board of Directors

Our shareholders are requested to note that the auditors' report form integral parts of the 2015 standalone and consolidated financial statements of MOL Plc. and the information set out in these reports should be considered in conjunction with the financial statements indicated in said reports and with the summary of significant accounting policies and other explanatory information, not presented in the Annual General Meeting materials. For a better understanding of MOL Plc.'s and MOL Group's financial position as of 31 December 2015 and the results of its operations for the year then ended, the accompanying statement of financial position and statements of profit and loss should be read in conjunction with the summary of significant accounting policies and other explanatory information.

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders MOL Hungarian Oil and Gas Plc.

Report on financial statements

1.) We have audited the accompanying 2015 annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company"), which comprise the balance sheet as at 31 December 2015 - showing a balance sheet total of HUF 2,793,841 million and a loss for the year of HUF 190,142 million, the related profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2.) Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Hungarian Accounting Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3.) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6.) In our opinion the annual financial statements give a true and fair view of the equity and financial position of MOL Hungarian Oil and Gas Plc. as at 31 December 2015 and of the results of its operations for the year then ended in accordance with the Hungarian Accounting Law.

Emphasis of matter

7.) We draw attention to note Note 3.4.6 in the supplementary notes to the financial statements describing that the Company departed from § 41. (1) of the 2000. C. accounting law based on its allowance described in § 4. (4) in order to harmonise field abandonment provisioning with the international industry practice. Our opinion is not qualified in respect of this matter.

Other matters

8.) This independent auditor's report has been issued for consideration by the forthcoming shareholders' meeting for decision making purposes and, as such, does not reflect the impact, if any, of the resolutions to be adopted at that meeting.

Other reporting requirement- Report on the business report

9.) We have reviewed the business report of MOL Hungarian Oil and Gas Plc. for 2015. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether the business report is consistent with the financial statements for the same financial year. Our work regarding the business report has been restricted to assessing whether the business report is consistent with the financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the business report of MOL Hungarian Oil and Gas Plc. for 2015 corresponds to the disclosures in the 2015 financial statements of MOL Hungarian Oil and Gas Plc.

Other reporting requirement- Report on the Unbundling of the activities

10.) In accordance with section 105A/(1) of act LXXXVI of 2007 on Electric Energy we have examined note 48 to the accounts which presents Unbundling of the activities to the financial statements of the Company for 2015.

Management is responsible for development and application of the accounting policies pertaining to unbundling, for pricing the various activities to ensure that various activities are free from cross financing and for the separate presentation of unbundled activities in the notes to the financial statements in accordance with section 105/(2)-(4) of act LXXXVI of 2007 on Electric Energy.

Our responsibility is to express a conclusion on information included in note 48. We performed our limited assurance engagement in accordance with Hungarian National Standard on Assurance Engagements. Those standards require that we comply with ethical requirements and plan and perform the limited assurance engagement in order to obtain a limited assurance that the Company meets the requirements on cross financing and separate presentation of unbundled activities contained in the Hungarian Accounting law and the guidance of the Hungarian Energy Office. The evidence-gathering procedures are more limited than for a reasonable assurance engagement, and that therefore less assurance is obtained than in a reasonable assurance engagement. We have also not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accounting policies applied by the Company and the information included in note 48, in all material respects, are not in line with the Hungarian Accounting law with section 105/(2)-(4) of act LXXXVI of 2007 on Electric Energy and the guidance of the Hungarian Energy Office related to unbundling and elimination of cross financing between activities.

Budapest, 17 March 2016

(The original Hungarian language version has been signed)

Bartha Zsuzsanna
Ernst & Young Kft.
Registration No.: 001165

Bartha Zsuzsanna
Registered auditor
Chamber membership No.: 005268

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders MOL Hungarian Oil and Gas Plc.

Report on financial statements

1.) We have audited the accompanying 2015 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc. ("the Company"), which comprise the consolidated statement of financial position as at 31 December 2015 - showing a balance sheet total of HUF 3,928,002 million and a loss for the year of HUF 324,956 million -, the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2.) Management is responsible for the preparation and presentation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3.) Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Hungarian National and International Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6.). In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of MOL Hungarian Oil and Gas Plc. as at 31 December 2015 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards as adopted by EU.

Other reporting requirement – Report on the consolidated business report

7.) We have reviewed the consolidated business report of MOL Hungarian Oil and Gas Plc. for 2015. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian legal requirements. Our responsibility is to assess whether the consolidated business report is consistent with the consolidated financial statements for the same financial year. Our work regarding the consolidated business report has been restricted to assessing whether the consolidated business report is consistent with the consolidated annual financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the consolidated business report of MOL Hungarian Oil and Gas Plc. for 2015 corresponds to the disclosures in the 2015 consolidated annual financial statements of MOL Hungarian Oil and Gas Plc.

Budapest, 17 March 2016

Bartha Zsuzsanna
Ernst & Young Kft.
Registration No.: 001165

Bartha Zsuzsanna
Registered auditor
Chamber membership No.: 005268

Proposal to Item No. 1 of the Agenda

Report of the Supervisory Board on the 2015 financial statements and on the proposal for the distribution of profit after taxation, and its opinion on the Board of Directors' proposals to be submitted to the general meeting

The Supervisory Board and the Audit Committee performed their duties in full accordance with their statutory obligations; 5 meetings were held jointly during the year to review various agenda points in common. Regular agenda points of these meetings included quarterly reports of the Board of Directors on Company operations as well as reports by Internal Audit, Group Compliance and Ethics and the Audit Committee itself. In addition, the Supervisory Board reviewed proposals for the Annual General Meeting. The report of the Supervisory Board was prepared pursuant to the report of the Board of Directors, the opinions of the auditors, scheduled regular mid-year reviews and the work of the Audit Committee. At its meetings during 2015, the Supervisory Board dealt in detail with MOL Group's business situation and the strategic development of the Group and its Divisions. The Supervisory Board regularly received information on the decisions of the Board of Directors and issues concerning the Company.

MOL, with a market capitalization of USD 5.1 billion at end of 2015, is one of the leading integrated companies in the CEE region.

The Company's 2015 financial statements - in accordance with Accounting Act - provide a true and fair picture of its economic activities and were audited by Ernst & Young Kft. The accounting methods applied in developing these financial reports are supported by the report of the Audit Committee, comply with the provisions of the Accounting Act and the IFRS rules as adopted by the EU and are consistent with the accounting policies of the Company. All figures in the balance sheet are supported by analytical registration. Assessment and payment of tax obligations were implemented as prescribed by law.

A total of 133 companies were fully, and a further 9 companies partially, consolidated in MOL Group, using the equity method. Last year, the ownership structure changed to a limited extent: at the end of 2015, compared to the end of the prior year, the shareholding of foreign institutional investors increased to some extent, whereas the ownership of both domestic institutional investors and domestic private investors decreased slightly during the year, while Dana Gas sold its entire holding. According to requests for the registration of shares received and published shareholder notifications, the Company had six shareholders or shareholder groups that held more than 5% voting rights on 31 December 2015. MOL's largest shareholder is the Hungarian State which holds 24.7% of MOL shares. The Company held 1.46% treasury shares at the end of December 2015, almost halving its size compared to the year before.

Despite a challenging external environment, MOL Group delivered a strong performance in 2015 and reported a HUF 648 billion EBITDA, a substantially higher figure (up 59%) compared to 2014 despite the falling oil price. Additionally, MOL generated operating cash flows greatly in excess of its capital expenditures, while keeping gearing and indebtedness at relatively low levels. These results are the reflection of the strength and resilience of the integrated business model, having managed to strike the right balance between Upstream and Downstream. Sizeable impairments totaling HUF 525 billion, mostly driven by the low oil price, did however negatively affect the reported net profit for the group.

The Upstream division financial results decreased compared to 2014, as oil prices continued their slide during the year. EBITDA amounted to HUF 245 billion while operating losses reached HUF 468 billion on the back of the impairment charges. Despite the lower financial performance, there were several key positive results achieved during the year, including an increase in hydrocarbon production of 7% and lower unit operating expense by 7% compared to the previous year.

As for Downstream, it delivered very strong financial and operational performance. Full year EBITDA more than tripled compared to 2014 as it reached HUF 375 billion, with Petrochemicals and Retail contributing with over half of the total. The overall improvement was attributed to a favorable external environment, as well as the contribution of internal efficiency measures. The Next Downstream Program, which started in 2015, successfully closed the first of its three year program with a contribution ahead of the plans.

Overall in 2015 MOL managed to maintain its strong financial position due to its resilient integrated business model, supported by a high quality, low-cost asset base. Looking forward, despite all the difficulties faced by the current external environment, MOL remains committed to maintain its strong cash flow generating ability to be able to cover organic investment needs as well as the dividends for shareholders, whilst maintaining a strong balance sheet, the latter being a key priority. Although the combination of a low oil price and a normalization of the downstream macro environment pose a considerable challenge, MOL is confident that the company is going to successfully navigate through the challenges supported by the resilience of the integrated business model and the strong financial discipline pursued during the last years.

The Supervisory Board proposes that the General Meeting approve the audited financial statements of MOL Plc. for 2015, with a balance-sheet total of HUF 2,794 billion, net loss of HUF 190 billion and tied-up reserve of HUF 8 billion and the audited consolidated financial statements of MOL Group for 2015, with a balance sheet total of HUF 3,928 billion and loss attributable to equity holders of HUF 257 billion.

The Supervisory Board endorses the recommendation of the Board of Directors to pay out HUF 55 billion dividend in 2016 based on the year ended 31 December 2015. The proposed amount represents the continuation of the gradually increasing payout trend of dividend payment.

The Supervisory Board has reviewed and supports all proposals and materials of the Board of Directors to be submitted to the General Meeting and recommends to the General Meeting to approve the proposals.

The Audit Committee provided assistance to the Supervisory Board in supervising the financial report regime and the 2015 financial statements and supported the report of the Supervisory Board.

Budapest, 23 March 2016

For and on behalf of the Supervisory Board and Audit Committee of MOL Plc.:

György Mosonyi	**dr. Attila Chikán**
Chairman of the Supervisory Board	Chairman of the Audit Committee

Proposal to Item No. 1 of the Agenda

Decision on the approval of the 2015 consolidated financial statements prepared in compliance with International Financial Reporting Standards (IFRS) and the parent company financial statements prepared in accordance with the Hungarian Accounting Act, the use of profit after taxation and the amount of dividend

Proposed resolution

The Board of Directors proposes to the Annual General Meeting to approve the 2015 consolidated financial statements of MOL Group prepared based on Section 10 of the Hungarian Accounting Act, in accordance with International Financial Reporting Standards (IFRS) and the related auditors' report with total assets of HUF 3,928,002 million and loss attributable to equity holders of HUF 256,554 million.

The Board of Directors proposes to the Annual General Meeting to approve the 2015 annual report of MOL Plc. prepared in accordance with Hungarian Accounting Act and the related auditors' report with total assets of HUF 2,793,841 million, net loss for the period of HUF 190,142 million and tiedup reserve of HUF 8,494 million.

Proposal to Item No. 1 of the Agenda

Decision on the amount of dividend after 2015

MOL has always been following a conservative financial policy, making sure it has adequate financial stability and liquidity and a balance sheet which provides both safety and flexibility. Yet at the same time MOL remains committed to provide its shareholders a competitive return on their investments through the distribution of dividends as well. The dividend payment proposal of the Board of Directors is, thus, always a balancing act, taking into account the company's actual balance sheet– and a strong balance sheet is a top priority –, as well as the outlook for organic as well as inorganic growth opportunities.

Based on this approach, in the past four years MOL paid out a gradually increasing regular dividend to its shareholders, which amounted to HUF 50bn in 2015.

2015 was a challenging year not only for the company, but also for the whole oil & gas sector due to the dramatic fall of crude oil price. However, MOL's resilient integrated business model allowed the company to maintain its outstanding cash generation potential. At the end of 2015, MOL's simplified Net Debt to EBITDA ratio decreased to 0.7x. In parallel, MOL's net gearing ratio stood at 20.6%, well within the safety zone.

MOL remains committed to maintain its financial flexibility, also taking into consideration the potential challenges of the current low oil price environment.

As a result of these achievements, and taking into account the aforementioned financial principles, the Board of Directors proposes to the Annual General Meeting that a dividend of HUF 55bn shall be paid for the financial year that ended on 31 December 2015. The proposed amount represents the continuation of the last years' gradually increasing pay-out trend of the regular dividend payment.

Proposed resolution

The Board of Directors proposes to the General Meeting that HUF 55bn shall be paid out as a dividend in 2016, for the financial year 2015, from reserves available for dividend distribution. The dividend on treasury shares will be distributed to those shareholders eligible for such dividend, in proportion to their number of shares. The net loss shall be transferred to retained earnings.

Proposal to Item No. 1 of the Agenda

Approval of the corporate governance declaration

Budapest Stock Exchange ("BSE") published its corporate governance recommendations ("Recommendations") in 2004. In the same year, MOL voluntarily submitted its declaration on the compliance with the Recommendations among first issuers. From 2005 MOL is obliged to submit its declaration on the Recommendations. The Board of Directors approved the declaration in both years. Pursuant to the Company Act (Act IV of 2006 on Business Associations) effective in 2006, from 1 July 2006 the declaration needs to be approved by the general meeting, MOL however playing a pioneer role approved already in 2006 by its annual general meeting the declaration to be submitted to the BSE. The Civil Code (Act V of 2013 on the Civil Code) currently in force containing – among others – the provisions regarding the business associations requires the public limited company to present to the annual general meeting the company governance and management report prepared according to the rules applicable to the actors of the given stock exchange.

In 2007, BSE issued new Corporate Governance Recommendations ("CGR"). According to the CGR, companies listed on the stock exchange are required to express their views on their corporate governance practices in two ways. In the first part of the statement they have to give account of the corporate governance practices applied by their company in the given business year, including their corporate governance policy, and a description of any unusual circumstances.

In the second part of the statement, in accordance with the "comply or explain" principle, they have to indicate their compliance with those recommendations included in specified sections of the CGR ("R" - recommendation) and whether they apply the different suggestions formulated in the CGR ("S" - suggestion). If the issuer does not apply the recommendation or applies it in a different manner, an explanation of what the discrepancies are and the reasons for the said discrepancies should be provided ("comply or explain" principle). In the case of suggestions, companies shall only indicate whether they apply the given guideline or not; there is no need for a specific explanation. The size of the declaration increased significantly. Until 2007, issuers had to make declaration consisting of 22 questions, from that year more than 100 questions had to be responded.

The CGR was modified and the new Recommendation are effective from 1 December 2012. There were only smaller updates not referring to the content of the recommendations (neither conceptional nor structural changes). The number of questions increased as some recommendations and suggestions used to refer to several bodies or committees within the same item, such questions were separated in order to allow responses differentiated by bodies or committees. There was no change in 2015.

The Corporate Governance Guidelines of the BSE are available on: www.bse.hu

Proposed resolution

The Board of Directors agrees to propose the AGM the approval of the Corporate Governance Report, based on the Corporate Governance Recommendations of the Budapest Stock Exchange.

DECLARATION
MOL Plc. Corporate Governance Report in accordance with

Budapest Stock Exchange Corporate Governance Recommendations

MOL Hungarian Oil and Gas Public Limited Company (hereinafter: “MOL” or “Company”) has always been committed to implementing the highest standards of corporate governance structures and practices. This is not only with regard to national expectations but also with reference to the continually evolving and improving standards of good governance on an international level. As a result MOL is geared towards shareholders’ interests, whilst taking into account the interests of a broader group of stakeholders inevitably necessary to enhance the generation of exceptional value for MOL’s shareholders and people.

Among other things, the voluntary approval of the declaration on the Budapest Stock Exchange Corporate Governance Recommendations by the Annual General Meeting in 2006, before the official deadline, served as testament to the Company’s commitment to corporate governance. In addition, MOL made a declaration concerning the application of the corporate governance recommendations of the Warsaw Stock Exchange prior to the admission of its shares to the Warsaw Stock Exchange in December 2004. The Company submits its declaration on this topic to both stock exchanges each year.

MOL’s corporate governance practice meets the requirements of the regulations of the Budapest Stock Exchange and the relevant capital market regulations. MOL also subjects its policies to regular review to ensure that they take account of continually evolving international best practice in this area. MOL's Corporate Governance Code containing the main corporate governance principles of the Company was adopted in 2006 for the first time and its last update was fulfilled in 2015. This Code summarises its approach to shareholders’ rights, main governing bodies, furthermore remuneration and ethical issues. The Corporate Governance Code has been published on the homepage of the Company.

Board of Directors

MOL’s Board of Directors acts as the highest managing body of the Company and as such has collective responsibility for all corporate operations.

The Board’s key activities are focused on achieving increasing shareholder value with considerations onto other stakeholders’ interest; improving efficiency and profitability and ensuring transparency in corporate activities and sustainable operation. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work.

Given that MOL and its subsidiaries effectively operate as a single economic unit, the Board is also responsible for enforcing its aims and policies and for promoting the MOL culture throughout the entire Group.

The principles, policies and goals take account of the Board’s specific and unique relationship with MOL’s shareholders, the executive management and the Company. The composition of the Board reflects this with the majority (six of ten members) made up of non-executive directors. At present, 6 members of the Board of Directors qualify as independent on the basis of its own set of criteria (based on NYSE and EU recommendations) and the declaration of directors.

The members of the Board of Directors and their independence status in 2015 (professional CVs of the members are available on Company homepage):

Name	Status	Mandate
Zsolt Hernádi, Chairman-CEO	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 24 February, 1999
Dr. Sándor Csányi, Deputy Chairman	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 20 October, 2000
József Molnár	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 12 October, 2007
Zsigmond Járai	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. László Parragh	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. Martin Roman	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. Oszkár Világi	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 1 May, 2011
Dr. Anthony Radev	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 30 April, 2014
Dr. Anwar al-Kharusi	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 30 April, 2014
Dr. Martonyi János	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 1 July, 2014

Operation of the Board of Directors

The Board acts and adopts resolutions as a collective body.

The Board adopted a set of rules (Charter) to govern its own activities when the company was founded in 1991; these rules were updated in March, 2015 to ensure continued adherence to best practice standards.

The Board Charter covers:

- scope of the authority and responsibilities of the Board,
- scope of the committees operated by the Board,
- the scope of the information required by the Board and the frequency of reports,
- main responsibilities of the Chairman and the Deputy Chairman,
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism and the manner in which the implementation of resolutions is monitored,
- rules on conflict of interest.

Members of MOL Board of Directors shall sign Annual Declaration on Conflict of Interest in accordance with the form approved by the Board of Directors simultaneously assuming their membership, and in every calendar year 30 days prior to the date of the annual general meeting which is to be submitted to the Corporate Governance and Remuneration Committee. If any conflict of interest specified in the Charter of the Board of Directors occurs with respect to the member of the Board of Directors, such member shall report in Ad hoc Declaration on Conflict of Interest to the Corporate Governance and Remuneration Committee.

The Board of Directors prepares a formal evaluation of its own and its Committees performance on a yearly basis and it continuously reviews its activity.

Report of the Board of Directors on its 2015 activities

In 2015, the Board of Directors held 6 meetings with an average attendance rate of 95%.

Attendance to the Board of Directors meetings during 2015 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	6	95%
Zsolt HERNÁDI	6	100%
Dr. Sándor CSÁNYI	4	67%
József MOLNÁR	6	100%
Zsigmond JÁRAI	6	100%
Dr. László PARRAGH	5	83%
Martin ROMAN	4	67%
Dr. Oszkár VILÁGI	6	100%
Dr. Anthony RADEV	6	100%
Dr. Anwar AL-KHARUSI	6	100%
Dr. János MARTONYI	6	100%

Alongside regular agenda items, such as reports by the Committees' chairmen on the activities pursued since the last Board meeting, the Board of Directors received updates on key strategic issues as well as an overview of capital market developments and individually evaluated the performance of each of the company's business units.

The Board of Directors respectively paid attention to the follow-up of the industry macro trends, the treatment of the challenges driven by the external environment, the financial, operational and efficiency improvement challenges regarding INA and the strategy update process.

Committees of the Board of Directors

The Board operates committees to increase the efficiency of the Board's operations and to provide the appropriate professional background for decision-making. The Committees are bodies for preparation, advising, opinion-forming and proposal-preparing support concerning issues specified in the List of Decision-making Authorities, which sets out the division of authority and responsibility between the Board and the executive management.

The responsibilities of the Committees are determined by the Board of Directors.
The Chairman of the Board of Directors may also request the Committees to perform certain tasks.

The members and chairmen of the Committees are elected by the Board of Directors. The majority of the committee members is non-executive and independent.

The Board allocates responsibilities to the various Committees as follows:

Corporate Governance and Remuneration Committee:

Members and dates of appointmentto the Committee (professional backgrounds of members are available on Company homepage):

- Dr. Sándor Csányi - chairman, 17 November, 2000
- Zsolt Hernádi, 8 September, 2000
- Dr. Martin Roman, 4 June, 2010
- Dr. Anthony Radev, 30 May, 2014
- Dr. János Martonyi, 1 July, 2014

The Chairman of the Board of Directors is a permanent member of the Corporate Governance and Remuneration Committee.

Responsibilities:

- Analysis and evaluation of the activities of the Board of Directors,
- issues related to Board / Supervisory Board membership,
- promoting the relationship between shareholders and the Board,
- procedural and regulatory issues,
- reviewing corporate processes, procedures, organisational solutions and compensation and incentive systems and making recommendations on the introduction of best practice standards.

Report of the Corporate Governance and Remuneration Committee on its 2015 activities

In 2015 the Corporate Governance and Remuneration Committee held 4 meetings with a 100% average attendance rate. Attendance to the Committee meetings during 2015 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	3	100%
Dr. Sándor CSÁNYI	3	100%
Zsolt HERNÁDI	3	100%
Dr. Martin ROMAN	3	100%
Dr. Anthony RADEV	3	100%
Dr. János MARTONYI	3	100%

In addition to the issues of corporate governance, remuneration and the composition of the management, the Committee discussed a number of key strategic and results-related topics prior to their presentation to the Board of Directors for discussion.

Finance and Risk Management Committee:

Members and dates of appointment to the Committee (professional backgrounds of members are available on Company homepage):

- Zsigmond Járai – Chairman, 4 June, 2010
- Dr. László Parragh, 20 February, 2014
- Dr. Anthony Radev, 30 May, 2014
- Dr. Anwar al-Kharusi, 30 May, 2014

The Chairman of the Board of Directors is a permanent invitee to the meetings of Finance and Risk Management Committee.
The Chairman of the Supervisory Board and the Chairman of the Audit Committee are permanent invitees to the Finance and Risk Management Committee meetings.

Responsibilities:

- Review of financial and related reports,
- monitoring the efficiency of the internal audit system,
- review of planning, scope and results of the audit,
- oversight of the risk management,
- monitoring the liquidity position of the Company, the financial and operational risks as well as the methodology and strategy of management thereof, review of the operation of Enterprise Risk Management (ERM) system,
- ensuring the independence and objectivity of the external auditor.

Report of the Finance and Risk Management Committee on its 2015 activities

In 2015, the Finance and Risk Management Committee held 5 meetings with a 100% average attendance rate. Attendance to the Committee meetings during 2015 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	5	100%
Zsigmond JÁRAI	5	100%
Dr. László PARRAGH	5	100%
Dr. Anthony RADEV	5	100%
Dr. Anwar AL-KHARUSI	5	100%

In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor’s work and the regular monitoring of internal audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial position and the status reports on risk management actions attached to these factors.

Sustainable Development Committee:

Members and dates of appointment (professional backgrounds of members are available on Company homepage):

- Dr. László Parragh – Chairman, 4 June, 2010
- József Molnár, 5 September, 2013 (interim Chairman between 20 February and 30 May, 2014)
- Dr. Anwar al-Kharusi, 30 May, 2014
- Dr. János Martonyi, 1 July, 2014
- Dr. Oszkár Világi, 30 May, 2014

The Chairman of the Board of Directors is a permanent invitee to the meetings of Sustainable Development Committee.
The Chairman and the Deputy Chairman of the Supervisory Board are permanent invitees to the Sustainable Development Committee meetings.

Responsibilities:

- To review, evaluate and comment for the Board of Directors on all proposals related to sustainable development (SD),
- monitor the development and implementation of all SD related policies (e.g. HSE, Code of Ethics, etc.) and discuss ethical issues,
- to supervise the progress on the strategic focus areas of SD in MOL Group,
- to request and discuss reports from business divisions and subsidiaries about their SD performance,
- to review sustainability related data and information of the external reports.

Report of the Sustainable Development Committee on its 2015 activities

In 2015, the Sustainable Development Committee held 4 meetings with a 80% attendance rate.
Attendance to the Committee meetings during 2014 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	4	80%
József MOLNÁR	3	75%
Dr. László PARRAGH	3	75%
Dr. Oszkár VILÁGI	3	75%
Dr. Anwar AL-KHARUSI	4	100%
Dr. János MARTONYI	4	100%

The Committee evaluated the accomplishment of the actions taken in 2015, formed opinion on Sustainable Development Report and decided on the approval of MOL Group's Sustainability Plan for 2016-2020. The Committee considered with highlighted attention the achieved results of the Dow Jones Sustainability Evaluation together with the necessary development actions as well as sustainable development reports of business units.

Relationship between the Board and the Executive Management

The governance of the Company is carried out in line with standardised corporate governance principles and practice, and, within its framework, the Board of Directors will meet its liabilities for the integrated corporate governance by defining the responsibilities and accountabilities of the Executive Board ("EB"), established by the Board and securing the corporate operative activities, operating and organisational procedures, as well as standardised system for target-setting, reporting and audit (performance control system and business control system).

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the company's organisations, defining the key control points required for efficiently developing and operating MOL Group processes.

Control and management of MOL Group will be implemented through business and functional organisations. The EB will be responsible for harmonising their activities.

The EB is a forum for decision preparation that has the role to provide a direct link between the Board of Directors and the Company's staff and at the same time canalize the matters submitted to the full Board. The EB renders preliminary opinions on certain proposals submitted to the Board, the EB is also responsible for the oversight of the execution of the Board's resolutions.

On the EB meetings each member has an obligation to express their opinion, on the basis of which the final decision is made by the Chairman-CEO. In case of a difference of opinion between the Chairman-CEO, GCEO or GCFO, the decision shall be made by the Board of Directors.

The EB members in 2015:

Zsolt Hernádi	Chairman-CEO (C-CEO)
József Molnár	Group Chief Executive Officer (GCEO)
Zoltán Áldott	Executive Vice President, President of the Management Board, INA d.d.
Sándor Fasimon	Executive Vice President, MOL Hungary (COO)
Ferenc Horváth	Executive Vice President, Downstream
József Simola	Group Chief Financial Officer (GCFO)
Dr. Oszkár Világi	Executive Vice President, C-CEO, Slovnaft a.s.
Alexander Dodds*	Executive Vice President, Exploration and Production

*until 30.09.2015

In 2015, the Executive Board held 29 meetings and discussed 10 issues on a meeting on average.

Annual remuneration for the members of the Board of Directors

As of January 1, 2009, the members of the Board of Directors have been entitled to the following fixed net remuneration after each AGM:

Members of the Board of Directors	25,000 EUR/year
Chairmen of the Committees	31,250 EUR/year

Directors who are not Hungarian citizens and do not have a permanent address in Hungary are provided with gross 1,500 EUR for each Board or Committee meeting (maximum 15 times) when they travel to Hungary.

Incentive scheme for the members of the Board of Directors

To ensure uniformity and transparency, in addition to fixed remuneration, MOL operates an incentive scheme for the members of MOL Board of Directors, which supports further commitment of the participants and takes the Company's profitability and long term growth into consideration. This can ensure that the interests of the participants in the compensation program coincide with interests of the shareholders.

Main principles of the incentive scheme for the Board of Directors were approved by the Annual General Meeting (AGM) on April 26, 2012 and it has been effective since 2012.

Incentive based on share allowance

From January 1, 2012 the Profit Sharing Incentive Plan based on the value added method has been replaced by the incentive based on share allowance as the long-term incentive for the members of the Board of Directors. Shares are granted first from 2013.

The aim of the new share based incentive is to ensure the interest of the long-term stock price growth and maintain motivation in addition to the dividend payment for which 1 year retention obligation (restraint on alienation) has been also determined for 2/3 of the shares (the retention obligation terminates at the date of the expiration of the mandate).

The incentive consists of two parts: share allowance and cash allowance related thereto.

- **Share allowance**

Number of shares:
for the Members of the Board of Directors: 150 pieces of „A" series of MOL ordinary shares per month
for the Chairman of the Board of Directors: additional 50 pieces of „A" series of MOL ordinary shares per month

If the Chairman is not a non-executive director, the deputy chairman (who is non-executive) is entitled to this extra remuneration (50 pieces / month).

The share allowance is provided once a year, within 30 days after the Annual General Meeting closing the given business year.

- **Cash allowance**

The incentive based on share allowance is a net incentive, that is the Company ensures to pay the taxes, contributions and other payables incurred upon acquisition of the shares in line with the relevant and effective laws. Such cash-based coverage of taxes and contributions does not include any further tax(es) or cost(s) incurred in relation with exercising rights attached to the shares or disposal of the shares (e.g. dividend tax, income tax); these shall be borne by the respective members of the Board of Directors. In line with these, there is a cash allowance part of the incentive system.
Rate of the cash allowance is the gross value of taxes, contributions and other payables incurred upon acquisition of the shares in line with the relevant and effective laws, including also the tax difference and contributions incurring in the country of tax-residence in case of non-Hungarian members of the Board of Directors.

- **Other benefits**

Other non-financial benefits include a life and accident, travel- and liability insurance. Besides that, as non-financial benefits, an annual health screening and an exclusive healthcare package are also available for the members of the Board of Directors.

Incentive system for the Top Management, MOL Group Executive Board

The strategy behind MOL's remuneration is to provide incentives for executives and top management to perform in order to carry out the company's strategy, and reward them for the achievement of strategic goals through a combination of short-term and long-term incentives. The Corporate Governance and Remuneration Committee (CGRC) recognizes that remuneration plays an important role in supporting the achievement of the goals. Through the design of its incentive schemes, MOL wishes to ensure that executive remuneration is aligned with and supports the company's strategic objectives within a framework that closely aligns the interests of MOL executives to those of our shareholders.

1. The MOL Group Executive Board (EB) Remuneration Matrix consists of three key pillars:

- Annual Base Salary (BS): fixed annual amount paid to the individuals
- Short Term Incentive (STI): annual bonus, based on individual and company performance
- Long Term Incentive (LTI): promotes performance driven culture and enhances the focus on the top management team to be aligned with the interests of shareholders

The Remuneration Mix of the Top Management:

	Fixed Annual Base Salary	**Target Short Term Incentive**	**Target Long Term Incentive**
Chairman CEO	26%	26%	48%
Group CEO	28%	28%	44%
EB members	34%	29%	37%

The incentive system for the top management in 2015 included the following elements:

2. Short Term Incentive (bonus)

The basis of the short term incentive is a target of 85-100% of the annual base salary. The amount thereof is defined in line with the performance evaluation of the given manager.

Based on MOL Group's decision making authorities the C-CEO and G-CEO annual performance is evaluated by the Corporate Governance and Remuneration Committee (CGRC) with final approval of the MOL Board of Directors (BoD).

Choice of Performance Measures for the STI

The aim of the MOL STI scheme is to focus the participants on achieving stretching financial, operational and individual performance goals reflecting the delivery of key annual business priorities within the framework of the MOL Group's long term strategy. Furthermore, HSE measures are fully integrated into the incentive schemes, and fully aligned with the four-year public target as set out in MOL Group's Sustainability Plan 2020.

For 2015, the MOL Group Executive Board's STI framework was designed to include key focus areas in a mix of financial and non-financial KPIs in an effort to achieve the targets of the Group.

Financial KPIs:

In 2015, the main focus for the executive Board was to deliver the EBITDA and CAPEX targets. These targets are represented in the C-CEO and G-CEO annual performance plans:

Business line	KPI
MOL Group	Clean CCS EBITDA
	CAPEX

Furthermore, Executive Board members with divisional responsibilities are assessed on a number of operational and financial measures reflecting annual priorities and the strategic direction of each business division within the framework of the Group's long term strategy.

Business line	KPI
Group Downstream	Clean CCS EBITDA
	CAPEX
	NxDSP EBITDA Impact
Group Exploration & Production	2P Reserves
	CAPEX
	Production Unit Cost
	Production Volume

Non-financial KPIs:

MOL Group Executive Board members are also held accountable to non-financial targets alongside financial ones. Safety is a Group priority, which is why the Remuneration Committee has consistently applied a divisional and a corporate HSE related performance indicator. For 2015, MOL Group used Total Reportable Injury rate (TRIR). The reason for the use of TRIR as the key leading indicator as opposed to the Lost Time Injury Frequency Rate (LTIF) is due to the priority of the Group to focus, not only on accidents that result in lost working days, but also on any workplace injury that requires medical attention. The inclusion of HSE measures reflects the Group's overarching priority for conducting safe, reliable and compliant operations at all times.

Challenging targets for these measures were set in order to continue the improving trend of the last years as MOL Group continues to reduce the number of safety events. The targets aim for a ~10% improvement compared to the previous year.

For 2015 HSE targets were:

Business line	KPI
Group Downstream	DS Total Reportable Injury Rate (TRIR)
Group Exploration & Production	US Total Reportable Injury Rate (TRIR)
MOL Group total	Group Total Reportable Injury Rate (TRIR)

STI Outcome

The choice of the afromentioned performance measure reflects a desire from the CGRC to assess the participants based on a broad range of corporate and divisional measures that mirrors the corporate strategy and its related KPIs.

The outcome of the STI is not driven by a purely formulaic approach, as no specific weight has been assigned to each performance measure in order not to create an overemphasis on one at the expense of others. The CGRC will rigorously assess performance at the end of the period, and judge whether the results against the performance measures are a reflection of the underlying performance of the MOL Group.

3. Long Term Incentive system

The overreaching purpose of the current long-term incentive systems is to drive and reward the delivery of sustainable value creation and to provide full alignment between MOL Group executive team and MOL shareholders.

The Long Term Incentive system at MOL Group consists of two elements: a Stock Option Plan and a Performance Share Plan.

The main characteristics of the two incentive schemes are as follows:

a) Stock Option Plan

The Stock Option Plan is an option to hypothetically sell MOL shares granted on a past strike price at a spot price and so realizing a profit with the difference between the two prices. The incentive scheme has the following characteristics:

- It covers a 5-year period starting annually, with the period being split into a 1-year granting period, a 1-year vesting period (when exercising Stock Options is not possible) and a 3-year exercising period. The Stock Option lapses if not exercised by December 31st of the last year.
- The strike price for Stock Options is defined before the granting period begins. The strike price is the average MOL share price in HUF on the Budapest Stock Exchange weighted with turnover. Observation period is the last quarter of the year which precedes the granting period.
- The exercise price is the average price of MOL shares in HUF on the Budapest Stock Exchange on the day of exercising. The trading day is freely selected by the eligible senior manager albeit limited by applicable insider trading prohibitions.
- While the Stock Option entitlement is defined based on the position grade, the actual Stock Option unit number is granted each year to the eligible managers based on their individual short-term performance evaluation during the granting period.

- The individual performance evaluation is linked to the STI framework, as the individual short-term performance evaluation factor (between 0 and 2) acts as a multiplier of the grants defined by job categories.

Eligibility of stock option units is determined by the Individual Factor of the granting period:

Individual Evaluation		% of Stock Options
0	>	x0%
Between 0 and 2	>	Multiplier according to individual evaluation
2	>	x200%

Managers who are entitled to the long-term incentive scheme are also eligible for an annual one-time payout, in case the Annual General Meeting decides that dividend payment shall be paid for the given year. The amount thereof is equal to the product of the dividend paid for one share and of the numbers of Stock Option awarded to the given the manager. The purpose is to balance the incentive in terms of share price movements after dividend payments of the Company.

b) Performance Share Plan

The Performance Share Plan (PSP) is a 3-year cash based programme, using a comparative share price methodology with the following characteristics:

- The programme starts each year on a rolling scheme with a 3-year vesting period. Payments are due after the 3rd year.
- The target is the development of MOL's share price compared to relevant and acknowledged CEE regional and industry specific indexes: the CETOP20 Index and the Dow Jones Emerging Market Titans Oil & Gas 30 Index.
- MOL's share price performance is compared to the two abovementioned benchmark indices. Basis of the evaluation is the average difference in MOL's year-on-year (12 months) share price performance in comparison to the benchmark indices. Comparisons are made on a USD basis. There are defined payout ratios which are based on the measured difference in MOL's share price performance compared to the two indices, noticed in each year. Final payout ratio will be determined by the average of the three noticed payout ratios over the vesting period.
- The expected payout amount of the PSP is additionally linked to individual short-term performance, as the potential payout is based on three years' individual factors in the annual performance evaluation for each participant. This ensures that constant individual over-performance on a long-term basis is rewarded and the consequences of long term underperformance are managed.
- Therefore, the final payout amount is determined by the PSP payout ratio multiplied by the combination of individual payout multipliers of the 3-year vesting period.

Choice of Performance Measures for the LTI

The choice of LTI awards being linked to the share price and dividend distribution reflects the Board's strategic priority on restoring value creation. Through its long term incentives schemes, MOL prioritizes to provide its shareholders with a return on their investment through both the appreciation of the share price as well as through the payment of dividends.

The choice of CETOP20 and Dow Jones Emerging Market Titans Oil & Gas 30 Index reflects the fact that MOL competes for investor flows on a regional basis (Central and Eastern Europe) as well as with the global emerging market Oil & Gas sector. The choice of these two indexes is therefore consistent with the purpose of incentivizing and ultimately rewarding executives for providing competitive returns to current as well as future investors over the long-term relative to the broader regional and global oil & gas markets.

Other Fringe Benefits

MOL Group is offering standard benefits in-line with market practice for Executives. These include:

- Dedicated status car for both business and private purposes
- Life and accident insurance
- Travel insurance
- Liability insurance
- Annual health check and upgraded healthcare services

Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders (General Meeting). Members of the Supervisory Board shall be elected by the General Meeting for a definite period, but for a maximum of five (5) years, the present membership is nine. In accordance with Act V of 2013 on the Civil Code (Civil Code), 1/3 of the members shall be representatives of the employees, accordingly three members of the MOL Supervisory Board are employee representatives with the other six external persons appointed by the shareholders.

The members of the Supervisory Board and their independence status:

György Mosonyi, Chairman	non-independent
Dr. Attila Chikán, Deputy Chairman	independent
John I. Charody	independent
Slavomír Hatina	independent
Attila Juhász	non-independent (employee representative)
Dr.sc. Žarko Primorac	independent
Andrea Hegedűs	non-independent (employee representative)
Dr. Sándor Puskás	non-independent (employee representative)
István Töröcskei*	independent
Dr. Norbert Szivek**	independent

* István Töröcskei's mandate expired on 28 April, 2015

**Dr. Norbert Szivek was elected by AGM as member of the Supervisory Board from 29 April, 2015

The Chairman of the Supervisory Board is a permanent invitee to the meetings of the Board of Directors, Finance and Risk Management Committee and Sustainable Development Committee meetings.

Regular agenda points of the Supervisory Board include the quarterly report of the Board of Directors on company's operations and the reports of Internal Audit and Corporate Security and besides it is informed and is kept updated on other relevant issues, topics as well. In addition, the Supervisory Board reviews the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2015 the Supervisory Board held 5 meetings with an 91% attendance rate.

Remuneration of the members of the Supervisory Board

Until May 1, 2015 the members of the Supervisory Board received remuneration of **EUR gross 3,000/month**, while the Chairman of the Supervisory Board received remuneration of **EUR gross 4,000/month**. From May 1, 2015 members receive **EUR gross 4,000/month**, while the Chairman receives **EUR gross 6,000/month**. In addition to this monthly fee, the Chairman of the Supervisory Board is entitled to receive gross EUR 1,500 for participation in each Board of Directors or Board Committee meeting, up to 15 times per annum. The Chairman of the Audit Committee is entitled to receive gross EUR 1,500 for participation in Board Committee meeting, up to 15 times per annum.
Besides the monthly remuneration the both Chairman of the Supervisory Board and the members are entitled to receive further EUR 1,500 for each extraordinary meeting that is held in addition to the scheduled annual meetings. This remuneration is provided maximum two times a year.

Other benefits

The members of the Supervisory Board are entitled to receive further non-financial benefits, including life and accident insurance, travel- and liability insurance as non financial benefits. Besides thatan annual health screening and an exclusive healthcare package are also available for the members of the Supervisory Board, also as non financial benefit,.

Audit Committee

In 2006, the general meeting appointed the Audit Committee comprised of independent members of the Supervisory Board. The Audit Committee strengthens the independent control over the financial and accounting policy of the Company.

The independent Audit Committee’s responsibilities include the following activities among others:

- providing assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor and in working with the auditor;
- carrying out the tasks of the audit committees of its subsidiaries which are consolidated by the Company, operate as public limited companies or issue securities admitted to trading on regulated market, if the relevant laws allow that and the subsidiary in question does not operate a separate audit committee.

Members of the Audit Committee and dates of appointment (professional backgrounds of members are available on Company homepage):

- Dr. Attila Chikán - Chairman, 27 April, 2006
- John I. Charody, 27 April, 2006
- István Töröcskei 1 May, 2011*
- Dr.sc. Žarko Primorac (as alternate member) – acting from 29 April, 2015**

* István Töröcskei’s mandate expired on 28 April, 2015
** As mandate of István Töröcskei expired on 28 April, 2015, Dr.sc. Žarko Primorac, as alternate Audit Committee member, has been invited to the Audit Committee until the AGM elects a new permanent Audit Committee member.

Report of the Audit Committee on its 2015 activities

In 2015, the Audit Committee held 5 meetings with a 100% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of Internal Audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial position and the status reports on risk management actions attached to these factors. The Audit Committee continuously monitored the Company's financial position. The Audit Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the Auditor).

Integrated corporate risk management function

The aim of MOL Group Risk Management is to deal with challenges of the business environment to support a stable and sustainable operation and future growth of the company. MOL Group has developed risk management function as an integral part of its corporate governance structure.

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by **Enterprise Risk Management** (**ERM**) on group level. ERM integrates financial, operational and legal compliance risks along with a wide range of strategic risks, also taking into consideration potential reputation effects. The ERM process identifies the most significant risks to the performance of the company. Risks are assessed based on a unified methodology and collected into risk maps at different levels. Risk responses and controls are reviewed and mitigation actions set and reviewed for completion regularly by top management.

The main risk drivers of the Group are the following

- **Commodity price risk:** MOL is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks stem from long crude oil position to the extent of its group level production, long refinery margin position to the extent of the refined product volumes and long petrochemical margin position. Investors buying oil companies' share are generally willing to take the risk of oil business so commodity price risk should not be fully eliminated from the cash flow. However, commodity hedge deals are considered to eliminate risks other than 'business as usual' risks or general market price volatility.

- **Foreign Exchange (FX) risk:** Business operation is economically driven mainly by USD. The overall operating cash flow exposure of the Group is net long USD, EUR, RON, and net short HUF, HRK, RUB from economic point of view. According to MOL's current FX risk management policy the long FX exposures of the operating cash flow are decreased by the short financing cash flow exposures.

- **Regulatory risk:** Due to the economic crisis the risk of potential government actions increased as well as potential impact of such decisions.

- **Country risks:** The internationally extending portfolio requires the proper management of country risk exposures. Country exposures are monitored to enhance the diversification effect in the investment portfolio.

- **Drilling risks:** The uncertainty related to drilling success is a typical business risk in the exploration activity.

- **Equipment breakdown:** Due to the high asset concentration in Downstream business it is a significant risk driver. The potential negative effects are mitigated besides comprehensive HSE activities through a Group wide insurance management program.

- **Market demand uncertainties:** External factors like drop in market demand can affect MOL's results negatively.

- **Reputation risk:** Reputation of energy industry players has been in the focus of media for the past years due to extreme negative events (e.g. BP oil spill, Fukushima nuclear accident). MOL as a major market player in the region operates under special attention from stakeholders.

Some of the risks are managed centrally, while some are dealt by affected MOL Group companies or within the Business Units or Functions, overseen always by nominated risk owners. Risk Management regularly controls the realization of these risk mitigation actions – in a form of quarterly reports.

Main risk management tools
Enterprise Risk Management is a framework covering Business Units and Functional Units, which ensures incorporation of risks faced by the company into Risk Maps.
Risk analysis activity supports stable and efficient operation by identifying key risks that threaten achievement of company objectives and require specific attention by Top Management through strengthened controls or execution of mitigation actions. The Risk Map is a heat map used to graphically present major risks on a matrix using probability and impact ratings as a result of detailed risk assessment processes. The Risk Maps integrate Strategic, Operational and Financial risks, which are identified and reassessed on a quarterly basis, providing regular updates to Top Management on evolution of risks and status of mitigation actions.

To ensure the profitability and the financial stability of the Group, **Financial Risk Management** is in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on Monte Carlo simulation, and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options).

Transferring of excess operational risks is done by **Insurance Management.** Purchase of insurances represents an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability and Control of Well Insurance, set around a yearly cycle (i.e. annual renewal of most insurance programs). Insurance is managed through a joint program for the whole MOL Group to exploit considerable synergy effects.

Valuable synergies can be exploited when risk is approached in a comprehensive way
The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed pillars of risk management. The input sources of modelling financial risks are applied in ERM as well. Similarly, the accumulated information on operational risks gained through managing insurances is also an important factor in the ERM development. The results of ERM on operational risks (including business continuity management) can give a better direction to insurance management by highlighting areas that shall be covered by insurance as a must and which are those where further analysis is required to make decisions on how to manage the related risks.

Decision-making support of capital allocation
Besides providing information on the most imperative risks that MOL Group faces, Risk Management also supports top management and the Board of Directors to take more educated decisions on investments, taking into consideration the risk profile of each project as well. To serve this purpose,

Group Risk Management is involved in evaluation of major projects through the utilization of its ERM capabilities by providing opinion on capital allocation and financing headroom.

External auditors

The MOL Group was audited by Ernst & Young ("EY") in both 2015 and 2014, excluding FGSZ Zrt. (audited by PwC) and some other non-significant subsidiaries.

Within the framework of the audit contract, EY performs an audit of statutory financial statements, including interim financial statements of MOL prepared in accordance with Act C of 2000 on Accounting ("Accounting Act") and the consolidated annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Audits of the above mentioned financial statements are carried out in accordance with the Hungarian National Standards on Auditing, the International Standards on Auditing (ISA), the provisions of Accounting Act and other relevant regulations. The auditors ensure the continuity of the audit by scheduling regular on-site reviews during the year, participating in the meetings of MOL's governing bodies and through other forms of consultation. The auditors also review the stock exchange flash reports issued quarterly; however they do not perform an audit of or issue any opinion on such reports with regards to these.

EY also provided other services to MOL Group. Summary of the fees paid to them in 2015 and 2014 are as follows (HUF mn):

	2015	**2014**
Audit fee for MOL (including audit fees for interim balance sheets)	151	154
Audit fee for subsidiaries	577	524
Other audit related services	18	15
Other non-audit services	48	152
Tax advisory services	432	303
Total	**1 226**	**1 148**

The increase of Audit fee for subsidiaries was almost entirely resulting from the recent acquisitions (Eni, United Kingdom and Norway) and activities in connection with new legal entities. Other audit-related services includes primarily the assurance services relating to the Sustainable Development Report in both years. In 2015 other non-audit services were related to IT and transaction support services. In 2014 other non-audit services were charged due to the relocation of certain subsidiaries to Netherland. In both years tax advisory services include mainly personal income tax related services and also minor corporate income tax and VAT related services.

The Board of Directors confirms that non-audit services provided by EY complies with auditor independence rules and policies.

Relationship with the shareholders, prohibition of insider trading

The Board is aware of its commitment to represent and promote shareholders' interests, and recognises that it is fully accountable for the performance and activities of the MOL Group. To help ensure that the Company can meet shareholders' expectations in all areas, the Board continually analyses and evaluates developments, both in the broader external environment as well as at an operational level.

Formal channels of communication with shareholders include the Regular Announcements; Annual Report, the Half-year Report and the Quarterly Interim Management Reports, and the Extraordinary announcements. Regular and extraordinary announcements are published on MOL's homepage, on the Budapest Stock Exchange (primary exchange) and on the Warsaw Stock Exchange and on the Capital Market Information Disclosure System operated by the National Bank of Hungary (Magyar Nemzeti Bank). Moreover we send e-mail announcements to those who subscribed to the distribution list of e-mail announcements of the Investor Relations. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting. Regular Roadshow visits are also made to various cities in the UK, the US and Continental Europe where meetings are held with representatives of the investment community, including MOL shareholders and holders of MOL's Depository Receipts (DR). Furthermore, investors are able to raise questions or make proposals at any time during the year, including the Company's General Meeting. Investor feedbacks are regularly reported to the Board of Directors.

MOL has an Investor Relations department which is responsible for the organisation of the above activities as well as for the day-to-day management of MOL's relationship with its shareholders (contact details are provided in the "Shareholder Information" section at the end of Annual report). Extensive information is also made available on MOL's website (mol.hu/en/), which has a dedicated section for shareholders and the financial community. MOL has always given special care to provide a considerably wide range of information to the capital markets, in line with international best practice. Therefore Investor Relations Department of MOL is continuously renewing its website (direct link at: molgroup.info/en/investor-relations). The aim of the development is to make the website even more user-friendly, in accordance with the intention to continuously improve our services, in order to meet the requirements of our shareholders, analysts and other capital market participants.

In 2015 MOL participated in 4 investor roadshows and 14 conferences (1 US and 13 European) having around 320 meetings with potential and existing shareholders. Moreover MOL participated on 3 dedicated conferences to bond investors.

MOL Group is committed to the fair marketing of publicly-traded securities. Insider trading in securities is also regarded as a criminal offence in most of the countries in which MOL Group carries out business. Therefore, we require not only full compliance with relevant laws, but also the avoidance of even the appearance of insider trading and consultancy.

In line with the laws and MOL's insider trading regulation:

- it is prohibited to conclude a transaction, directly or indirectly, using inside information involving financial instruments to which the inside information pertains, or to commission the services of others to transact such deals, to convey inside information to others, to make a suggestion to another person to engage in dealing with any financial instrument to which the inside information pertains.
- in case the inside information concerns another listed company, belonging to MOL Group, the trading prohibition shall be also applied to the related financial instruments of that company.

Exercising the shareholders' rights, general meeting participation

Voting rights on the general meeting can be exercised based on the voting rights attached to shares held by the shareholders. Each "A" Series share entitles its holder to one vote. The actual voting power depends on how many shares are registered by the shareholders participating in the general meeting.

Condition of participation and voting at the general meeting for shareholders is that the holder of the share(s) shall be registered in the Share Register. The depositary shall be responsible for registering the shareholders in the Share Register pursuant to the instructions of such shareholders in line with the conditions set by the general meeting invitation. According to Article 8.6 of the Articles of Association: „Each shareholder – at the shareholder's identification related to the closing of the share registry prior to the next general meeting –, shall declare whether he, or he and any other shareholder belonging to the same shareholder group as specified in Articles 10.1.1 and 10.1.2 holds at least 2% of the Company's shares, together with the shares regarding which he asks for registration." If the conditions described in the previous sentence are met, the shareholder requesting registration is obliged to declare the composition of the shareholder group taking into account the provisions of Articles 10.1.1 and 10.1.2.

Further, the shareholder shall, on the request of the Board of Directors, immediately identify the ultimate beneficial owner with respect to the shares owned by such shareholder. In case the shareholder fails to comply with the above request or in case there is a reasonable ground to assume that a shareholder made false representation to the Board of Directors, the shareholder's voting right shall be suspended and shall be prevented from exercising it until full compliance with said requirements.

According to Article 10.1.1 of the Articles of Association: „No shareholder or shareholder group (as defined in Article 10.1.2 of Articles of Association) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder's rights represented by the shares and securities deposited with them do not fall within the limitations specified here below)."

In accordance with the Civil Code the shareholders have the right to participate, to request information and to make remarks and proposals at the General Meeting. Shareholders are entitled to vote, if they hold shares with voting rights. The shareholders having at least one per cent of the voting rights may request the Board of Directors to add an item to the agenda of the General Meeting. Where a group of shareholders together controlling at least one per cent of the votes in the Company propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, the matter proposed shall be construed to have been placed on the agenda if such proposal is delivered to the Board of Directors within eight days following the time of publication of notice for the convocation of the general meeting, and the Board of Directors publishes a notice on the amended agenda, and on the draft resolutions tabled by shareholders upon receipt of the proposal. The conditions to participate in the general meeting are published in the invitation to the general meeting. Invitations to the general meeting are published on company homepage according to the Articles of Association. The ordinary general meeting is usually held in April, in line with the current regulations.

The ordinary general meeting, based on the proposal of Board of Directors approved by the Supervisory Board, shall have the authority to determine profit distribution, i.e. the amount of the profit after taxation to be reinvested into the Company and the amount to be paid out as dividends. Based upon the decision of the general meeting, dividend can be paid in a non-cash form as well.

The starting date for the payment of dividends shall be defined by the Board of Directors in such way as to ensure a period of at least 10 working days between the first publication date of such announcement and the initial date of dividend distribution. Only those shareholders are entitled to receive dividend, who are registered in the share register of the Company on the basis of shareholders identification executed on the date defined by the Board of Directors and published in the announcement on the dividend payment. Such date relevant to the dividend payment determined by the Board of Directors may deviate from the date of the general meeting deciding on the payment of dividend.

Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, by completing the following tables, the company declares to what extent it applied in its own practice of corporate governance the recommendations and suggestions formulated in the different points of the Corporate Governance Recommendations published by the Budapest Stock Exchange Ltd.
By reviewing the tables, market participants may receive information on the extent to which the corporate governance practice of different companies meets certain requirements included in the CGR, and may easily compare the practices of the different companies.

Level of compliance with the Recommendations

The company should indicate whether it applies the relevant recommendation or not, and in case of a negative answer, it should provide the reasons for not applying the given recommendation.

R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.

Yes (Complies) No (Please explain)

R 1.1.2 The company applies the "one share - one vote" principle.

Yes (Complies) No (Please explain)

“B” series share is a voting preference share held by Hungarian National Asset Management Inc. presently. Par value of “A” series shares is HUF 1,000, while the par value of “C” series shares is HUF 1,001, but the rights attached to these shares, taking into account the different par value, are identical. Currently all “C” series shares are held by MOL.

According to the Articles of Association, no shareholder or shareholder group may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company’s request as depository or custodian for the Company’s shares or securities representing the Company’s shares. This voting limitation was approved by a general meeting held in 1995 and since that time all of our investors purchased shares knowing this limitation.

R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.

Yes (Complies) No (Please explain)

R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.

Yes (Complies) No (Please explain)

The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.

Yes (Complies) No (Please explain)

R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (Complies) No (Please explain)

In 2015, there were no shareholders' comments on the items on the agenda before the AGM, but a resolution proposal to the agenda was received which has been published

R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.

Yes (Complies) No (Please explain)

Written comments made on the items on the agenda were published two working days prior to the general meeting.

Yes (Complies) No (Please explain)

In 2015, there were no shareholders' comments on the items on the agenda before the AGM, but a resolution proposal to the agenda was received which has been published.

R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.

Yes (Complies) No (Please explain)

R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.

Yes (Complies) No (Please explain)

R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.

Yes (Complies) No (Please explain)

The Supervisory Board held meetings regularly, at times designated in advance.

Yes (Complies) No (Please explain)

The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies) No (Please explain)

The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies) No (Please explain)

R 2.5.1 The Board of Directors / Supervisory Board of the company has a sufficient number of independent members to ensure the impartiality of the board.

Yes (Complies) No (Please explain)

R 2.5.4 At regular intervals (in connection with the CG Report) the Board of Directors / Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies) No (Please explain)

R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors/ Supervisory Board, as well as the criteria applied for assessing independence.

Yes (Complies) No (Please explain)

R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).

Yes (Complies) No (Please explain)

R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.

Yes (Complies) No (Please explain)

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes (Complies) No (Please explain)

According to MOL's practice, these transactions are approved by the Board of Directors, with the simultaneous notification to the chairman of the Supervisory Board.

R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

Yes (Complies) No (Please explain)

Board members declare at the time of their appointment, if they have Board membership or an executive management position in a company which is not part of the company group. According to the charter of the Board of Directors, a member of the Board of Directors informs the Board of Directors, if he/she receives an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. Chairman of the Supervisory Board participates in Board meetings as permanent invitee.

R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.

Yes (Complies) No (Please explain)

The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

<u>Yes (Complies)</u> No (Please explain)

R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.

<u>Yes (Complies)</u> No (Please explain)

The Supervisory Board formed an opinion on the remuneration guidelines.

<u>Yes (Complies)</u> No (Please explain)

The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

<u>Yes (Complies)</u> No (Please explain)

R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.

<u>Yes (Complies)</u> No (Please explain)

R 2.7.2.1 The Supervisory Board prepared an evaluation of the work it carried out in the given business year.

<u>Yes (Complies)</u> No (Please explain)

R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.

<u>Yes (Complies)</u> No (Please explain)

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

<u>Yes (Complies)</u> No (Please explain)

R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.

<u>Yes (Complies)</u> No (Please explain)

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

<u>Yes (Complies)</u> No (Please explain)

R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.

Yes (Complies) <u>No (Please explain)</u>

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, is published simultaneously with the annual general meeting announcement.

The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.

Yes (Complies) No (Please explain)

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person , in relation to this position, is published simultaneously with the annual general meeting announcement.

R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.

Yes (Complies) No (Please explain)

The Managing Body requests information on the efficiency of risk management procedures at regular intervals.

Yes (Complies) No (Please explain)

The Managing Body took the necessary steps to identify the major risk areas.

Yes (Complies) No (Please explain)

R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.

Yes (Complies) No (Please explain)

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.

Yes (Complies) No (Please explain)

R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4

Yes (Complies) No (Please explain)

R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.

Yes (Complies) No (Please explain)

R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee / Supervisory Board.

Yes (Complies) No (Please explain)

The Internal Audit reported at least once to the Audit Committee/ Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes (Complies) No (Please explain)

R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee / Supervisory Board.

Yes (Complies) No (Please explain)

As an organisation, the Internal Audit function is independent from the executive management.

Yes (Complies) No (Please explain)

R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.

Yes (Complies) No (Please explain)

R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.

Yes (Complies) No (Please explain)

The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.

Yes (Complies) No (Please explain)

R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.

Yes (Complies) No (Please explain)

R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.

Yes (Complies) No (Please explain)

R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.

Yes (Complies) No (Please explain)

The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".

Yes (Complies) No (Please explain)

R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies) No (Please explain)

R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies) No (Please explain)

R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies) No (Please explain)

R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.

Yes (Complies) No (Please explain)

R 3.2.3 The Audit Committee / Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.

Yes (Complies) No (Please explain)

R 3.2.4 The Audit Committee / Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4

Yes (Complies) No (Please explain)

R 3.3.1 There is a Nomination Committee operating at the company.

Yes (Complies) No (Please explain)

The Corporate Governance and Remuneration Committee manages issues related to the composition of the Board of Directors and the Supervisory Board. Therefore at the following questions on Nomination Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.

<u>Yes (Complies)</u> No (Please explain)

The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.

<u>Yes (Complies)</u> No (Please explain)

The Nomination Committee evaluated the activity of board and executive management members.

<u>Yes (Complies)</u> No (Please explain)

The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.

<u>Yes (Complies)</u> No (Please explain)

R 3.4.1 There is a Remuneration Committee operating at the company.

<u>Yes (Complies)</u> No (Please explain)

The works of the Remuneration Committee are carried out by the Corporate Governance and Remuneration Committee. Therefore at the following questions on Remuneration Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.

<u>Yes (Complies)</u> No (Please explain)

R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.

<u>Yes (Complies)</u> No (Please explain)

The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.

<u>Yes (Complies)</u> No (Please explain)

The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.

<u>Yes (Complies)</u> No (Please explain)

R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.

Yes (Complies) No (Please explain)

R 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

Yes (Complies) No (Please explain)

R 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.

Yes (Complies) No (Please explain)

R 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.

Yes (Complies) No (Please explain)

R 3.4.7 The majority of the members of the Remuneration Committee are independent.

Yes (Complies) No (Please explain)

R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.

Yes (Complies) No (Please explain)

Since 2003, MOL's corporate governance practice has been rated by several international corporate governance rating and advisory firm. None of the rating firms have commented the combination of the remuneration and nomination committee functions.

R 3.5.2 The Managing Body carried out the duties of the Nomination Committee and disclosed its reasons for doing so.

Yes (Complies) No (Please explain)

The duties of the Remuneration and Nomination Committees were carried out by the Corporate Governance and Remuneration Committee.

R 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.

Yes (Complies) No (Please explain)

The duties of the Remuneration and Nomination Committees were carried out by the Corporate Governance and Remuneration Committee.

R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.

Yes (Complies) No (Please explain)

R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.

Yes (Complies) No (Please explain)

R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.

Yes (Complies) No (Please explain)

The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.

Yes (Complies) No (Please explain)

R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.

Yes (Complies) No (Please explain)

R 4.1.5 The company published its corporate events calendar on its website.

Yes (Complies) No (Please explain)

R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.

Yes (Complies) No (Please explain)

R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.

Yes (Complies) No (Please explain)

R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies) No (Please explain)

R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board.

Yes (Complies) No (Please explain)

R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.

Yes (Complies) No (Please explain)

The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management. However, there was no information on the criteria considered when evaluating individual members.

R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies) No (Please explain)

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person , in relation to this position, is published simultaneously with the annual general meeting announcement.

R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.

Yes (Complies) No (Please explain)

R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.

Yes (Complies) No (Please explain)

R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.

Yes (Complies) No (Please explain)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes (Complies) No (Please explain)

R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

Yes (Complies) No (Please explain)

Level of compliance with the Suggestions

The company should indicate whether the relevant suggestion of the CGR is applied or not (Yes / No)

S 1.1.3 The company has an investor relations department.

<u>Yes</u> No

S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)

<u>Yes</u> No

S 1.2.2 The company's articles of association are available on the company's website.

<u>Yes</u> No

S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).

<u>Yes</u> No

S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.

<u>Yes</u> No

S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.

<u>Yes</u> No

S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.

<u>Yes</u> No

In 2015, there were no shareholders' comments on the items on the agenda before the AGM, but a resolution proposal to the agenda was received which has been published

S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision making by shareholders.

<u>Yes</u> No

S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.

<u>Yes</u> No

S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.

Yes No

S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.

Yes No

S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.

Yes No

S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.

Yes No

The company has not made any further requirements above those set by the law.

S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.

Yes No

S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.

Yes No

S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.

Yes No

S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.

Yes No

S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.

Yes No

S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.

Yes No

The dividend was paid on the starting day of dividend payment to those shareholders who had provided all the necessary information and documentation. Following this date, dividend is paid monthly to those shareholders providing the necessary documentation.

S 1.4.2 The company disclosed its policy regarding anti-takeover devices.

Yes No

S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.

Yes No

S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.

Yes No

S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting.

Yes No

S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.

Yes No

S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.

Yes No

S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2

Yes No

S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.

Yes No

S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.

<u>Yes</u> No

S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.

Yes <u>No</u>

S 2.5.5 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.

Yes <u>No</u>

S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.

<u>Yes</u> No

S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.

<u>Yes</u> No

S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.

<u>Yes</u> No

S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10

<u>Yes</u> No

S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee / Supervisory Board.

Yes <u>No</u>

The company's auditor receives regular information on the risk management system and the risk management operations, and it can follow and monitor these activities. During the audit process the audit reviews and analyses the risk management system and the efficiency of the risk management operations for its own purposes, but it does no issue a report on such audits to any external party (e.g. Audit Committee).

S 2.9.1 The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.

Yes No

S 2.9.1.1 The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.

Yes No

S 2.9.1.2 The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.

Yes No

Audit Committee did not employ any external advisor in 2015.

S 2.9.1.3 The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.

Yes No

Corporate Governance and Remuneration Committee did not employ any external advisor in 2015.

S 2.9.1.4 The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.

Yes No

Corporate Governance and Remuneration Committee did not employ any external advisor in 2015.

S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.

Yes No

S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.

Yes No

S 3.1.2 The chairmen of the Audit Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes No

Audit Committee regularly inform the Board of Directors on the above mentioned subject.

S 3.1.2.1 The chairmen of the Nomination Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes No

Corporate Governance and Remuneration Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.2.2 The chairmen of the Remuneration Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

<u>Yes</u> No

Corporate Governance and Remuneration Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.

<u>Yes</u> No

S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5

<u>Yes</u> No

S 3.2.2 The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.

<u>Yes</u> No

S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.

Yes <u>No</u>

There was a self-evaluation on the operation and suitability of the Board of Directors 2015.

S 3.3.4 The majority of the members of the Nomination Committee are independent.

<u>Yes</u> No

S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5.

Yes <u>No</u>

S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.

Yes <u>No</u>

The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also publishes the cumulated sum of key management compensation as part *of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, is published simultaneously with the annual general meeting announcement.*

S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.

Yes | <u>No</u>

S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4

Yes | <u>No</u>

The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.

Yes | <u>No</u>

S 4.1.7 The company's financial reports followed IFRS guidelines.

<u>Yes</u> | No

S 4.1.16 The company also prepares and releases its disclosures in English.

<u>Yes</u> | No

AGENDA ITEM No. 2

Waiver to be granted to the Board of Directors and its members according to Article 12.12. of the Articles of Association

According to Article 12.12 of the Articles of Association the Annual General Meeting shall put on its agenda each year the evaluation of the work of the Board of Directors performed in the previous business year and pass a resolution on the waiver (discharge) that may be granted to the Board of Directors.

In compliance with Section 3:117 (1) of the Civil Code by granting a waiver the General Meeting acknowledges the Board of Directors' management activities during the previous financial year and the Company may bring action against the Board of Directors and/or its members on the grounds of breaching management obligations in a claim for damages if the facts and information underlying the waiver proved to be false or incomplete.

Based on the above, we propose to the General Meeting to approve the work of the Board of Directors performed in the 2015 business year and provide waiver for the Board of Directors and for the members of the Board of Directors under Article 12.12. of the Articles of Association.

Proposed resolution

The Board of Directors proposes to the General Meeting – under Article 12.12 of the Articles of Association – to approve the work of Board of Directors performed in the 2015 business year and grant waiver to the Board of Directors and its members under Article 12.12 of the Articles of Association.

AGENDA ITEM No. 3

Election of the statutory auditor for the 2016 financial year and determination of its remuneration as well as the material elements of its engagement

After evaluating Ernst & Young in respect of its 2015 performance and its binding offer for the 2016 audit tasks, the Supervisory Board, with the support of the Audit Committee, proposes further cooperation with Ernst & Young in 2016.

Proposed resolution

The Supervisory Board, with the support of the Audit Committee proposes to the Annual General Meeting the election of Ernst & Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.) to be the independent auditor of MOL Plc. for the year 2016, until the AGM closes the year at 30 April 2017 the latest . The Supervisory Board, with the support of the Audit Committee proposes the audit fee for auditing MOL Plc. in 2016 to be HUF 71.8 million plus VAT.

Auditor personally responsible appointed by Ernst & Young Könyvvizsgáló Kft. is Zsuzsanna Bartha (registration number: MKVK-005268), in case of her incapacity she is substituted by István Havas (registration number: MKVK-003395).

In addition to the abovementioned, the material elements of the contract with the auditor are as follows:

- Scope:

  Audit of the standalone financial statements and the consolidated financial statements of MOL Plc. prepared for the year 2016 in accordance with the International Financial Reporting Standards (IFRS) and related interpretations (IFRIC) as adopted by the EU.

- Billing and settlement:

  In 12 equal monthly installments, invoices are submitted by the 5th day of the following month and MOL Plc. is obliged to settle them in 30 days upon receipt.

- Term of the contract:

  From 14 April 2016 until the Annual General Meeting closing the year 2016 at 30 April 2017 the latest.

- In any other questions the general terms and conditions relating to audit agreements of Ernst & Young Könyvvizsgáló Kft. shall apply.

AGENDA ITEM No. 4

The Board of Directors' presentation regarding the acquisition of treasury shares following the ordinary Annual General Meeting of 2015 in accordance with Section 3:223 (4) of the Civil Code. Authorization of the Board of Directors to acquire treasury shares in accordance with Section 3:223 (1) of the Civil Code

I. The Board of Directors' presentation regarding the acquisition of treasury shares following the ordinary Annual General Meeting of 2015 in accordance with Section 3:223 (4) of the Civil Code

The resolution No 9. of the Annual General Meeting held on 16th April 2015 granted authorization valid for 18 months to the Board of Directors of the Company to acquire treasury shares.

On 16th April 2015 MOL Plc. ("MOL") owned 1,542,147 pieces of "A" Series and 578 pieces of "C" Series MOL Ordinary shares.

Between 16th April 2015 and 14th April 2016 the acquisitions of treasury shares took place as follows:

- On 8th May 2015 MOL Plc. purchased 12,067 „A" series MOL ordinary shares from MOL Investment Ltd, a wholly owned subsidiary of MOL Plc. at HUF 15,490 per share. The transaction has not changed the legal status of such shares given those were treasury shares prior to it as well. After the transaction, and in accordance with the incentive system based on share allowance the Company distributed altogether 12,067 pieces of „A" Series MOL Ordinary shares to existing and former members of the Board of Directors after the 2014 financial year. The ratio of the acquired and distributed shares to the existing and the former members of the Board of Directors compared to the share capital was 0.012 %

- MOL Plc. terminated the Swap Agreement concluded between MOL and Magnolia Ltd. on the 20th March, 2006 and with respect to that it exercised its call option right and purchased 6,006,495 pieces of MOL series "A" ordinary shares at market price set out in the agreement. The transaction was settled on 21st March 2016. The strike price is euro 45.9905 per one share. The ratio of the acquired shares compared to the share capital is 5.747%.

Today MOL directly and indirectly owns 7,536,575 „A" series and 578 „C" series MOL ordinary shares.

Proposed resolution

The Board of Directors proposes to the General Meeting to acknowledge the Board of Directors' presentation regarding the acquisition of treasury shares following the ordinary Annual General Meeting of 2015 in accordance with Section 3:223 (4) of the Civil Code.

II. Authorization of the Board of Directors to acquire treasury shares in accordance with Section 3:223 (1) of the Civil Code

The authorization granted by the Annual General Meeting of the Company held on 16 April 2015 for the Board of Directors to acquire treasury shares will expire at the end of October 2016. The Board of Directors asks for a new authorization from the General Meeting to acquire treasury shares from the date of the General Meeting until the end of October 2017.

The Board of Directors of MOL would like to maintain the authorization for further share acquisitions in order for the Company:

- to be able to use treasury shares as acquisition consideration, or
- to be able to exercise certain contractual rights (eg. call options) including but not limited to exercising rights ensured by financial instruments for acquiring treasury shares (eg.: conversion right, exchange right) and perform certain obligations or
- to protect shareholders from the negative effects of a possible share overhang in which case the Company shall be able to acquire a larger block of shares or
- to maintain flexibility for further share capital structure optimization, share cancellation and/or other investments or
- to be able to operate share-based incentive schemes or
- to be able to implement or amend share-based or hybrid financing instruments and other investment structures.

Proposed resolution

The Board of Directors proposes to the General Meeting to authorize the Board of Directors of the Company to acquire treasury shares – simultaneously setting aside the resolution No 9 of the 16 April 2015 AGM – pursuant to the following terms and conditions:

- Mode of acquisition of treasury shares: with or without consideration, either on the stock exchange or through public offer or on the OTC market if not prohibited by legal regulations, including but not limited to acquiring shares by exercising rights ensured by financial instruments for acquiring treasury shares (eg.: call right, exchange right etc.).
- The authorization empowers the Board of Directors to acquire any type of shares of the Company with any par value.
- The amount (number) of shares that can be acquired: the total amount of nominal value of treasury shares owned by the Company at any time may not exceed 25 % of the actual share capital of the Company.
- The period of validity of the authorization: from the date of the resolution made on the Annual General Meeting for an 18 months period.

If the acquisition of the treasury shares is in return for a consideration, the minimum amount which can be paid for one piece of share is HUF 1, while the maximum amount cannot exceed 150 % of the highest of the following prices:

a.) the highest price of the deals concluded with the shares on the Budapest Stock Exchange ("BÉT") on the date of the transaction or

b.) the daily volume weighted average price of the shares on any of the 90 BÉT trading days prior to the date of the transaction or

c.) the volume-weighted average price of the shares during 90 BÉT trading days prior to

(i) the date of signing the agreement for acquiring the treasury shares (particularly purchase agreement, call option agreement or other collateral agreement), or
(ii) the date of acquisition of financial instruments ensuring rights to acquire treasury shares or
(iii) the date of exercising option rights, pre-emption rights; rights ensured by collateral or by financial instruments for acquiring treasury shares or

d.) the closing price of the shares on the BÉT on the trading day which falls immediately prior to
(i) the date of signing the agreement for acquiring the treasury shares (particularly purchase agreement, call option agreement or other collateral agreement), or
(ii) the date of acquisition of financial instruments ensuring rights to acquire treasury shares or
(iii) the date of exercising option rights, preemption rights; rights ensured by collateral or by financial instruments for acquiring treasury shares.

AGENDA ITEM No. 5

Election of member of the Board of Directors

The mandate of Dr. Oszkár Világi as member of the Board of Directors will expire on 30 April 2016. With respect to the above, the Board of Directors proposes to the Annual General Meeting to re-elect Dr. Oszkár Világi as a member of the Board of Directors of the Company from 1 May 2016 to 30 April 2021.

(Dr. Oszkár Világi's CV can be found following the Proposed resolution.)

Proposed resolution

The Board of Directors proposes to the General Meeting to elect Dr. Oszkár Világi as member of the Board of Directors from 1 May 2016 to 30 April 2021.

CURRICULUM VITAE

JUDr. Oszkár Világi

MOL Group positions:
- **Member of the Board of Director since 1 May 2011**
- **Chairman of the Board of Directors and CEO of SLOVNAFT**
- **Member of the Supervisory Board of INA d.d. since May, 2011**
- **Member of the Sustainable Development Committee since 30 May 2014**

Mr. Világi graduated from the Faculty of Law at the Comenius University of Bratislava in 1985 and achieved the academic title of D.C.L. During 1990 to 1992, he was a member of the Czechoslovak Parliament in Prague. In 1994, he was one of the founders of the Central European Foundation, of which he is the member of the Board of Directors by now. From 1996, he participated in the governing bodies of several Slovak companies. He has been the legal advisor for several foreign investors in big restructuring projects of Slovak industry (U.S. Steel, Orange Slovensko, a.s., OTP, MOL). Since 2002 he has been a member of the strategic partnership and integration team of Slovnaft and MOL. Before becoming a member of the Board of Directors in Slovnaft a.s. in 2005, he was member of its Supervisory Board. In March 2006, Mr. Világi was appointed as CEO of Slovnaft. In April 2010, he became Member of the Executive Board of MOL. He is the President of the Slovak-Hungarian Chamber of Business and Industry founded in 2012 and also a member of the Slovak Chamber of Business and Industry. He became a member of the Board of Trustees at the Selye János University Komárno in November 2010 and form 2015 he is a member of the Board of Trustees at the Comenius University in Bratislava.

AGENDA ITEM No. 6

Election of member of the Supervisory Board and the Audit Committee

The mandate of Mr. György Mosonyi as member of the Supervisory Board will expire on 30 April 2016. With respect to the above, the Board of Directors proposes to the Annual General Meeting to re-elect Mr. György Mosonyi as a member of the Supervisory Board of the Company from 1 May 2016 to 30 April 2021.

(Mr. György Mosonyi's CV can be found following the Proposed resolution.)

Proposed resolution

The Board of Directors proposes to the General Meeting to elect Mr. György Mosonyi as member of the Supervisory Board from 1 May 2016 to 30 April 2021.

CURRICULUM VITAE

Mr. György Mosonyi

MOL Group positions:
- **Member of MOL Supervisory Board since 1 May, 2011 and Chairman since 8 June, 2011**
- **Permanent invitee of the Sustainable Development Committee**
- **Chairman of the Supervisory Board of MOL Petrochemicals Co. Ltd since 1 September, 2015**
- **Chairman of the Supervisory Board of SLOVNAFT a. s.**
- **Vice President of the Supervisory Board of INA d.d.**

From 1974 onwards, Mr Mosonyi worked for the Hungarian Agency of Shell International Petroleum Co. (Shell) and from 1986 he held the position of commercial director. In 1991 he worked at Shell headquarters in London. Between 1992-1993 he was a managing director of Shell-Interag Ltd and from 1994-1999 he was Chairman and Chief Executive Officer of Shell Hungary Rt. Also in 1997 he became Chairman of Shell's Central & East European Region and CEO of Shell Czech Republic in 1998. He is Vice President in charge of International Affairs of the Hungarian Chamber of Commerce and Industry and member of the Joint Venture Association's Presidium. He was President of the World Petroleum Council Hungarian National Committee till 2015 January. Since 2012 April member of the Board of Directors of Hungarian Telekom Plc. He was Group-Chief Executive Officer and a member of the Board of Directors of the Group between 1999 and 2011. Between 2006-2011 he was Chairman of the Sustainable Development Committee he was Chairman of the Board of Directors of TVK until 15 April, 2015.

Considering that the Audit Committee is currently operating with two members and one alternate member we propose that the Annual General Meeting elects Dr. Norbert Szivek as independent member of the Supervisory Board to be member of the Audit Committee.

(Dr. Norbert Szivek's CV can be found following the Proposed resolution.)

Proposed resolution

The Board of Directors proposes to the General Meeting to elect Dr. Norbert Szivek as independent member of the Supervisory Board to be member of the Audit Committee from 14 April 2016 to 28 April 2020.

CURRICULUM VITAE

Dr. Norbert Szivek

MOL Group positions:
- **Member of the Supervisory Board since 29 April, 2015**

Dr. Norbert Szivek is a law school graduate who pursued his studies in Germany and then graduated in Hungary. After working in the Hungarian public sector for a while, he continued his career at a company which is well-known for its real estate investments, where he was in charge of the newly established energy division. The next step in his career was the foundation of his own asset management company. Appointed by the Minister of National Development, Dr. Szivek is the general manager and member of the Board of the Hungarian National Asset Management Inc. from 16 February, 2015. He is the chairman of the Board of Volánbusz Zrt., Member of the Board of Panrusgáz Gas Trading Plc. of the MVM Hungarian Electricity Ltd. and also of the Hungarian Hydrocarbon Stockpiling Association.

AGENDA ITEM No. 7

Decision on capital decrease

This item has been put on the agenda based on the request of CEZ MH B.V. as a shareholder having more than 1 % of the votes, on the basis of 3: 259. § (2) of the Civil Code of Hungary. The Board of Directors supports the proposal and resolution proposal submitted by CEZ MH B.V., as follows:

MOL Plc. terminated the Swap Agreement with the effective date of the 20th March 2016 concluded between MOL and Magnolia Ltd. on the 20th March 2006, and as a result of the transaction the Treasury shares stock is expected to increase to 7.2%. MOL has a stable financial position, an outstanding cash generation capability and a strong balance sheet with a simplified Net Debt to EBITDA ratio of only 0.7x as of the end of 2015. Accordingly, there is no need for equity-type financing for either organic or non-organic investment and growth. Consequently, the possibility and necessity of optimizing the capital structure arises.

A share capital decrease is proposed through share cancellation of 2% to the shareholders. This would allow MOL to retain financial flexibility and at the same time would be a move towards optimising the capital structure. The capital decrease takes place through the cancellation of 2,090,381 pieces "A" series shares. There is no compensation to be paid to the shareholders upon cancellation.

According to the Section 3:309 (1) of the Civil Code, the capital decrease is decided by the general meeting. According to the Section 3:309 (5) the validity of the resolution on the capital decrease requires the *separate* approval of the holders of the affected class of shares in the manner specified in the Articles of Association as well.

According to the second paragraph of Article 12.10 of the Articles of Association, the holders of the series of affected shares present at the general meeting shall decide upon such approval prior to the resolution of the general meeting, by voting separate of each series of shares, and by simple majority of the votes attached to the shares belonging to the relevant series of shares.

Proposed resolution

The holders of "A" series shares present at the general meeting grant their approval to the proposed capital decrease in compliance with Section 3:309 (5) of the Civil Code and the second paragraph of Article 12.10 of Articles of Association.

Proposed resolution

The General Meeting decreases the Company's share capital as follows

- Reason of the capital decrease:

  Change of capital structure (increase another element of the Company's share capital) in order to increase the shareholders' return.

- Extent of the capital decrease:

  By withdrawal of 2,090,381 pieces registered ordinary shares of the series "A" with a par value of HUF 1,000 each owned by MOL (treasury shares), decrease of the share capital with HUF 2,090,381,000 to HUF 102,428,682,578**.**

- Method of effectuation of the capital decrease:

  Decrease of the number of registered ordinary shares of the series "A" with a par value of HUF 1,000, with 2,090,381 pieces of shares owned by the Company (treasury shares). The capital decrease shall not affect the other shareholders' shareholdings. The Annual General Meeting authorizes the Board of Directors to complete the tasks in connection with the effectuation of the capital decrease (share withdrawal), particularly the tasks defined in the Civil Code (Act V of 2013) and the Act on the company registration (Act V of 2006).

The required modification of the Company's Articles of Association regarding the capital decrease:

Article 7.2. of the Articles of Association shall be amended as follows:
(wording proposed to be deleted crossed, new wording in bold)

"7.2. The Company's share capital amounts to HUF ~~104,519,063,578~~ **102,428,682,578**, i.e. ~~one hundred and four billion five hundred and nineteen million sixty three thousand five hundred seventy eight~~ **one hundred and two billion four hundred and twenty eight million six hundred and eighty two thousand five hundred seventy eight** forints, represented by

a) ~~104,518,484~~ **102,428,103** pieces registered ordinary shares of the series "A" with a par value of HUF 1,000 each, and 578 pieces of registered ordinary shares of the series "C" with a par value of HUF 1,001 each, issued at a price of HUF 6,000 each, in exchange for in kind contribution and providing identical rights to the holders of such shares, and

b) one (1) piece registered voting preference share of the series "B" with a par value of HUF 1,000 that entitles the holder thereof to preferential rights as specified in the present Articles of Association."

The modification of the Articles of Association will become effective in case of fulfilment of the conditions of the capital decrease.