



FHB Mortgage Bank Plc
Interim management report for
the fourth quarter of 2009

Budapest, 16th February, 2010

Interim management report of FHB Mortgage Bank for the third quarter of 2009

This report of FHB Mortgage Bank Public Company Limited by Shares for the fourth quarter of 2009 is based on the data of the consolidated balance sheet and profit and loss account prepared according to the International Financial Reporting Standards (IFRS). The narratives compare the consolidated, audited figures as of 31 December 2008, and the consolidated, non-audited figures as of 30 September 2009 and as of 31 December 2009.

I. Summary of the activities and events of the latest period

Earnings before taxation as of 31 December 2009 were over 10.2 billion forints, 1.7% higher than the 2008 figure of 10.1 billion forints. Excluding the effect of derivatives earnings before taxation was 10.8 billion forints in 2009, 6.5% higher than in the same period of 2008 (10.1 billion forints).

The average net interest margin increased by 68 basis points year-on-year to 3.21%, from 2.53% as of 31 December 2008. Over the past quarter net interest margin increased by 10 basis points.

The Bank's consolidated balance sheet total was up by 16.3%, from 689.5 billion forints to 801.7 billion forints year-on-year, the increase was 1.9% in Q4 2009.

The Group's consolidated cost-income ratio improved from 55.4% in Q4 2008 to 44.5% in the current period.

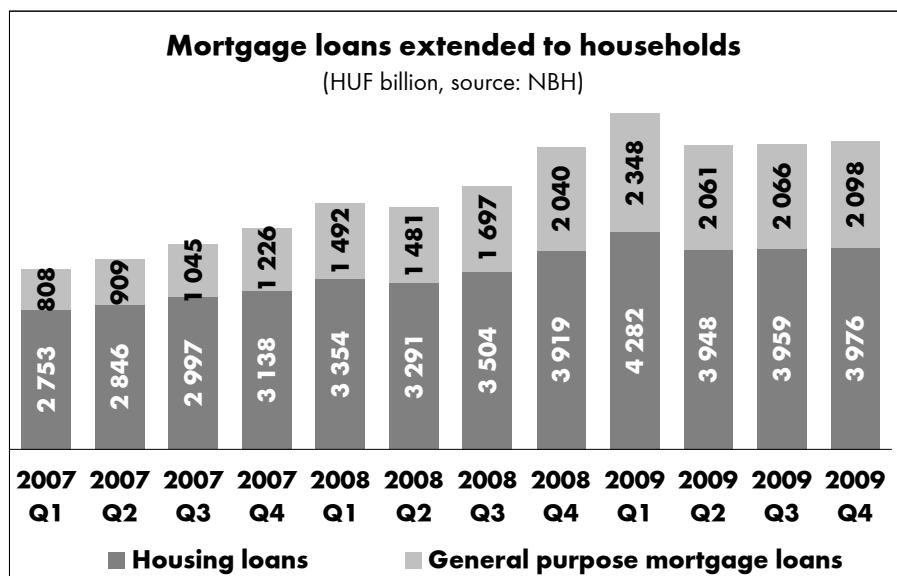
Shareholders' equity was 47.2 billion forints as of 31 December 2009 as a result of a 17.4% year-on-year increase.

After-tax profit was 7.1 billion forints as of 31 December 2009, 6.2% up from the 2008 figure.

Retail mortgage loan market

According to the statistics published by the National Bank of Hungary retail loan portfolio amounted to 6,073.6 billion forints as of 31 December 2009, achieving only a 49.5 billion forints (or 0.8%) increase over the previous quarter's figure (6,024.1 billion forints) with the year-on-year growth figure being 114.8 billion forints (or 1.9%). In terms of volume the year-on-year growth is significantly smaller than the 1,587.1 billion forints growth achieved in 2008. Disregarding the impact of exchange rates fluctuation the year-on-year growth of the retail mortgage loan portfolio was 2.8 billion forints (at 31 December 2009 rate). Decrease over the previous quarter's figure was 24.5 billion forints (or 0.4%).

The portfolio of foreign exchange-denominated loans did not change significantly during the past quarter: the growth was 63.0 billion forints. The annual growth of the FX loan portfolio was significant, amounted 148.6 billion forints (compared to 1,729.0 billion forints as of 31 December 2008). At the same time the forint-based loan portfolio shrank by 33.7 billion forints compared to the same period of the previous year and grew by 13.5 billion forints compared to the previous quarter's figure. At the end of 2009 the total amount of the FX loan portfolio of retail mortgage loans was 4,528.5 billion forints (which contributed 74.6% of the total retail mortgage loan portfolio), as opposed to the stagnating level of 1,545.1 billion forints HUF loans. The proportion of FX loans was 73.5% in the same period of the reference year.



Quarterly growth in housing loans extended to households was 0.4% or 17.0 billion forints up from Q3 2009 portfolio. The annual growth (57.0 billion forints) was 7.4% of the 2008 figure of 773.1 billion forints. The average monthly growth in 2009 was 4.7 billion forints and showed a substantial volatility.

The growth in the general-purpose mortgage loan portfolio, slowing in intensity, only partially fuelled the 106.6 billion forints in FX lending over the period of a year. The Q4 2008 general-purpose mortgage loan portfolio denominated in foreign currency amounted to 2,007 billion

forints and contributed 45.8% to the retail mortgage loans. This contribution dropped to 45.2% by the end of the reported period.

General-purpose mortgage loans contributed 28.2% to the year-on-year growth of retail loans.

The increase in the portfolio of general-purpose mortgage loans to retail customers was 38.4% in 2008 followed by only 2.8% in 2009. Average monthly growth in 2008 was 67.8 billion forints and dropped to 4.8 billion forints in 2009. Of the total amount of general-purpose mortgage loans 97.7% was disbursed in foreign exchange; the total portfolio value was 2,098.1 billion forints as of 31 December 2009. General-purpose mortgage loans contributed 68.1% to total consumer loans as of 31 December 2009 as opposed to 66.3% of the reference year.

Own lending

At the end of the reported period the gross amount of loans sold by the Bank was 341.0 billion forints, while total outstanding provisions were 6.2 billion forints at period end. The gross amount of loans was 3.0% above the 30 September 2009 figure (331.2 billion forints). The year-on-year increase was 3.7%.

No major change has occurred in the breakdown of the Group's products since 30 September 2009 or 31 December 2008. Retail loans continue to dominate within the loan portfolio with a contribution of approximately 90%, though keener business activity resulted in a gradual rise in loans to corporate customers. As of 30 September 2009, 57.1% of outstanding loans were disbursed in FX, moderately higher as at year-end of 2008 and the 55.3% achieved in Q3 of 2009.

Loans to retail customers were 3.2% (or 9.8 billion forints) down year-on-year and shrank by 0.7% compared to 30 September 2009. In terms of composition, 60.0% of the retail loans portfolio is contributed by housing loans. The second biggest contribution is from general-purpose mortgage loans with 36.3%. As of 31 December 2008 the contribution of the two dominant items was 61.3% and 36.8% respectively, and as of 30 September 2008, it was 60.2% and 36.1% respectively.

The corporate lending business started strengthening in 2009. As a result, the portfolio of corporate loans rose from 20.3 billion forints as of 31 December 2008 to 38.5 billion forints year-on-year, and growth over the 30 September 2009 figure exceeded 7.1 billion forints. The growth was contributed mainly by the SME business. The increase in the portfolio of housing project loans exceeded 1.7 billion forints in the first half, while commercial real estate financing loans dropped by 1.0 billion forints.

Mortgage loans extended to senior citizens achieved 2.1 billion forints as of 31 December 2009, 0.3 billion forints up year-on-year. The FX denominated portfolio is 104 million forints and contributes only 5% to the portfolio.

Refinancing

As of 31 December 2009 the portfolio of refinanced loans dropped by 8.2%, or 23.6 billion forints year-on-year and amounted to 263.0 billion forints. Compared to the 266.2 billion forints realized as of 30 September 2009, the portfolio shrank by 3.1 billion forints or 1.2%.

FHB Commercial Bank Ltd.

Excluding loans extended to other FHB Group members, net loans extended by the Commercial Bank exceeded 110.5 billion forints and the portfolio increased by 11.5% over the year. The portfolio achieved 4.0 billion forints growth compared to the 30 September 2009 value, mainly as a result of the growth in corporate disbursements. The retail loan portfolio shrank by almost 1.7 billion forints in Q4 of 2009.

The retail loan portfolio was 97.6 billion forints as at 31 December, 2009. Corporate loans were in excess of 12.8 billion forints as of 31 December 2009 and multiplied over the year, achieving a contribution of 13.2%. Portfolio growth was mainly based on the achievement of the SME lending business.

The number of retail current accounts was over 38.8 thousand as of 31 December 2009, 12.8% above the Q3 2009 and 59.0% above the 2008 figure. Deposits on retail and corporate accounts were 21.4% above the Q3 2008 figure. The balance of retail and corporate accounts was 87.0% over than in Q4 2008, and contributed 7.5% at 2009 year end to total funds, changed significantly from the level of 4.4% as of 31 December 2008.

FHB Life Annuity Ltd.

FHB Annuity Ltd. offers two products to senior customers. FHB Annuity is sold directly by FHB Annuity Ltd. The other product, FHB Mortgage Annuity is a reverse mortgage product, which means the contracts are reported directly in the balance sheet of FHB Mortgage Bank Plc. In terms of this product, FHB Annuity Ltd. is involved in product development as well as sales, the latter on the basis of an agency agreement signed with FHB Mortgage Bank.

Since its foundation to 31 December 2009 FHB Annuity signed annuity contracts amounting to 9.6 billion forints, from which 3.6 billion forints in 2009. The reported period's achievement has been doubled from the 1.7 billion forints achieved in 2008. Annuity payments since the launch of the product have amounted to 3.1 billion forints with 0.7 billion forints disbursed in 2009.

FHB Real Estate Ltd.

The core business of FHB Real Estate Ltd. is to provide collateral valuation, real estate investment and sales, real estate management and real estate valuation services to members of the Group. In addition to the Group, FHB Real Estate Ltd. also offers valuation and real estate agency services to external customers.

Central European Credit Ltd.

FHB Group became the holder of 100% of CEC Ltd.'s shares in April 2009. CEC Ltd. offers mortgage products solely on a real estate collateral basis (for general purposes, purchase and refinancing) to private individuals as well as legal entities. The company expanded its product portfolio in the second half of 2009, and started to provide real estate leasing services mostly to retail customers. As a member of FHB Group, CEC Ltd. cooperating with other Bank Group companies continues to participate in the premium real estate financing market.

Mortgage bond issues and financing

Liquidity was very poor in the Hungarian government securities market in the past period of 2009 in the wake of the global financial and capital markets crisis, pricing of securities was difficult in the absence of offers that reflected real market values on both the put and the call side.

In the first quarter FHB Mortgage Bank renewed its 2009 mortgage bond and bond 2009 Issues Programme for the domestic market, which was approved by the HFSA on 3 February 2009. The first issue took place in March according to the Programme. In February two small series were issued in the context of private placement in addition to a lesser repurchase amounting to 100 million forints. In March a floating interest five-year series was issued in two instalments, with a total nominal value of 5.1 billion forints, in accordance with the Domestic Issues Programme. At the same time a total nominal value of 11 billion forints of another series was repurchased and cancelled. Net funds involved in the first quarter of 2009 amounted to nearly 5.4 billion forints. Three series matured in the first quarter with a total nominal value of 15 billion forints. Total redemption value was 11.1 billion forints.

In the second quarter the Bank repurchased forint and euro denominated securities in April and May, amounting to an aggregate nominal value of over six billion and approximately seven billion forints respectively. FHB's EMTN Programme was renewed. The Luxembourg Securities and Exchange Commission (CSSF) approved the Programme to be concluded on 24 April 2010. In June FHB was more active and launched three issues and one repurchase. In accordance with the freshly renewed EMTN Programme, mortgage bonds of a total nominal value of 50 million euros were issued. Along with the issue, the Bank also arranged two repurchase auctions in accordance with its domestic Programme, both of them highly successful. In addition to mortgage bonds FHB completed a 15 billion forints bond issue and a repurchase in June. New funds involved by the Bank in Q2 by mortgage bond and bond issues exceeded 45 billion forints. The Group repurchased bonds and mortgage bonds to a total value of 23.4 billion forints.

In the third quarter, except for a smaller mortgage bond issue in July, FHB Mortgage Bank did not arrange new issues neither in the domestic nor on the international capital market. The Group repurchased securities denominated in HUF and EUR in the total amount of 2.3 billion forints during July and August.

In Q4 of 2009 FHB Mortgage Bank issued two series of mortgage bonds and two series of bonds in the context of two private placements and auctions. At the two auctions staged in November the Bank offered to repurchase several series of its securities. In November the third batch of the listed FJ14NF01 series was issued, this issue raised the total nominal value of the

five-year maturity series above 21 billion forints. The Bank launched bond series in late November and at the end of December, with respective total nominal values of 4.8 billion forints. In November the Bank repurchased over three billion forints total nominal value of its HUF denominated securities in the framework of its active A/L management.

Net funds involved in the course of 2009 amounted to nearly 60.5 billion forints. Eight series matured in Q1-Q4 with a total nominal value of approximately 66 billion forints. Total redemption value was 26.6 billion forints.

Changes in the legislative environment

The most important legislative changes in Q4 of 2009 that affect the Group's business activities are as follows:

Act CL of 2009 on the Amendment of Certain Financial Acts

The Act specifies the provisions of the Act on Credit Institutions and Financial Enterprises (Hpt.) pertaining to unilateral amendment of contracts with greater accuracy, and provides for the operation of mediators. It also amends the provisions pertaining to the grace period automatically granted to debtors under bankruptcy proceedings.

Act CXLVIII of 2009 on the Amendment of Certain Acts with a View to Enhance the Efficiency of the Financial Mediation System

The purpose of the Act is, on the one hand, to strengthen micro and macro level prudence in the supervision of the financial mediation system and the tools available for the organizations concerned; and on the other hand, to grant the Hungarian Financial Supervisory Authority a more prominent role in consumer protection.

Act CXXI of 2009 on the Amendment of Act IV of 2006 on Business Associations and Act V of 2006 on Public Company Information, Company Registration and Winding-Up Proceedings

The principal purpose of amending Act IV of 2006 on Business Associations was to incorporate Directive 2007/36/EC of the European Parliament and of the Council on the exercise of certain rights of shareholders in listed companies. The Directive was created with a view to enhancing shareholders' rights in listed companies and that problems relating to cross-border voting should be solved.

Act CXIV of 2009 on the Amendment of Act IV of 2009 on State Guarantee in Respect of Housing Loans

The Act amends Act IV of 2009 on State Guarantee in Respect of Housing Loans in order to expand the group of persons eligible for bridging loans so that they can manage their financial problems with the help of the State.

Act LXXXV of 2009 on Provision of Payment Services

The magnitude of payment services has been rapidly increasing in the European Union. It gave rise to the Single Euro Payment Area (SEPA), an initiative of the European financial institutions. SEPA's goal is to create uniform framework and conditions in financial services, specifically, to

develop common financial instruments, standards, procedures and infrastructure in order to eliminated the difference between national and intra-European cross-border payments.

Act LXXXVI of 2009 on the Amendment of Act CXII of 1996 on Credit Institutions and Financial Enterprises with Respect to Financial Institutions and Payment Services

Directive 2007/64/EC on payment services in the internal market provided a uniform legislative background for payment services, and also enabled new payment service providers to access the single market. The directive alleviates access to the market by taking into consideration that payment services are based predominantly on the principle of trust and thus necessitate certain organizational, personnel and prudence requirements. In addition, the stability and reliability of payment systems should also be maintained.

Organizational changes and staff figures

Staff figures

The consolidated full-time headcount was 561.9 as of 31 December 2009, 19.3 less than the 581.2 staff as of 31 December 2008 and 1.0% up from the Q3 2009 figure of 556.6. As of 31 December 2009, branch staff was 168.7 (168.5 in Q4 2008) and that of headquarters was 386 (413 in Q4). All of the branch staff are employed by FHB Commercial Bank. Group companies had the following staff figures as of 31 December 2009: FHB Mortgage Bank Plc. 69.0, FHB Commercial Bank Ltd. 262.2, FHB Services Ltd. 198.7, FHB Annuity Ltd. 12.2, FHB Real Estate Ltd. 13, and CEC Hungary Ltd. 6.9.

Officers and executives

With its resolution number 15/2009 (28.04.) the Annual General Meeting elected Csaba Lantos to serve on the Supervisory Board of the Company with a mandate of five years starting from 28 April 2009 until 28 April 2014. The Supervisory Board elected Csaba Lantos to chairman as at 15 June, 2009. The HFSA gave its permission for this decision as at 8 July, 2009.

II. Summary figures of the latest period (IFRS)¹

The Bank's consolidated balance sheet total according to International Financial Reporting Standards was up year-on-year by 16.3%, from 689.5 billion forints to 801.7 billion forints. The increase was generated by the growth in interest earning assets on the asset side and the loan received from the Hungarian State on the liabilities side of the balance sheet.

Shareholders' equity grew by 17.4% year-on-year to reach 47.2 billion forints, due primarily to an increase in retained earnings.

Earnings before taxation were 10.2 billion forints in 2009, 1.7% up from the reference period figure. After-tax profit was 7.1 billion forints.

Excluding the effect of derivative transactions before taxation was 10.8 billion forints in 2009, 6.5% higher than in 2008. After-tax profit excluding swap earnings was 7.5 billion forints.

Key financial indicators	Consolidated figures by IFRS		
	31 Dec 2008	31 Dec 2009	31 Dec 2009 / 31 Dec 2008
Balance sheet total (HUF million)	689,512	801,652	16.3%
Book value of loans (HUF million)	613,747	597,737	-2.6%
Book value of mortgage bonds (HUF million)	506,022	438,253	-13.4%
Bonds issued (HUF million)	62,429	52,592	-15.8%
Shareholders' equity (HUF million)	40,187	47,180	17.4%
Earnings before taxation (HUF million)	10,057	10,228	1.7%
After tax profit (HUF million)	6,683	7,094	6.2%
Net interest margin (NIM)	2.53%	3.21%	68 bps
EPS (HUF)	102	110	8.2%
P/E (share price/EPS)	6,75	11.81	75.0%
P/BV (share price/equity/number of shares)	1.13	1.82	61.3%
ROAA (return on average assets)	1.0%	0.9%	-11.3%
ROAE (return on average equity)	17.8%	15.6%	-12.2%

¹ IFRS, consolidated figures

III. Analysis of FHB Mortgage Bank Plc.'s financial statements prepared according to IFRS

P/L structure²

Data in HUF million

DESCRIPTION	2008 Q4 (Oct-Dec)	2009 Q3 (Jul-Sept)	2009 Q4 (Oct-Dec)	2009 Q4/ 2008 Q4	2009 Q4/ 2009 Q3
Net interest income	4,200	6,653	7,559	80.0%	13.6%
Net fees and commission income	632	321	278	-56.1%	-13.6%
Net profit from financial transactions	2,051	-144	81	-96.1%	-
Other income and expenditure	532	828	201	-62.2%	-75.7%
Gross operating income	7,416	7,658	8,119	9.5%	6.0%
Operating expenses	-4,460	-3,330	-3,712	-16.7%	11.5%
Net operating income	2,956	4,328	4,407	49.0%	1.8%
Losses from lending and impairment	-324	-2,316	-2,019	522.1%	-12.9%
Profit before taxation	2,632	2,012	2,388	-9.3%	18.7%
Taxes	-1,010	-570	-792	-21.6%	39.1%
After tax profit	1,622	1,443	1,596	-1.6%	10.6%

In the fourth quarter of 2009 the Bank realised **1.6 billion forints consolidated after-tax profit by IFRS**, 10.6% more than in previous quarter of 2009 but 1.6% lower year-on-year. **Profit before tax was 2.4 billion forints** in the third quarter of 2009.

² IFRS, consolidated, audited figures as at 31 December 2008, and consolidated non-audited figures as at 31 December 2009

Data in HUF million

DESCRIPTION	31 Dec 2008	31 Dec 2009	2009 / 2008
Net interest income	16,681	25,308	51.7%
Net fees and commission income	1,910	1,442	-24.5%
Net profit from financial transactions	3,896	2,434	-37.5%
Other income and expenditure	1,890	1,715	-9.3%
Gross operating income	24,377	30,898	26.8%
Operating expenses	-13,514	-13,752	1.8%
Net operating income	10,863	17,147	57.9%
Losses from lending and impairment	-805	-6,919	759.4%
Profit before taxation	10,058	10,228	1.7%
Taxes	-3,375	-3,134	-7.1%
After tax profit	6,683	7,094	6.2%
Profit before tax excluding derivative transactions	10,113	10,773	6.5%
Profit after tax excluding derivative transactions	6,727	7,530	11.9%

In 2009 consolidated after-tax profit by IFRS was almost 7.1 billion forints, 6.2% up from 2008. Earnings before taxation was 10.2 billion forints, 1.7% above the profit before tax achieved in 2008. After-tax profit excluding derivative transactions was 7.5 billion forints in 2009, while the 2008 figure was 6.7 billion forints.

Net interest income

Net interest income was 7.6 billion forints in the fourth quarter of 2009, 80.0% up from the performance achieved in the reference period of last year (4.2 billion forints) and 13.6% above the Q3 of 2009 figure. The net figure emerged as a balance of 19.3 billion forints interest income (4.8% down from the Q4 of 2008 figure and 6.5% below the Q3 of 2009 figure) and 11.8 billion forints interest expense (26.9% less than in Q4 of 2008 and 16.0% less than the Q3 of 2009 figure).

Net interest income in Q1-Q4 of 2009 was 25.3 billion forints, 51.7% up from the Q1-Q4 of 2008 achievement (16.7 billion forints). The net figure emerged as a balance of 80.3 billion forints interest income (9.03% above the 73.7 billion forints achieved in 2008) and 55.0 billion forints interest expense (3.5% more than the 57.0 billion forints achieved in 2008).

In the fourth quarter of 2009, 32.9% of interest income was contributed by interest income on own lending (compared to 39.3% in Q3 of 2009 and 40.1% in reference quarter of 2008), and 21.6% was contributed by interest income on refinanced loans (compared to 27.4% in Q3 of 2009 and 28.3 of the reference period of 2008). The aggregate interest income on interbank loans and securities contributed 9.2% (as opposed to 17.3% in Q3 of 2009 and 5.5% in the reference period of 2008). The contribution of interest income on derivatives was 36.3% to total

interest income (compared to 16.0% in Q3 of 2009 and 26.1% in the reference period of 2008).

In Q1-Q4 of 2009, 38.5% of interest income was contributed by interest income on own lending (compared to 40.7% in Q1-Q4 of 2008), 26.2% was contributed by interest income on refinanced mortgage loans (compared to 31.3% in Q1-Q4 of 2008). The combined interest income on interbank loans and securities contributed 10.5%, up from the 4.2% achieved in Q1-Q4 of 2008. The contribution of interest income on derivatives was 24.8%, up from the 23.9% contributed in 2008. The increase in the contribution of the interbank loans and securities item to interest income is due to investment of unengaged funds in liquid assets.

Within the line item of interest income, the contribution of interest subsidies (state subsidy of interest on mortgage bonds and supplementary interest subsidy combined) was 24.1% in Q4 of 2008, 22.0% in Q3 of 2009, and 17.2% in Q4 of 2009. In line with the trend in earlier years, income from subsidized interest has been dropping while interest income from customers has increased. In Q1-Q4 of 2009 interest subsidy contributed 21.1% to total interest income compared to 27.8% in Q1-Q4 of 2008.

In the fourth quarter of 2009, 26.0% of interest expense were incurred in conjunction with mortgage bonds and 3.8% with bonds. Interest paid on interbank borrowings contributed 0.2% and interest on deposits contributed 8.0%. Interest expense of mortgage bonds contributed 47.5% in Q3 of 2009 and was as high as 57.1% in Q4 of 2008. Interest expense on derivatives contributed 58.5% to interest expenditure in Q4 of 2009 as opposed to 24.3% in Q3 of 2009. In Q4 of 2008, interest paid on deposits contributed 4.6% as opposed to 13.3% in Q3 of 2009.

The breakdown of interest expense showed a varied picture in the first three quarters of 2009, similarly to Q1-Q4 of 2008. In Q1-Q4 of 2009, 42.1% was incurred in conjunction with mortgage bonds, the contribution of interest paid on interbank borrowings was minimal (0.5%), interest paid on deposits contributed 10.3%, and interest on derivative transactions contributed 36.9% to interest expenditure. The breakdown in 2008 was mortgage bonds 61.0%, interbank borrowings 2.2%, interest paid on deposits 3.2%, and derivatives 0.2%.

The average net interest margin (NIM) was 3.21% as of 31 December 2009 compared to 3.12% as of 30 September 2009 and 2.53 in Q4 of 2008. The average increase in NIM is due mainly to dropping cost of funds, which results from the repricing of liabilities.

Net fees and commission income

In Q3 of 2009, the Bank achieved a positive balance of 321 million forints of net fees and commission income; the Q4 of 2009 achievement was considerably less by comparison, 278 million forints. This is 56.1% below the 632 million forints achieved in Q4 of 2008. In Q3 of 2009, net fees and commission income contributed 4.8% to gross operating profit, and dropped to 3.4% in Q4 2009. The year-on-year shrinking of net income from fees was due primarily to lower early repayment rates and the consequent drop in income from early repayment charges.

Fees and commissions income in the fourth quarter of 2009 was 343 million forints, more than a quarter of which was contributed by early repayment charges, 20.8% by handling fees, and

16.3% by accounts and card related banking charges. Other line items include other service, insurance and contracting fees charged to customers. Fees related to mortgage bond issues contributed 27.3% to fees and commissions expenditures, card related fees contributed 12.7%, and the remaining items are typically fees paid to other financial institutions and organizations.

In 2009, net fees and commissions income amounted to 1,442 million forints, 24.5% short of the 1,910 million forints achieved in the reference period. Net fees income contributed 4.7% to gross operating profit in 2009.

Fees and commissions income in 2009 was 1,664 million forints and included 730 million forints early repayment charges (58.1% down from Q1-Q4 of 2008), 302 million forints handling fees (16.9% down y/y). Income from accounts and card related banking charges was 206 million forints as of 31 December 2009 (compared to 123 million forints in Q1-Q4 of 2008). Received valuation fees from external customers were 197 million forints in 2009, in opposite with the amount 10 million forints in 2008. The Q1-Q4 of 2009 fees and commissions expenditure (222 million forints) include 92 million forints fees commission paid to acquisition agents falling short of the 123 million forints achieved in Q1-Q4 of 2008. Fees paid to syndicate partners amounted to 1.5 million forints, considerably less than the 14.6 million forints paid in 2008. Fees paid in conjunction with mortgage bond issues were 63.7 million forints (as opposed to 277.4 million forints in 2008), and card related fees amounted to 29.0 million forints (24.3 million forints in Q1-Q3 of 2008).

Net profit from financial transactions

In Q4 of 2009 the balance of financial transactions was 81 million forints profit as opposed to 144 million forints loss in Q3 of 2009 and 2,051 million forints profit in Q4 of 2008. The Q4 achievement emerged from the change in the fair value of short-term currency swaps, conversion results, and the FX result of security transactions.

Result of changes of the exchange rate in the course of the reported quarter and the effect on currency revaluation of FX swaps to earnings from FX operations reduced the item by 761 million forints in Q4 of 2009. The overall achievement is considerably below the Q4 of 2009 figure (1.0 billion forints profit) but much better than the 4.1 billion forints loss generated in Q3 of 2009. Profit from FX transactions was 823 million forints in Q1-Q4 of 2009, considerably below the 3.4 billion forints achieved in Q1-Q4 of 2008.

After the 2.2 billion forints negative balance of derivatives that emerged in Q3 of 2009, another 136 million forints profit was generated in Q4 of 2009. Thus the balance of derivative transactions in the first half was 2.3 billion forints as opposed to 55 million forints loss in Q1-Q4 of 2008.

In Q4 of 2009, securities transactions generated a profit of 705 million forints, mainly from the selling of securities available for sale. Result on these transactions in Q3 of 2009 was 113 million forints, while the profit on this item for the entire year was 958 million forints. In Q4 of 2008 the same item achieved a profit of 95.4 million forints, and the Q1-Q4 of 2008 profit amounted to 525 million forints.

Other income

As of 31 December 2009 the balance of other income and expenditure was 1,715 million forints, arising from 2,494 million forints income net of 779 million forints expenditure. As of 31 December 2008, the balance of other income and expenditure was 1,890 million forints. In 2009, the item of other income and expenditure contains 2,041 million forints related to the business of FHB Annuity Ltd., which includes income from adjustment to market value of the real estates passed into FHB Annuities' ownership. The remaining items include income from asset sales and from services. Other expenditure also included 185 million forints from revaluation of annuity payment liabilities, 47.5 million forints from derecognition of annuity related properties sold.

Operating expenses

Data in million HUF

DESCRIPTION	2008 Q4 (Oct-Dec)	2009 Q3 (Jul-Sept)	2009 Q4 (Oct-Dec)	2009 Q4/ 2008 Q4	2009 Q4/ 2009 Q3
General administrative costs	3,578	2,724	2,976	-16.8%	9.3%
Personnel expenses	1,844	1,309	1,143	-38.0%	-12.6%
- wages	1,175	904	748	-36.4%	-17.3%
- other personnel expenses	268	104	142	-46.9%	37.4%
- social security expenses	401	301	253	-36.7%	-15.7%
Other administrative costs	1,734	1,415	1,833	5.7%	29.5%
Taxes paid	355	217	303	-14.7%	39.1%
Depreciation	526	389	433	-17.7%	11.4%
TOTAL OPERATING EXPENSES	4,460	3,330	3,712	-16.7%	11.5%

Operating expenses amounted to 3.7 billion forints in the fourth quarter of 2009, 11.5% above the Q3 2009 cost level. Operating expenses in the reported quarter were 16.7% lower than the 4.5 billion forints achieved in the fourth quarter of 2008. The cost/income ratio (CIR) was 55.4% as of 31 December 2008. CIR was 44.5% as of 31 December 2009.

There was a minor change in the breakdown of operating costs. The contribution of personnel expenses in the fourth quarter of 2009 was 30.8% compared to 39.3% in Q3 of 2009 and 41.3% in Q4 of 2008. There was a 12.6% decrease in personnel expenses compared to the previous quarter's figure and a 38.0% decrease over the Q4 of 2008 figure. In Q4 of 2009 other administrative costs were 29.5% up from the Q3 of 2009 figure and were only 5.7% higher than the Q4 of 2008 figure. There is a slight upward change in the contribution of this item to operating costs, from 38.9% in Q4 of 2008 to 49.4% by the end of the reported quarter.

Data in million HUF

DESCRIPTION	31 Dec 2008	31 Dec 2009	2009 / 2008
General administrative costs	10,635	11,222	5.5%
Personnel expenses	5,400	5,151	-4.6%
- wages	3,387	3,485	2.9%
- other personnel expenses	787	474	-39.7%
- social security expenses	1,226	1,192	-2.8%
Other administrative costs	5,235	6,071	16.0%
Taxes paid	1,040	964	-7.4%
Depreciation	1,840	1,566	-14.9%
TOTAL OPERATING EXPENSES	13,514	13,751	1.8%

In 2009 operating expenses amounted to 13.8 billion forints as opposed to 13.5 billion forints in the same period of 2008. The increase in expenses is 1.8%.

In 2008 personnel expenses contributed 40.0% compared to 37.5% in 2009 with a year-on-year decrease of 4.6%. Other administrative costs were up from the 38.7% achieved in 2008 to 44.1% as of 31 December 2009.

Over the past period there has been a change in the breakdown and amounts of the items contributing to other administrative costs. Rents amounted to 319 million forints in Q4 of 2009 as opposed to 297 million forints in Q3 of 2009 and 285 million forints in Q4 of 2008. As of 31 December 2009, rents contributed 17.4% to other administrative costs. The contribution of this item was 16.4% in Q4 of 2008. As of 31 December 2008, rents contributed 17.8% to other administrative costs. The contribution of this item was 19.1% in 2009.

Consultants' and experts' fees amounted to 282 million forints in Q4 of 2009 as opposed to 321 million forints in Q4 of 2008. The contribution of consultants' fees to other administrative costs in the fourth quarter of 2009 was 15.4% compared to 18.5% in Q4 of 2008.

Within the line item of other administrative costs general and administrative costs amounted to 336 million forints in Q3 of 2009. The item in Q4 of 2009 was 20.4% higher, 405 million forints and 5.9% down from the 430 million forints reported in Q4 of 2008.

Banking costs contribute 10.3% to other administrative costs in the fourth quarter of 2009 (3.8% in Q4 of 2008 and 12.0% in Q3 of 2009). There has been a shift in the breakdown of banking costs: slower lending activity has resulted in a shrinking contribution of valuation costs, at the same time, the contribution of costs related to liabilities side activities has been on the rise. The contribution of the same items to operating costs was 24.3% in Q1-Q4 of 2009.

Depreciation amounted to 389 million forints in Q3 2009 and 433 million forints in Q4 of the reference year. The 1.6 billion forints achieved in 2009 fell 14.9% short of the same figure of the reference year. Amortisation on intangibles contributed 62.1% and depreciation of tangible assets contributed 33.8% in the reported period of 2009.

Other taxes paid in the period of reporting was 355 million forints in Q4 2008 and 217 million forints in Q3 2009, taxes paid by the Bank in the fourth quarter of 2009 amounted to 303 million forints. Almost all of the taxes paid were contributed by the statutory banking contribution. In terms of annual figures, taxes paid in 2009 amounted to 964 million forints, 7.4% less than the 1.040 million forints reported in 2008.

Portfolio quality, loss in value and provisions

Portfolio quality – considering the macroeconomic changes and the average of the banking sector – continues to be good, though there was a decline in the proportion of problem-free loans compared both to the fourth quarter of 2008 and to the end of the prior quarter. The portfolio value determined according to IFRS amounted to 645.11 billion forints as of 31 December 2009 as opposed to 661.34 billion forints as of 30 September 2009 and 650.23 billion forints as of 31 December 2008.

The portion of the non-performing loan portfolio constituting the basis for provision reported according to IFRS rules was 4.77% as of 31 December 2009, 3.55% as of 30 September 2009, and 1.47% as of 31 December 2008. Impairment to the entire portfolio was 1.04% as of 31 December 2009, 1.02% as of 30 September 2008, and 0.29% as of 31 December 2008.

At the end of the period the outstanding provision was 6.1 billion forints, 4.3 billion forints over the 31 December 2008 figure. The portfolio and its breakdown is shown in the table below.

Data in thousand HUF

Description	31 Dec 2008	30 Sept 2009	31 Dec 2009
Loan loss provisions as at 1st January	990,701	1,848,262	1,848,262
Charge for the period	4,566,372	7,220,828	10,516,967
FX change of provisions	221,067	-178,282	-105,038
Release during the period	-3,938,878	-2,942,022	-6,041,514
Loan loss provisions at period end	1,848,262	5,948,787	6,218,677
Net effect of charge and release	628,462	4,582,062	5,836,601
Loss on loans sold	115,202	58,581	649,611
Loss on terminated loans	31,072	98,449	119,190
Charge/(release) for commitments	30,308	161,174	313,172
Losses on loans / provisions	805,043	4,900,266	6,918,574

Balance sheet

Data in HUF million

DESCRIPTION	31.12.2008.	30.09.2009.	31.12.2009.	31.12.2009./ 31.12.2008.	31.12.2009./ 30.09.2009.
Cash	555	818	1,101	98.4%	34.6%
Receivables from NBH	4,794	494	2,449	-48.9%	395.9%
Interbank deposits	26,348	52,554	37,978	44.1%	-27.7%
Available for sale securities	18,393	106,962	130,691	610.5%	22.2%
Refinanced mortgage loans	286,613	266,155	263,015	-8.2%	-1.2%
Loans	327,134	329,431	334,722	2.3%	1.6%
Fair value of derivatives	3,954	3,414	3,555	-10.1%	4.1%
Property for investment	5,980	8,483	9,560	59.9%	12.7%
Tangible and intangible assets	10,837	11,609	13,480	24.4%	16.1%
Goodwill	0	1,744	327	-	-81.2%
Other assets	4,903	4,897	4,774	-2.6%	-2.5%
Assets total	689,512	786,560	801,652	16.3%	1.9%
Payables total	649,325	740,853	754,472	16.2%	1.8%
Interbank borrowings	14,233	16,326	26,392	85.4%	61.7%
Mortgage bonds	506,022	454,301	438,253	-13.4%	-3.5%
Bonds issued	62,429	58,710	52,592	-15.8%	-10.4%
Deposits	33,766	38,920	63,562	88.2%	63.3%
State loan	0	140,081	141,056	-	0.7%
Fair value of derivatives	27,134	24,946	25,063	-7.6%	0.5%
Reserves for annuity	1,106	1,620	1,863	68.5%	15.0%
Other liabilities	4,635	5,949	5,691	22.8%	-4.3%
Shareholders' equity	40,187	45,707	47,180	17.4%	3.2%
Subscribed capital	6,600	6,600	6,600	0.0%	0.0%
Repurchased own shares	-1,155	-1,546	-1,546	33.9%	0.0%
Share premium	1,709	1,709	1,709	0.0%	0.0%
General reserve	3,815	4,362	4,649	21.9%	6.6%
Cash-flow hedge reserve	1,114	815	833	-25.2%	2.3%
Stock option reserve	86	71	71	-16.9%	0.0%
Changes in fair value of avail. for sale fin. assets	-22	702	559	-2.556.1%	-20.3%
FX reserve	0	3	3	-	-0.6%
Retained earnings	28,040	32,991	34,302	22.3%	4.0%
Total liabilities and shareholders' equity	689,512	786,560	801,652	16.3%	1.9%

As of 31 December 2009 the Bank's consolidated balance sheet total by IFRS amounted to 801.7 billion forints, which is 112.1 billion forints or approximately 16.3% up from 31 December 2008. The increase on the liabilities side over the reference figure as of 31 December 2008 was

the joint result of several factors. It included a 7.6 billion forints expansion of the loan portfolio and a 3.6 billion forints increase in real estate held for investment purposes reduced by 23.6 billion forints refinancing. Interbank lending grew by 11.6 billion forints, added to a 2.3 billion forints decrease in receivables from the NBH. Securities held for sale were 112.3 billion forints higher year-on-year. Goodwill amounting to 0.3 billion forints were also reported among assets.

On the liabilities side, 141.1 billion forints of the increase were contributed by the borrowing from the State and 29.8 billion forints by the expansion of the loan portfolio. Interbank borrowings were 12.2 billion forints higher year-on-year. The mortgage bonds portfolio shrank by 67.8 billion forints and bonds issued dropped by 9.8 billion forints. Shareholders' equity increased by approximately 7.0 billion forints year-on-year, primarily as a result of an increase in accumulated assets. Cash-flow hedge reserve also increased by 0.8 billion forints, year-on-year.

The balance sheet total was 1.9% above the 30 September 2009 figure. The increase was due predominantly to a 23.7 billion forints expansion of the portfolio of securities held for sale. The portfolio of own loans shrank by 5.3 billion forints and refinanced loans dropped by 3.1 billion forints in the reported quarter. The change in the fair value of derivatives increased the balance sheet total by 0.1 billion forints. Conversely, interbank lending shrank by 14.6 billion forints, but a 2.0 billion forints increase in receivables from the NBH also boosted the balance sheet total.

On the liabilities side, the biggest item was the 16.0 billion forints decrease in the mortgage bonds portfolio. Deposits decreased by 24.6 billion forints in Q4, and the adjustment of the fair value of derivatives increased the balance sheet total by 0.1 billion forints. Liabilities dropped by 6.1 million forints as a result of the change in the portfolio of bonds in Q4 of 2009. Shareholders' equity increased by 1.5 billion forints in the fourth quarter of 2009 due to primarily to a 1.3 billion forints increase in accumulated assets net of a 0.1 million forints decrease in the fair value of securities held for sale.

Interest earning assets

The Group's interest earning assets increased from 663.3 billion forints as of 31 December 2008 to 755.6 billion forints as of 30 September 2009, then to 768.9 billion forints as of 31 December 2009. In Q4 of 2009 the year-on-year increase in the portfolio of own loans was 15.9%. Expansion of loans disbursed by the Bank as of 31 December 2009 was 2.3% compared to the Q4 of 2008 figure and 1.6% over the 30 September 2009 figure. Impairment to cover lending losses was up from 1.8 billion forints as of 31 December 2008 to 6.2 billion forints year-on-year. The increase in Q4 of 2009 amounted to 270 million forints. The portfolio of refinanced loans shrank by 8.2% year-on-year. The Q4 decrease was 1.2% as a consequence of exchange rate volatility. As of 31 December 2008 the combined contribution of refinanced loans and own lending was 92.5%. The contribution was down to 77.7% as of 31 December 2009.

The collateral value of real estates covering ordinary collateral amounted to 1,368.4 billion forints as of 31 December 2009, 1.8% lower than the figure (1,408.3 billion forints) as of 31 December 2008 and 0.5% down from the figure in Q3 2009 (1,375.3 billion forints). The LTV ratio applicable for ordinary collateral (loan principal receivable to collateral value) was 38.6%

as of 31 December 2009, somewhat higher than the 39.9% LTV ratio as of 31 December 2008. The LTV ratio was 38.4% as of 30 September, 2009.

The portfolio of NBH and other interbank loans was up from 31.1 billion forint as of 31 December 2008 to 53.0 billion forints as of 30 September 2009 and to 38.0 billion forints as of 31 December 2009. The contribution of this item to total interest earning assets was 4.9%.

The value of the securities portfolio of the Bank shrank from 18.4 billion forints as of 31 December 2008 to 107.0 billion forints as of 30 September 2009. By 31 December 2009 the value of the securities portfolio remained at the same level, and closed at 130.7 billion forints. Thus the 2009 year-end contribution to interest bearing assets was 17.0%. Securities include NBH bonds amounting to 64.9 billion forints, discount treasury bills amounting to 15.7 billion forints and government bonds amounting to 38.7 billion forints as well as other bank and corporate bonds. The Bank's securities portfolio continues to serve exclusively as a liquidity reserve.

Property for investment, own and other assets

The value of real estates transferred into the Bank's ownership as a result of the annuity products sold during the reported period amounted to 9.6 billion forints as of 31 December 2009, 12.7% up from the 8.5 billion forints achieved in the previous quarter. The year-on-year increase was almost 60.0%.

The net value of tangible and intangible assets amounted to 10.8 billion forints as of 31 December 2008. This amount was due primarily to new IT and other hardware and other tangible assets as well as software procured in the context of product development. In the wake of purchases in the course of 2009 the item increased to reach 13.5 billion forints by 31 December 2009.

Other assets amounted to 4.8 billion forints as of 31 December 2009 as opposed to 4.9 billion forints in Q3 of 2009.

As a result of the acquisition transactions during 2009, the amount of goodwill was 1.7 billion forints as at 30 September 2009. A significant part of the goodwill had been identified at the end of 2009 and became a separate intangible asset. This resulted that the amount of goodwill was 327 million forints as at 31 December, 2009.

Interest bearing liabilities

The contribution of mortgage bonds to the Bank's interest bearing liabilities grew to reach 82.1% as of 31 December 2008. As of 30 September 2009 the contribution was 64.1% followed by 60.7% as of 31 December 2009. The change in the breakdown of liabilities in the course of 2009 was caused by a shrinking mortgage bonds portfolio. The significant year-on-year change is due to the appearance of the State loan among the liabilities items. The 438.3 billion forints book value of mortgage bonds as of 31 December 2009 was 3.5% up from the 30 September of 2009 figure (454.3 billion forints), and was 13.4% down from the 506.0 billion forints achieved as of 31 December 2008. The value of the portfolio was 67.8 billion forints less year-

on-year as a result of 40.2 billion forints new issues, 66.2 billion forints repayments and 26.6 billion forints repurchase including related exchange rate adjustments that took place over the past 12 months.

Mortgage bond collateral

The value of assets used as ordinary collateral for the mortgage bonds issued by the Bank was 912.7 billion forints as of 31 December 2009, 2.5% down from the figure as of 30 September 2009 (935.8 billion forints), 6.5% less than the figure as of 31 December 2008 (973.6 billion forints).

The value of the group of assets involved as collateral as of 31 Dec 2009 (HUF million)

Outstanding mortgage bonds in circulation	
Face value:	458,781
Interest:	107,969
Total:	566,750
Value of the regular collateral	
Principal:	533,517
Interest:	379,211
Total:	912,728
Value of assets involved as supplementary collateral	
Balance of the separate blocked account at the NBH - principal:	2
Total:	2

The present value of mortgage bonds amounted to 537.1 billion forints, and the present value of collateral was 634.0 billion forints as of 31 December 2008, thus the rate of coverage was 118%. As of 30 September 2009 the present value of mortgage bonds decreased to reach 517.8 billion forints, and that of collateral to 600.0 billion forints. The rate of coverage was 116%. As of 31 December 2009 the present value of mortgage bonds increased to reach 496.5 billion forints, and that of collateral to 587.7 billion forints. The rate of coverage was 118%.

As of 31 December 2009 net ordinary and supplementary collateral principle to the face value of mortgage bonds in circulation not yet repaid was 116.3%. Net interest on ordinary and supplementary collateral to interest on mortgage bonds in circulation not yet repaid was 351.2%.

Bonds issued

The issues resulted in bonds with a book value of 58.7 billion forints as of the 30 September 2009 balance sheet date. The amount of 19.8 billion forints of issue, the 10.5 billion forints repurchase and the interest accruals and fair value adjustments in Q4 2009 resulted the value of the bonds portfolio was 52.6 billion forints as the end of 2009.

Interbank funds

As of 31 December 2009 the 26.4 billion forints interbank portfolio contained interbank funds amounting to 18.3 billion forints, and a Schuldschein loan equivalent to 8.1 billion forints denominated in EUR. The Bank has used the interbank facilities as supplementary funds.

Customer deposits

As of 31 December 2009 deposits amounted to 63.6 billion forints including 48.7 billion forints deposits from retail customers and approximately 14.9 billion forints deposits from corporate costumers of FHB Commercial Bank. As of 31 December 2008 deposits amounted to 33.8 billion forints compared and 38.9 billion forints as of 30 September 2009. The amount of surety deposits covering corporate loans was 2.2 billion forints as of 31 December 2009.

State loan received

As a result of negotiations that started in January of 2009 between the Ministry of Finance (MoF), the NBH, the HFSA and FHB Mortgage Bank Plc., the MoF and FHB Plc. signed an agreement on 25 March 2009 on the extension of a State loan amounting to 400 million euros. The first drawdown took place on 1 April 2009, the second on 30 April 2009. As of 31 December 2009 the Bank has 109.0 billion forints (400 million EUR at 31 December 2009 NBH rate) of the State funds available. In accordance with IFRS standards, the capital increase received – 30 billion forints and the YTD accrued interest expenses - from the State is to be reported among liabilities rather than in the equity item, consequently, liabilities to the State total 141.1 billion forints.

Other liabilities

The Bank's other liabilities amounting to 5.7 billion forints include, among others, debts to suppliers (contributing 12.3% as of 31 December 2009 compared to 6.1% as of 30 September 2009, and 6.5% as of 31 December 2008), passive accruals (10.4% as of 31 December 2009 compared to 14.0% as of 30 September 2009, and 12.6% as of 31 December 2008), and taxes (17.5% as of 31 December 2009 compared to 16.7% as of 30 September 2009, and 17.2% as of 31 December 2008), deferred taxes (22.8% as of 31 December 2009 compared to 23.8% as of 30 September, 2009, and 26.3% as of 31 December, 2008). Liabilities from settlement with customers were 0.5 billion forints contributing 10.0% to other liabilities.

Shareholders' equity

The year-on-year increase in shareholders' equity was 17.4% (7.0 billion forints), reaching 47.2 billion forints as of 31 December 2009. The Q3 increase was 0.7 billion forints, or 1.4%, the Q4 increase was 1.5 billion forints or 3.2%.

The bulk of the year-on-year increase resulted from a 6.3 billion forints increase in retained earnings. Cash-flow hedge reserves were down by 0.3 billion forints year-on-year due to the change in fair value in the wake of yield and exchange rate changes and the 0.8 billion forints increase in general reserve had a positive impact on the increase in shareholders' equity. On the

other hand, shareholders' equity was reduced by a 0.4 billion increase in repurchased treasury shares.

Overall, shareholders' equity increased by 1.5 billion forints in Q4 2009. The main contributing factors in Q4 growth included a 1.3 billion forints increase in retained earnings (1.2 billion forints growth in Q3) boosted by a 287 million forints increase in general reserve, the amount of repurchased treasury shares did not change, the changes in fair value of available for sale financial assets reduced shareholders' equity by 143 million forints.

Off balance sheet items

The Bank's pending liabilities towards customers among the off-balance sheet items were 1.4 billion forints. Contracted but not yet disbursed loans amounted to 2.9 billion forints. Future liabilities amounted to 375.1 billion forints and mainly include swap transactions relating to mortgage bonds. Liabilities from other currency swaps amounted to 62.0 billion forints.

The Bank only undertakes hedge transactions to close currency positions and managing risks, and does not engage in derivative transactions for speculative purposes.

Capital structure

Data in HUF million

DESCRIPTION	31 December 2008	30 September 2009	31 December 2009
Risk weighted assets	252,488	327,256	348,372
Regulatory capital	28,423	56,451	59,318
Statutory capital adequacy ratio	11.3%	15.5%	15.4%

Declaration

FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) hereby declares that the figures and statements of this Interim management report comply with reality, and it does not conceal any fact or information that would be substantial in the judgement of the issuer's position.

As issuer, FHB Jelzálogbank Nyrt. assumes exclusive liability for the contents of the Interim management report. FHB Jelzálogbank Nyrt. declares that it is liable as issuer for the reimbursement of losses caused by the omission and/or the misleading contents of regular and extraordinary information.

Budapest, 16th February, 2010

Dániel Gyuris
CEO

Gyula Köbli
Deputy CEO

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
 Fax: (1) 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

Financial Statements of FHB Mortgage Bank Plc. prepared in accordance with International Financial Reporting Standards (IFRS)

The consolidation fully applies also to FHB Szolgáltató Zrt. (FHB Services Ltd.), FHB Kereskedelmi Bank Zrt. (FHB Commercial Bank Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.) and FHB Életjáradék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd), and to CEC Magyarország Zrt. and its affiliates (Central European Credit d.d.; Central European Leasing d.d.; Portfolio Money Zrt.; Hitelunió Kft.; Portfolio Money FBK Kft.).

Profit and Loss Statement

(consolidated, non-audited data as at 31 December, 2009 and audited, consolidated data as at 31 December, 2008, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December, 2009	31 December, 2008	Change (%)
Interest income	80,300,053	73,662,853	9.0%
Interest expense	-54,991,690	-56,981,236	-3.5%
Net interest income	25,308,363	16,681,617	51.7%
Fee and commission income	1,663,547	2,396,685	-29.8%
Fee and commission expense	-222,043	-459,422	-51.7%
Profit from FX transactions	-822,968	3,425,450	-124.0%
Profit from changes of fair value of derivatives	2,298,909	-55,102	-4.272.1%
Gain less losses from securities	957,965	525,158	82.4%
Other operating income	2,493,775	1,974,964	26.3%
Other operating expense	-779,241	-85,204	814.6%
Operating income	30,898,308	24,377,146	26.8%
Losses/provisions on loans and impairment	-6,918,574	-805,043	759.4%
Operating expenses	-13,751,611	-13,514,666	1.8%
Profit before tax	10,228,123	10,057,437	1.7%
Taxation expense	-3,133,929	-3,374,658	-7.1%
Profit for the period	7,094,194	6,682,779	6.2%

Statement of comprehensive income	30 Sept, 2009	30 Sept, 2008	Change (%)
Profit for the period	7,094,195	6,682,779	6.2%
Other comprehensive income	0	0	-
Cash-flow hedge reserve	-363,969	3,855,894	-109.4%
Variation in fair value of tradable financial assets	713,944	-12,189	-
FX reserve	2,835	0	-
Other comprehensive income with deferred tax	-48,235	-771,179	-93.7%
Total comprehensive income	7,398,770	9,755,305	-24.2%

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
 Fax: (1) 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

Balance Sheet

(consolidated, non-audited data as at 31 December, 2009 and audited, consolidated data as at 31 December, 2008, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December, 2009	31 December, 2008	Change (%)
Assets			
Cash	1,100,644	554,755	98.4%
Due from National Bank of Hungary	2,448,682	4,794,234	-48.9%
Placements with other banks	37,977,817	26,348,388	44.1%
Available for sale securities	130,691,132	18,393,204	610.5%
Refinancing of mortgage loans	263,015,031	286,612,512	-8.2%
Loans	334,722,465	327,134,134	2.3%
Fair value of derivatives	3,555,210	3,954,087	-10.1%
Property for investment	9,560,414	5,980,066	59.9%
Goodwill	327,222	0	-
Tangible and intangible assets	13,480,486	10,837,441	24.4%
Other assets	4,772,975	4,903,344	-2.7%
Total Assets	801,652,078	689,512,165	16.3%
Liabilities			
Deposits from banks	26,392,081	14,232,707	85.4%
Mortgage bond liabilities	438,252,839	506,021,752	-13.4%
Bonds issued	52,592,153	62,429,220	-15.8%
Deposits	63,561,745	33,766,465	88.2%
State loan received	141,055,968	0	-
Fair value of derivatives	25,063,109	27,134,286	-7.6%
Reserve for annuity payment	1,863,340	1,105,713	68.5%
Other liabilities	5,691,002	4,635,119	22.8%
Total Liabilities	754,472,237	649,325,262	16.2%
Share capital	6,600,001	6,600,001	0.0%
Repurchased own shares	-1,546,021	-1,154,718	33.9%
Share premium	1,709,014	1,709,014	0.0%
General reserve	4,648,871	3,815,078	21.9%
Cash-flow hedge reserve	833,470	1,114,355	-25.2%
Stock option reserve	71,261	85,790	-16.9%
Variation in fair value of tradable financial assets	559,832	-22,794	-2.556.1%
FX reserve	2,835	0	-
Retained earnings/(deficit)	34,300,579	28,040,177	22.3%
Total Shareholders' Equity	47,179,841	40,186,903	17.4%
Total Liabilities and Shareholders' Equity	801,652,078	689,512,165	16.3%

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
Fax: (1) 452 - 9200
E-mail: bardosp@fhb.hu
Investor relations: Péter Bárdos

Cash Flow

(consolidated, non-audited data as at 31 December, 2009 and audited, consolidated data as at 31 December, 2008, according to IFRS, data in thousand HUF)

DESCRIPTION	2009. december 31.	2008. december 31.
Cash flows from operating activities		
Net profit	7,094,195	6,682,779
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	1,523,236	1,839,734
Change of fair value of property for investment	-2,040,524	-1,899,165
Provision for losses	4,606,346	879,566
Loss/(profit) on sale of fixed assets	318,108	35,397
Stock option reserve	-14,529	-96,320
Share granted	0	36,179
Derivatives	-1,953,185	28,675,881
Purchased tangible and intangible assets during acquisition	-1,397,647	0
Real value of annuity	757,627	745,846
FX reserve	2,835	0
Operating profit / (loss) before changes in operating assets	8,896,462	36,899,897
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	23,597,481	8,107,466
Loans	-11,958,746	-62,880,618
Accrued interest receivable	0	0
Other assets	150,384	318,874
<i>Increase (decrease) in operating liabilities:</i>		
Deposits	29,795,280	30,167,376
Due to other banks	11,977,574	-12,389,170
Accrued interest payable	0	0
Other liabilities	819,951	210,786
Net cash used in operating activities	63,278,386	434,611
Cash flows from investing activities		
Increase in available for sale securities	-111,715,302	3,304,528
Proceeds from sale of property and equipment	-12,472	11,119
Purchase of property and equipment	-3,074,270	-3,078,322
Purchase of property for investment	-1,539,824	-2,573,614
Investment service	-20,015	0
Purchased subsidiary's net cash-flow	-327,222	0
Net cash used in investing activities	-116,689,105	-2,336,289
Cash flows from financing activities		
Sale/(purchase) of own shares	-391,303	-1,403,424
own shares of prior year	0	0
Long term loans	0	-4,724,100
Long term loans	141,237,768	0
Paid dividend	0	0
Cash flow hedge reserve	0	0
Instalment from mortgage bonds	-128,391,150	-111,120,215
Proceeds from issue of mortgage bonds	50,785,170	138,275,481
Net cash from financing activities	63,240,485	21,027,742
Net increase in cash and cash equivalents	9,829,766	19,126,064
Cash and cash equivalents at beginning of year	31,697,377	12,571,313
Cash and cash equivalents at end of period	41,527,143	32,697,377
Cash and cash equivalents comprises of:		
Cash	1,100,644	554,755
Due from Central Bank	2,448,682	4,794,234
Placements with other banks, with a maturity of less than 90 days	37,979,817	26,348,388
Cash and cash equivalents at end of period	41,527,143	31,697,377
<i>Supplemental information</i>		
Interest received	92,492,664	68,420,272
Interest paid	-85,699,692	-53,978,745
Tax paid	-1,367	-1,236,146

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
Fax: (1) 452 - 9200
E-mail: bardosp@fhb.hu
Investor relations: Péter Bárdos

Statement of Shareholders' Equity

(consolidated, non-audited data as at 31 December, 2009 and audited, consolidated data as at 31 December, 2008, according to IFRS, data in thousand HUF)

DESCRIPTION	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Stock option reserve	Variation in fair value (financial assets)	FX reserve	Retained earnings (deficit)	Shareholders' Equity
31 December, 2008	6,600,001	-1,154,718	1,709,014	3,815,078	1,114,355	85,790	-22,794	0	28,040,177	40,186,903
Transfer to general reserve				546,727					-546,727	0
Total comprehensive income					-299,784		725,189	2,853	5,497,982	5,926,240
Own shares purchase		-391,303								-391,303
Shares granted										0
Creation of stock option reserve						-14,529				-14,529
30 Sept, 2009	6,600,001	-1,546,021	1,709,014	4,361,805	814,571	71,261	702,395	2,853	32,991,432	45,707,311
Transfer to general reserve				287,066					-287,066	0
Total comprehensive income					18,899		-142,563	-18	1,596,213	1,472,531
Own shares purchase										0
Shares granted										0
Creation of stock option reserve										0
31 December, 2009	6,600,001	-1,546,021	1,709,014	4,648,871	833,470	71,261	559,832	2,835	34,300,579	47,179,842

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
 Fax: (1) 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

Loans

(consolidated, non-audited data as at 31 December, 2009 and audited, consolidated data as at 31 December, 2008, according to IFRS, data in thousand HUF)

MEGNEVEZÉS	31 December, 2009	31 December, 2008
Real estate purchase	116,384,202	120,402,360
Real estate construction	50,718,100	51,650,805
Real estate reconstruction	4,240,270	4,622,022
Real estate extension	10,092,526	11,062,833
Other loans secured by real estate	136,731,494	135,267,212
Loans secured by non real estate	15,177,406	331,495
Employee loans	2,260,518	2,107,642
Leasing	1,190,662	0
Other	3,365	0
Loans, gross	336,798,543	325,444,368
from this: retail loans	296,317,792	304,335,798
other	40,480,751	21,108,570
Loan loss provision	-6,218,677	-1,848,262
Accrued interest	2,245,252	1,476,462
Amortised cost	1,897,347	2,061,565
Loans, net	334,722,465	327,134,133

Mortgage bonds

(consolidated, non-audited data as at 31 December, 2009 and audited, consolidated data as at 31 December, 2008, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	31 December, 2009		31 December, 2008	
Non-listed mortgage bonds				
Fixed	159,199,081	159,086,178	165,029,245	164,918,710
Floating	47,906,359	49,244,100	67,748,767	69,118,460
Listed mortgage bonds				
Fixed	107,727,634	107,827,420	144,052,929	145,861,680
Floating	110,230,059	110,574,826	112,803,397	113,168,655
Accrued interest	13,189,706		16,387,414	
Total	438,252,839	426,732,524	506,021,752	493,067,505

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
 Fax: (1) 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

Data forms relating to the structure of shares and the group of owners

RS1. Ownership structure, participation and voting rates

Description of group of owners	Entire share capital						Listed series ¹					
	Beginning of target year			End of period			Beginning of target year			End of period		
	(01.01.2009)			(31.12.2009)			(01.01.2009)			(31.12.2009)		
	% ²	% ²	Pcs	% ²	% ²	Pcs	% ²	% ²	Pcs	% ²	% ²	Pcs
Domestic institutional / company	51,18	52,18	33.778.013	36,91	64,51	41.394.763	49,12	44,26	28.492.313	62,72	64,51	41,394,763
Foreign institutional / company	41,19	42,00	27.184.214	16,47	28,79	18.473.958	46,87	42,00	27.184.214	27,99	28,79	18,473,958
Domestic private individuals	1,44	1,47	948.957	1,32	2,31	1.484.433	1,64	1,47	948.957	2,25	2,31	1,484,433
Foreign private individuals	0,00	0,00	2.000	0,02	0,04	24.255	0,00	0,00	2.000	0,04	0,04	24,255
Employees, executives	0,15	0,16	101.055	0,07	0,12	78.437	0,17	0,16	101.055	0,12	0,12	78,437
Treasury shares	1,93	0,00	1.270.511	1,63	0,00	1.829.865	2,19	0,00	1.270.511	2,77	0,00	1,829,864
State ⁴	4,11	4,19	2.715.260	2,42	4,23	2.714.300	0,00	0,00	960	4,11	4,23	2,714,300
International Development Institutes ⁵	0,00	0,00	0	0,00	0,00	0	0,00	0,00	0	0,00	0,00	0
Hungarian State - Ministry of Finance "C" special dividend preference shares ⁶	0,00	0,00	0	0,00	0,00	0	0,00	0,00	0	0,00	0,00	0
Other ("D" special voting preference shares ⁷)	0,00	0,00	0	41,16	0,00	46.153.999	0,00	0,00	0	0,00	0,00	0
TOTAL	100,00	100,00	66.000.010	100,00	100,00	112.154.010	100,00	87,88	58.000.010	100,00	100,00	66,000,010

¹If the listed series is the same as the entire share capital, this must be indicated and no completion is required. If there are several series on the Stock Market, the ownership structure must be given for every series.

² Ownership share

³ The voting rights ensuring participation in decision making at the General Shareholder's Meeting of Issuer. If the ownership share and the voting rights are identical, only the ownership share column must be completed and submitted / disclosed, while the fact must be indicated.

⁴ E.g.: MNV Zrt., TB, local authorities, companies with 100% state ownership, etc.

⁵ E.g.: EBRD, EIB, etc.

The ownership share is equal to the voting rates for entire share capital.

RS2. Changes in the number of treasury shares (pcs) in the year concerned

	1 January 2009		31 December 2009	
	Number of shares (pcs)	%	Number of shares (pcs)	%
Company	1,270,511	2.19	1,829,864	2.77
Subsidiaries ¹	0	0.00	0	0.00
TOTAL	1,270,511	2.19	1,829,864	2.77

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2009 - 31.12.2009

Telephone: (1) 452 - 9100
 Fax: (1) 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

RS3/1. List and presentation of Owners holding a share exceeding 5% (at the end of the period) regarding the listed series

Name	Depository	Number of shares	Interest (%)	Voting right (%)
VCP Finanz Holding Kft.	no	15,970,000	24.20	24.20
A64 Vagyonkezelő Kft.	no	10,746,468	16.28	16.28
Allianz Hungária Biztosító Zrt.	no	6,318,105	9.57	9.57
Silvermist Estate SA	no	6,303,545	9.55	9.55
TOTAL		36,338,118	59.60	59.60

RS3/2. List and presentation of Owners holding a share exceeding 5% (at the end of the period) regarding the entire share capital

Name	Depository	Number of shares	Interest (%)	Voting right (%)
Magyar Állam	no	46,154,000	41.15	0.00
VCP Finanz Holding Kft.	no	15,970,000	14.25	24.20
A64 Vagyonkezelő Kft.	no	10,746,468	9.58	16.28
Allianz Hungária Biztosító Rt.	no	6,318,105	5.63	9.57
Silvermist Estate SA	no	6,303,545	5.62	9.55
TOTAL		85,492,118	76.23	59.60

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2009 - 31.12.2009

Telephone: (1) 452 - 9100
 Fax: (1) 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

Data forms related to the organisation and operation of the issuer

TSZ2. Changes in the headcount of full-time staff (persons)

	Beginning of target year (1 January 2009.)	End of target period (31 December 2009.)
Bank	81	69
Consolidated	582	562

TSZ3. Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer

Type ¹	Name	Position	Beginning of mandate	End / termination of mandate	Shares held (pcs)
IT	Dr. Zoltán Spéder	Chairman	29.04.2008.	29.04.2013.	0
IT	István Somkúti	Member	29.04.2008.	29.04.2013.	0
IT	Dr. Gábor Borsányi	Member	29.04.2008.	29.04.2013.	14,000
IT	Dr. Károly Salamon	Member	29.04.2008.	29.04.2013.	6,000
IT	Dániel Gyuris	Member, CEO	29.04.2008.	29.04.2013.	16,000
IT	László Harmati	Member, Deputy CEO	29.04.2008.	29.04.2013.	16,192
IT	Dr. Márton Vági	Member	29.04.2008.	29.04.2013.	0
IT	Dr. Christian Rienert	Member	29.04.2008.	29.04.2013.	0
FB	Csaba Lantos	Chairman	28.04.2009.	28.04.2014.	0
FB	Róbert Somfai	Member	29.04.2008.	29.04.2013.	5,000
FB	Winkler Ágnes	Member	26.07.2002.	27.04.2012.	0
FB	Kata Orsolya Molnár	Member	05.05.2005.	05.05.2010.	0
FB	Dr. Erik Landgraf	Member	02.05.2006.	02.05.2011.	4,000
FB	Nguyen Hoang Viet	Member	02.05.2006.	02.05.2011.	5,245
SP	Gyula Köbli	Deputy CEO	01.11.2008	Indefinite	0
SP	Tamás Foltányi	Deputy CEO	07.11.2005	Indefinite	12,000
Shares held (pcs) TOTAL:					78,437

¹ Employee in a strategic position (SP), Member of the Board of Directors (IT), member of the Supervisory Board (FB)

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2009 – 31.12.2009

Telephone: (1) 452 - 9100
Fax: (1) 452 - 9200
E-mail: bardosp@fhb.hu
Investor relations: Péter Bárdos

INFORMATION AND DISCLOSURES

Important information and disclosures issued by FHB Group fall into the following categories:

- Events relating to Group operation (banking announcements, changes in the Rules of Operation);
- Disclosure of flash reports and annual reports;
- Information in relation to mortgage bonds (offerings and repurchase, updating of the domestic and international mortgage bond issues programme, value of mortgage bonds and their cover);
- Shareholders' announcements regarding acquisition of holdings
- Notification of FHB share transactions;
- Rating by Moody's;
- Proposals submitted to the AGM and invitation to the AGM.
- Owners' decision about FHB subsidiaries (capital increase of FHB Commercial Bank)
- Changes in management and senior positions

Announcements, information and disclosures published by FHB are available at the following sites:

www.bet.hu
www.kozzetetelek.hu
www.fhb.hu