



FHB Mortgage Bank Plc
Report for the first half of 2010

Budapest, 16th, August, 2010

Report of FHB Mortgage Bank for the first half of 2010

This report of FHB Mortgage Bank Public Company Limited by Shares for the first half of 2010 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 2009, and the consolidated, non-audited figures as of 30 June 2010, 31 March 2010, and as of 30 June, 2009. During the preparation of this report, the accounting policy and calculation methods applied are the same as the accounting policy and calculation methods applied at the preparation of the consolidated balance sheet and profit and loss account according to the International Financial Reporting Standards (IFRS) as of 31 December, 2009. The report was prepared according to the requirements of IAS 34.

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

Consolidated earnings before taxation as of 30 June 2010 were over 3.8 billion forints, 34.4% lower than the same period of the prior year (5.8 billion forints).

The **average net interest margin** increased by 37 basis points year-on-year to 3.43%, from 3.05% as of 30 June 2009. Over the past half year, net interest margin has decreased by 6 basis point.

The Bank's consolidated balance sheet total was up by 1.5%, from 817.5 billion forints to **829.5 billion forints year-on-year**, the increase was 3.6% in H1 2010.

The Group's consolidated **cost-income ratio was 47.3%** in H1 2010, while it was 44.2% in the same period of 2009.

Shareholders' equity was almost 50.0 billion forints as of 30 June 2010 as a result of a **10.1% year-on-year increase**.

Retail mortgage lending

Changes of mortgage lending rules

In the second quarter of 2010 housing loans and lease related regulations continued to be tightened as more provisions of the government decree on prudent retail lending entered into effect. Thus purely coverage-based lending was discontinued as of 11 June 2010. In addition, future applicants for FX-denominated loans will need to have more funds of their own than applicants for HUF-based loans.

Financial institutions must establish the client's solvency limit, a method that has so far been applied only generally. Banks must stipulate the new method of calculation of the solvency limit in their internal rules and regulations. Furthermore, banks must acquaint the applicant with the information brochure generated by the National Bank of Hungary and the Hungarian Financial Supervisory Authority describing the risks related to excessive indebtedness. At the same time the new legal regulations provide for customers allowed to apply for HUF-denominated loans up to 100% of their creditworthiness. Conversely, EUR-based loans can be extended up to a maximum of 80% of the applicant's solvency limit and up to 60% in the case of other currencies (CHF).

The purpose of the new regulations is to minimize the risk of insolvency of future debtors on the one hand, and also to steer retail clients from FX-based loans towards HUF-based lending.

In the second quarter of 2010 banks suspended FX-denominated mortgage lending one after another once the government announced that mortgage liens can be registered only in the case of HUF loans pursuant to an act to be passed later but with retroactive effect from 1 July 2010.

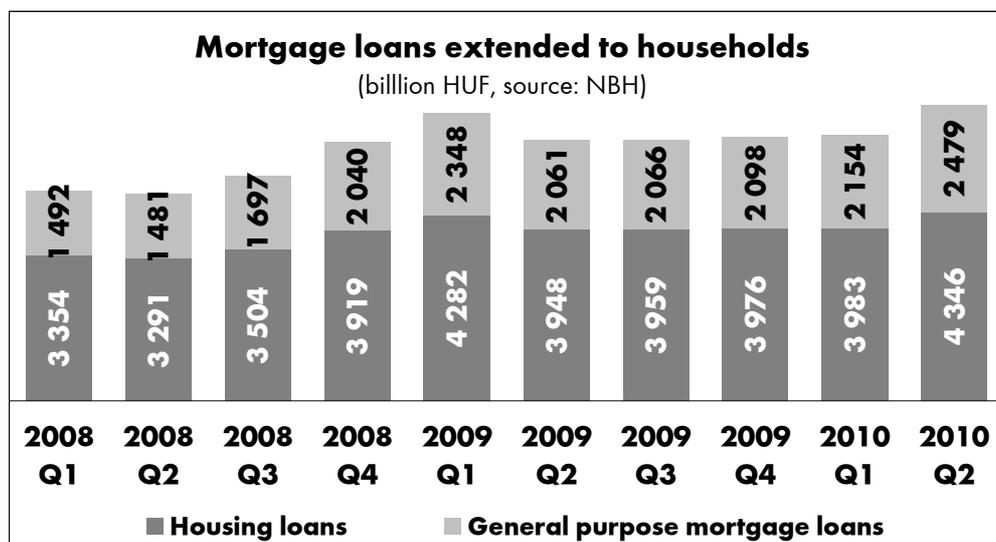
Retail mortgage loan market

According to the statistics published by the National Bank of Hungary retail loan portfolio amounted to 6,824.4 billion forints as of 30 June 2010, – as a result of the change in FX-rates – achieving a 686.2 billion forints (or 11.2%) increase over the previous quarter's figure with the year-on-year rise was 815.7 billion forints (or 13.6%). In terms of volume the year-on-year change is 34.0% smaller than the 1,236.2 billion forints growth achieved between 2008 H1 and 2009 H1. Disregarding the impact of exchange rates fluctuation the year-on-year decrease of the retail mortgage loan portfolio was 89.1 billion forints (at 30 June 2010 FX rates). Decrease over the previous quarter's figure was 26.9 billion forints (or 1.3%).

Due to the significant changes in FX rates, the portfolio of foreign exchange-denominated loans increased by 648.4 billion forints during the past quarter. The annual decrease of the FX loan portfolio amounted 786.0 billion forints, compared to 1,305.3 billion forints growth in 2009 H1.

At the same time the forint-based loan portfolio increased by 29.7 billion forints compared to the same period of the previous year and by 37.9 billion forints compared to the previous quarter's figure. At 30 June 2010 the total amount of the FX loan portfolio of retail mortgage loans was 5,238.8 billion forints (which contributed 76.8% of the total retail mortgage loan portfolio), as opposed to the stagnating level of 1,585.6 billion forints HUF loans. The proportion of FX loans

was 74.1% in the same period of the previous year, the change in the composition was mainly caused by the FX rate movements.



Quarterly growth in housing loans extended to households was 9.1% or 362.3 billion forints up from Q1 2010 portfolio. The annual increase was 397.6 billion forints, 39.5% lower than the 2009 figure of 656.8 billion forints. The average monthly growth in 2010 was 62 billion forints and showed a substantial volatility.

The change in the general-purpose mortgage loan portfolio contributed 40% of the 786.0 billion forints growth of FX lending over the period of a year. The Q2 2009 general-purpose mortgage loan portfolio denominated in foreign currency amounted to 2,021 billion forints and contributed 45.4% to the FX-denominated retail mortgage loans. This contribution was also 45.4% by the end of the reported period. Year-on-year, general-purpose mortgage loans contributed 51.3% in the growth of the total retail mortgage loans.

The increase in the portfolio of general-purpose mortgage loans to retail customers was 1.0% in the first half of 2009, while in the same period in 2010 - due to the FX rate changes - the growth was 18.1%, while the year-on-year growth was 20.3%. Of the total amount of general-purpose mortgage loans 95.7% was disbursed in foreign exchange; the total portfolio value was 2,478.8 billion forints as of 30 June 2010. General-purpose mortgage loans contributed 71.4% to total consumer loans as of 30 June 2010, as opposed to the 67.2% level of the reference year.

Own lending

At 30 June, 2010, the gross amount of loans sold by the Bank was 367.9 billion forints, 7.9% above the 31 December 2009 figure (341.2 billion forints), and 7.5% above the 31 March, 2010 figure (342.4 billion forints). The year-on-year increase was 10.4% from the 30 June, 2009 figure (333.3 billion forints).

No major change has occurred in the breakdown of the Group's products since 30 June 2009 or 31 December 2009. 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 June 2010, 60.2% of outstanding loans were disbursed in FX, exceeding the 57.1% at year-end of 2009 and the 56.4% achieved in Q2 of 2009.

Loans to retail customers were 5.0% (or 35.7 billion forints) down year-on-year and were up by 7.0% compared to 31 December 2009. In terms of structure, 57.4% of the retail loans portfolio is contributed by housing loans. The second biggest contribution is from general-purpose mortgage loans with 38.7%. As of 30 June 2009 the contribution of the two dominant items was 60.1% and 36.5% respectively, and as of 31 December 2009, it was 60.0% and 36.3% respectively. Mortgage loans extended to senior citizens achieved 2.4 billion forints as of 30 June 2010, 0.3 billion forints up year-on-year.

The corporate lending business started strengthening in 2009 but the process came to a halt in the first half of 2010. The portfolio of corporate loans rose from 26.7 billion forints as of 30 June 2009 by 14.7 billion forints year-on-year, and the growth over the 31 December 2009 figure was 3.0 billion forints. The growth was contributed mainly by the SME business. In H1 of 2010 there was no change in the portfolio of housing project loans year-on-year, while commercial real estate financing loans increased by 0.5 billion forints.

Refinancing

As of 30 June 2010 the portfolio of refinanced loans dropped by 1.1%, or 2.9 billion forints year-on-year and amounted to 270.3 billion forints. Compared to the 263.0 billion forints realized as of 31 December 2009, the portfolio expanded by 7.3 billion forints or 2.8% mainly as a result of exchange rate volatility.

FHB Commercial Bank Ltd.

Excluding loans extended to other FHB Group members, gross loans extended by the Commercial Bank exceeded 133.5 billion forints and the portfolio increased by 31.8% over the year. The portfolio achieved 20.4 billion forints growth compared to the 31 December 2009 value, mainly as a result of the growth in retail loans (17.3 billion forints). The corporate loan portfolio grew by 3.1 billion forints in the first half of 2010.

The retail loan portfolio was 114.5 billion forints as at 30 June, 2010. Corporate loans were in excess of 18.9 billion forints at the end of Q2 2010 and multiplied over the year, achieving a contribution of 16.6%. Portfolio growth was mainly based on the achievement of the SME lending business.

The number of retail current accounts was near to 46.1 thousand as of 30 June 2010, 18.9% above the Q4 2009 and 37.4% above the Q2 2009 figure. The balance of retail and corporate accounts was two-third over than in Q2 2009, and contributed 9.2% at 2010 Q2 to total interest bearing liabilities, while the level was 5.5% as of 30 June 2009.

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 30 June 2010 FHB Annuity signed annuity contracts amounting to 11.2 billion forints, from which 1.6 billion forints in H1 2010. The reported period's achievement increased by 17.1% from the 1.4 Billion forints achieved in H1 2009. Annuity payments since the launch of the product have amounted to 3.4 billion forints with 484 million forints disbursed in 2010.

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.

CEC Ltd. offers mortgage products (general-purpose, consumer and refinancing loans) solely on a real estate collateral basis to retail and corporate customers. In the second half of 2009 the company expanded its portfolio of products and started offering real estate lease services. Member of the FHB Group, CEC Ltd. continues to cooperate with other Group companies in the premium real estate financing market. In H1 of 2010 lease financing amounted to 604 million forints and as a result the leasing portfolio rose to 1.9 billion forints as of 30 June 2010.

Mortgage bond issues and funding

In Q1 of 2010 the Hungarian capital market picked up to some extent with investors showing a keener interest in securities issued by FHB Plc. The National Bank of Hungary played a key role in

restoring investors' trust by announcing a mortgage bonds purchase programme in mid-February, in the context of which NBH commits a total of 100 billion forints to buy mortgage bonds of the three Hungarian mortgage banks at issue and on the secondary market from March until the end of 2010. NBH's condition for participation in new issues is that the total nominal value of a series should be no less than 50 billion forints after tap issues, and that at least three market makers should provide the liquidity of the securities concerned.

The HFSA approved the Bank's 2010 Covered Mortgage Bond and Senior Unsecured Bond Issues Programme in early Q1 of 2010 and issues commenced accordingly. In Q1 of 2010 the Bank issued one series of mortgage bonds and two series of bonds and initiated repurchase of several series. The combined nominal value of the bonds issued amounted to 5.8 billion forints, and that of mortgage bonds was 24.0 billion forints, of which the NBH also bought some. The appearance of the NBH as a buyer gave a major boost to demand; at the same time, spreads were narrowing.

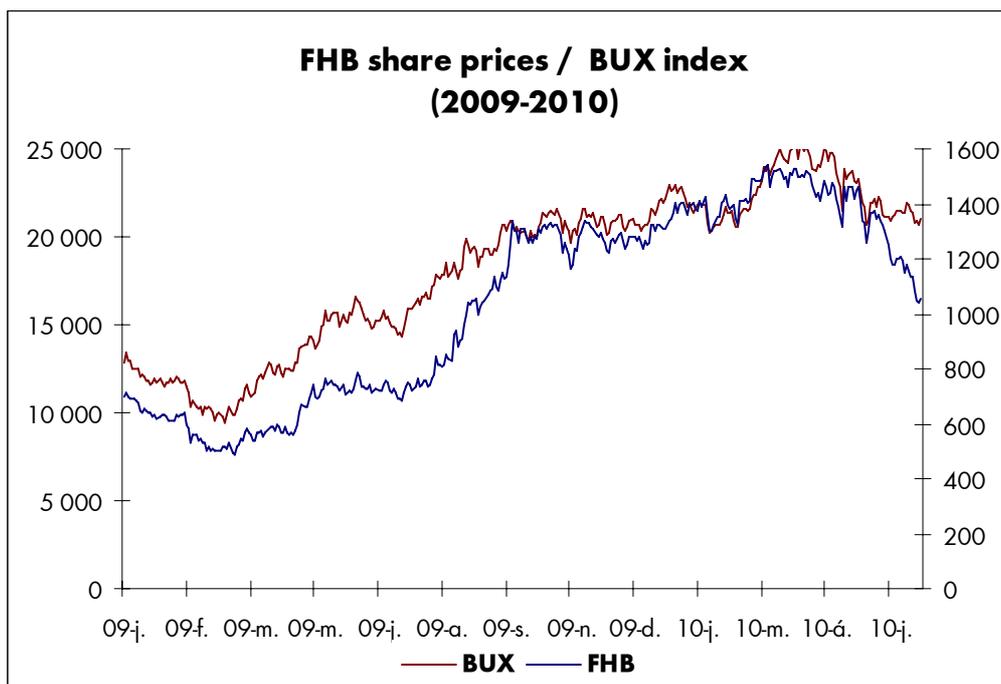
In Q2 of 2010 international financial markets were rather hectic; which reverberated in a restive and unstable Hungarian market. FHB's investors were not encouraged by analysts forecasting risks associated with the Hungarian banking market were here to stay in the long term; on the other hand, domestic institutional investors were encouraged to buy FHB securities by the fact that the NBH continued with its mortgage bond purchases that had been started in Q1. Freed limits were engaged by the mortgage bonds maturing in 2015. The Group launched a bond highly attractive to retail customers that triggered the imagination of a lot of retail clients.

In the course of Q2 the Bank launched tap issues on its bond and mortgage bond series issued in Q1 by almost 11.8 billion forints in the case of mortgage bonds and 3.5 billion forints in the case of bonds. Forte Inflation Linked Bond, the first FHB Forte product, a line developed for retail customers proved highly popular. The Bank launched more than 7.1 billion of the product in the second quarter.

New funds involved by the Bank in Q2 by mortgage bond and unsecured bond issues amounted to 22.4 billion forints in Q2 and totalled 52.2 billion forints in H1. In Q1 of 2010 the Bank repurchased almost eight billion forints total nominal value of its securities in the framework of its active asset-liability management. Repurchases amounted to approximately 13.7 billion forints in Q2. Repayments in Q1 amounted to 28.1 billion forints in Q1 and 23.9 billion forints in Q2.

The daily average trading of FHB Mortgage Bank's shares on the stock exchange in the second quarter of 2010 was somewhat above 72 million forints and totalled 4.6 billion forints, somewhat down from the Q1 figures (106 million and 6.6 billion forints respectively) but up year-on-year (47 million and 2.9 billion forints respectively).

In terms of capitalisation, FHB is 7th in the rank of "A" rate listed companies and contributes 1.31% to the aggregate capitalisation of the BSE. As of 30 June 2010 FHB's weight in the BUX index was 1.41% (6th biggest in the basket), and retained its 2nd place with a weight of 11.93% in BUMIX, the index of share prices of mid- and smallcap companies.



The price of FHB Mortgage Bank's shares dropped by 28.0%, from 1,465 forints as of 31 March 2010 to 1,055 forints as of 30 June 2010.

In Q2 of 2010 the official BUX index dropped by 13.2%. The downward trend of BUMIX was not so acute, only 10.1% in Q2 of 2010.

As of 30 June 2010 Moody's rated FHB's covered bonds A3, on watch list, and the Mortgage Bank's rating was Baa3, on watch list. The rating did not change compared to 31 December 2010, when covered mortgage bonds were rated A3 and FHB Mortgage Bank was Baa3.

Covered mortgage bonds issued by FHB Mortgage Bank Plc. are traded in the Budapest and the Luxembourg stock exchanges.

Changes in the legislative environment

In the first half of 2010 the main changes in the legislative environment concerning the Group were as follows:

Act CL of 2009 on the Amendment of Certain Financial Acts

The Act specifies the provisions of Act XIII of 2009 on the Amendment of Certain Acts with a View to Enhancing the Efficiency of the Financial Mediation System amending 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. Furthermore, it amends Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings in respect of the moratorium automatically granted to debtors, and also amends Act LXXXV of 2009 on Financial Services.

Act CXLVIII of 2009 on the Amendment of Certain Acts with a View to Enhancing 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 XLI of 2009 amending the provisions of Act CXII of 1996 on Credit Institutions and Financial Enterprises Pertaining to Deposit Guarantee

The purpose of the amendment was to legislate Directive 14/2009/EC amending Directive 94/19/EC on deposit-guarantee schemes as regards coverage level and the payout delay. With a view to strengthening deposit holders' trust the deadline for indemnification is significantly reduced under the Act and the indemnification process is simplified in order to allow for speedy payments.

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.

Organizational changes and staff figures

Staff figures

The consolidated full-time equivalent headcount was 598.6 as of 30 June 2010, 23 more than the 575.2 staff as of 31 December 2009 and 15.3% up from the Q2 2009 figure of 520.4. As of 30 June 2010, branch staff was 148.2 (144.1 in Q4 2009) and that of headquarters was 447.9 (431.1 in Q4). All of the branch staff are employed by FHB Commercial Bank. Group companies had the following staff figures as of 30 June 2010: FHB Mortgage Bank Plc. 70.8, FHB Commercial Bank Ltd. 271.3, FHB Services Ltd. 212.2, FHB Annuity Ltd. 11.9, FHB Real Estate Ltd. 12.0, CEC Hungary Ltd. 12.3, and Pomo Group 8.2.

Management

The General Meeting decided to elect Tamás Vojnits to serve on the Board of Directors as an external member, and Gyula Köbli and Tamás Foltányi to serve on the Board of Directors each as internal members with mandate from the date of the Annual General Meeting, 21 April 2010 until 29 April 2013. In its order dated 16 April 2010 the Hungarian Financial Supervisory Authority approved the appointment of Tamás Vojnits as an external Board member and of Gyula Köbli and Tamás Foltányi as internal Board members.

The General Meeting elected Enikő Márton Uhrin to serve on the Company's Supervisory Board with a mandate of five years from the date of the Annual General Meeting, 21 April 2010 until 21 April 2015. In its approval dated 16 April 2010 the Hungarian Financial Supervisory Authority approved the appointment of Enikő Márton Uhrin as a Supervisory Board member.

Ágnes Winkler resigned of her seat on the Supervisory Board with effect from 14 April 2010. The mandate of Kata Orsolya Molnár as member of the Supervisory Board expired on 5 May 2010 and thus her membership of the Supervisory Board thereupon automatically ceased.

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 1.5%, from 817.5 billion forints to 829.5 billion forints. The increase was generated by the growth of the loans.

Shareholders' equity grew by 10.1% year-on-year to reach 49.6 billion forints at the end of June, 2010, due primarily to an increase in retained earnings.

After tax profit were 2.8 billion forints in H1 2010, 31.1% down from the reference period figure.

Key financial indicators	Consolidated figures by IFRS		
	30 June 2009	30 June 2010	30 June 2010. / 30 June 2009
Balance sheet total (HUF million)	817,455	829,480	1.5%
Book value of loans (HUF million)	602,422	626,230	4.0%
Book value of mortgage bonds (HUF million)	485,077	428,516	-11.7%
Bonds issued (HUF million)	57,165	68,747	20.3%
Shareholders' equity (HUF million)	45,054	49,587	10.1%
Earnings before taxation (HUF million)	5,828	3,824	-34.4%
After tax profit (HUF million)	4,055	2,793	-31.1%
Net interest margin (NIM)	3.05%	3.43	38 bp
EPS (HUF)	127	88	-30.6%
P/E (share price/EPS)	5.96	12.02	101.5%
P/BV (share price/equity/number of shares)	1.11	1.40	27.0%
ROAA (return on average assets)	1.1%	0.7%	-36.7%
ROAE (return on average equity)	20.3%	11.8%	-40.0%

* Note: EPS and deluted EPS is equal

¹ IFRS, consolidated figures

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

P/L structure

Data in HUF million

DESCRIPTION	2009 Q2 (Apr-June)	2010 Q1 (Jan-March)	2010 Q2 (Apr-June)	2010 Q2/ 2009 Q2	2010 Q2/ 2010 Q1
Net interest income	6,355	6,839	6,715	5.7%	-1.8%
Net fees and commission income	317	229	345	8.8%	50.6%
Net profit from financial transactions	1,268	261	-351	-	-
Other income and expenditure	179	300	286	60.5%	-4.7%
Gross operating income	8,118	7,629	6,995	-13.8%	-8.3%
Operating expenses	-3,270	-3,306	-3,606	10.3%	9.1%
Net operating income	4,848	4,323	3,389	-30.1%	-21.6%
Losses from lending and impairment	-1,589	-2,016	-1,872	17.8%	-7.2%
Profit before taxation	3,259	2,307	1,517	-53.4%	-34.2%
Taxes	-656	-804	-228	-65.3%	-71.7%
After tax profit	2,603	1,503	1,290	-50.4%	-14.2%

In the second quarter of 2010 the Bank realised **1.3 billion forints consolidated after-tax profit by IFRS**, 14.2% less than in previous quarter and 50.4% lower than in Q2 2009. **Profit before tax was 1.5 billion forints** in the second quarter of 2010.

Data in HUF million

DESCRIPTION	2009 H1 (Jan-June)	2010 H1 (Jan-June)	2010 H1/ 2009 H1
Net interest income	11,096	13,554	22.1%
Net fees and commission income	683	574	-16.0%
Net profit from financial transactions	2,497	-90	-
Other income and expenditure	685	587	-14.4%
Gross operating income	14,961	14,624	-2.3%
Operating expenses	-6,549	-6,912	5.5%
Net operating income	8,412	7,712	-8.3%
Losses from lending and impairment	-2,584	-3,888	50.5%
Profit before taxation	5,828	3,824	-34.4%
Taxes	-1,772	-1,031	-41.8%
After tax profit	4,055	2,793	-31.1%
EPS	127	88	-30.6%
Deluted EPS	127	88	-30.6%

Note: EPS and deluted EPS is equal

In the first half of 2010 the Bank realised **2.8 billion forints consolidated after-tax profit by IFRS**, 31.1% less than in previous period in 2009. **Profit before tax was 3.8 billion forints** in 2010, 34.4% less than in H1 2009.

Net interest income

Net interest income was 6.7 billion forints in the second quarter of 2010, 5.7% up from the performance achieved in the same period of last year (6.4 billion forints) but 1.8% down from the Q1 of 2010 figure. The net figure emerged as a balance of 17.8 billion forints interest income (11.2% down from the Q2 of 2009 figure and 5.3% below the Q1 of 2010 figure) and 11.1 billion forints interest expense (19.0% less than in Q2 of 2009 and 7.3% less than the Q1 of 2010 figure).

Net interest income in the first half of 2010 was 13.6 billion forints, 22.1% up from the first half of 2009 achievement (11.1 billion forints). The net figure emerged as a balance of 36.7 billion forints interest income (8.9% above the 40.3 billion forints achieved in H1 of 2009) and 23.1 billion forints interest expenditure (20.8% less than the 29.2 billion forints achieved in 2009).

In the second quarter of 2010, 44.6% of interest income was contributed by interest on own lending (compared to 43.3% in Q1 of 2010 and 41.7% in the reference period of 2009), and 28.8% was contributed by interest income from refinanced loans (compared to 28.0% in Q1 of 2010 and 28.6% in the reference period of 2009). The aggregate interest income on interbank loans and securities contributed 9.7% (as opposed to 10.0% in Q1 of 2010 and 12.6% in the reference period of 2009), due to the expanding securities portfolio. The contribution of interest income on derivatives was 16.8% to total interest income (compared to 18.6% in Q1 of 2010 and 17.1% in the reference period of 2009).

In the first half of 2010, 43.9% of interest income was contributed by interest income on own lending (compared to 41.6% in H1 of 2009), 28.4% was contributed by interest income from refinanced mortgage loans (compared to 28.6% in H1 of 2009). The combined interest income on interbank loans and securities contributed 9.9%, up from the 7.8% achieved in the reference period of 2009. The contribution of interest income on derivatives was 17.8%, down from the 21.9% contributed in H1 of 2009.

Within the line item of interest income, the contribution of interest subsidy (subsidy of interest on covered mortgage bonds and supplementary interest subsidy) was 23.2% in Q2 of 2009, 22.5% in Q1 of 2010, and 23.1% in Q2 of 2010. In H1 of 2009 interest subsidy contributed 23.2% to income from interest. The same figure was 22.8% in H1 of 2010.

As regards interest expenditure in Q2 of 2010, 45.2% was incurred in conjunction with mortgage bonds, and 22.5% was contributed by interest expenditure on bonds. The contribution of interest paid on interbank loans received was 0.4%; the contribution of interest paid on deposits was as much as 7.5%, and that of derivative hedges was 13.7%. Interest paid on mortgage bonds contributed 51.3% in Q1 of 2010 as opposed to 50.4% in the second quarter of 2009. Interest paid on bonds contributed 9.1% in Q1 of 2010 and were up to reach 22.5% in Q2 of 2010. Interest on derivatives contributed 21.4% to interest expenditure in Q1 of 2010

and 21.5% in the reference quarter of 2009. In Q2 of 2009, interest paid on deposits contributed 7.9% as opposed to 8.3% in Q1 of 2010.

Interest paid on the state loan amounted to 1.1 billion forints in Q2 of 2010 and contributed 9.6% to interest expense. In Q2 of 2009 the figure was 6.6% and it was 8.6% in the first quarter of 2010.

The breakdown of interest expense showed a varied picture in the first half of 2010 compared to 2009. In the first half of 2009, 53.1% was incurred in conjunction with mortgage bonds, the contribution of interest paid on interbank borrowings was insignificant (0.9%), interest paid on deposits contributed 7.7%, interest paid on derivative transactions contributed 24.6%, and interest paid on the state loan contributed 3.1% to interest expense. The breakdown in 2010 was mortgage bonds 48.3%, interest paid on bonds 15.6%, interbank borrowings 0.5%, interest paid on deposits 7.9%, derivatives 17.7%, and expenditure on interest on the state loan contributed 9.0%.

Of the item of interest expense, in the first half of 2010 6.3 billion forints were related to the funding of own loans and 6.2 billion forints to refinanced loans. In the first half of 2009, 7.3 billion forints were related to the funding of own loans and 7.9 billion forints to refinanced loans.

The average net interest margin (NIM) was 3.43% as of 30 June 2010 and 3.49% as of 31 March 2010 compared to 3.05% in H1 of 2009. Over the past half the average NIM was stabilised and increased considerably over the previous half's figure supported mainly by dropping costs of liabilities and a gradual change in the breakdown of liabilities.

Net fees and commission income

In Q1 of 2010, the Bank achieved a positive balance of 229 million forints of income from, and expenditures on, commissions and fees; the 2010 second quarter's achievement was higher in comparison, achieving 345 million forints. This is 8.8% up from the 317 million forints achieved in the second quarter of 2009. In Q2 of 2010, net income from fees contributed 4.9% to gross operating profit.

Fees and commissions income in Q2 of 2010 was 422 million forints, 37.9% of which was contributed by early repayment charges (46.7% in Q1 of 2010 and 52.9% in Q2 of 2009), 14.9% by handling fees (18.7% in Q1 of 2010 and 20.1% in Q2 of 2009), and 16.2% by accounts and card related banking commissions 18.6% and 14.4% respectively). Other line items include other services, insurance and contracting fees charged to customers. In the second quarter of 2010, fees related to mortgage bond issues contributed 66.8% to fees and commissions paid, card related fees contributed 13.8%, and commissions paid to acquisition agents contributed 12.2%; the remaining items are typically fees paid to other financial institutions and organizations.

In the first half of 2010, net fees and commissions income amounted to 574 million forints, 16.0% short of the 683 million forints achieved in the reference period. Net fees income contributed 3.9% to gross operating profit in the first half 2010.

Net fees and commissions income in H1 of 2010 was 772 million forints, almost half of which (41.9%) was contributed by early repayment charges, 16.6% by handling fees, and 17.3% by accounts and card related banking charges. Other line items include other administration, contracting, valuation and Takarnet fees paid by customers. Fees related to CMB and bond issues contributed 49.7% to fees and commissions expenditures, agents' fees contributed 28.0%, card related fees were 9.8%, and the remaining items are typically fees paid to other financial institutions and clearing houses.

Net profit from financial transactions

In the second quarter of 2010 the balance of financial transactions was 351 million forints loss as opposed to 261 million forints profit in the first quarter of 2010 and 1,268 million forints profit in the second quarter of 2009. The H1 of 2010 balance was 90 million forints loss as opposed to 2.5 billion forints profit in H1 of 2009. The H1 of 2010 achievement emerged as a result of the change in the fair value of short-term currency swaps and conversion as well as an exchange rate gain from securities transactions.

Exchange rate volatility in the course of the reported quarter and the effect of currency swaps reduced earnings from FX operations by 759 million forints in Q2 of 2010. The overall achievement is considerably below the 2009 reference figure (1.7 billion forints profit) and also the 210 billion forints loss generated in Q1 of 2010. The H1 of 2010 loss was 969 million forints, considerably worse than the 4.1 billion forints profit achieved in H1 of 2009.

Changes in the fair value of securities reported at fair value against earnings was 0.4 billion forints loss in Q1; however, the H1 of 2010 achievement was 564 million forints profit, thus Q2 of 2010 closed with a profit of approximately 1.0 billion forints. The H1 of 2010 figure was considerably better than the 2.0 billion forints loss achieved in H1 of 2009.

In the second quarter of 2010, securities transactions generated a loss of 551 million forints. Added to the 866 million forints profit scored in Q1 of 2010, the profit on this item in the first half was 315 million forints. In Q2 of 2009 the same item achieved a profit of 544.1 million forints, and the H1 of 2009 profit amounted to 365.3 million forints. The figure emerged as a balance of exchange gains and losses on CMBs and bonds issued and repurchased during the year.

Other income

In the first half of 2010 the balance of other income and expenditure was 587 million forints, arising from 1.8 billion forints income net of 1.2 billion forints expenditure. As of 30 June 2009 the balance of other income and expenditure was 687 million forints. In H1 of 2010, the item of other income and expenditure contains 1,535 million forints related to the business of FHB Annuity Ltd., which includes income from adjustment of the value of real estates passed into FHB Annuities' ownership to market value. Of the remaining items 77 million forints was a one-time income related to the CEC acquisition. On the other expenditures side, 90% was contributed by the aggregate 1,058 million forints from revaluation of annuity payment liabilities (admission of

new commitments and change in the fair value of existing commitments). The same item was 0.6 billion forints (78.7%) in H1 of 2009.

Operating expenses

Data in million HUF

DESCRIPTION	2009 Q2 (Apr-June)	2010 Q1 (Jan-March)	2010 Q2 (Apr-June)	2010 Q2/ 2009 Q2	2010 Q2/ 2010 Q1
General administrative costs	2,725	2,704	2,982	9.5%	10.3%
Personnel expenses	1,284	1,304	1,368	6.6%	4.9%
- wages	884	902	912	3.1%	1.1%
- other personnel expenses	92	131	185	101.2%	40.7%
- social security expenses	308	271	272	-11.7%	0.3%
Administrative costs	1,441	1,400	1,614	12.0%	15.3%
Taxes paid	227	204	205	-9.9%	0.4%
Depreciation	319	398	419	31.5%	5.2%
TOTAL OPERATING EXPENSES	3,270	3,306	3,606	10.3%	9.1%

Operating expenses amounted to 3.6 billion forints in the second quarter of 2010, 9.1% over the Q1 2010 cost level. Operating expenses in the reported quarter were 10.3% higher than the cost level in the second quarter of 2009. The cost/income ratio (CIR) was 44.2% as of 30 June 2009. CIR was 43.3% as of 31 March 2010, and 47.3% as of 30 June 2010. The quarterly growth of operating expenses in Q2 2010 was mainly contributed by the costs related to the Allianz agreement.

There was a minor change in the breakdown of operating costs compared to previous quarters. The contribution of personnel expenses in the second quarter of 2010 was 37.9% compared to 39.3% in Q2 of 2009 and 39.4% in Q1 of 2010. There was a 4.9% increase in personnel expenses compared to the previous quarter's figure and a 6.6% increase over the Q2 of 2009 figure. In Q2 of 2010 other administrative costs were 12.0% up from the Q2 of 2009 figure and were 15.3% higher than the Q1 of 2010 figure. There is a slight upward change in the contribution of this item to operating costs, from 44.1% in Q2 of 2009 to 44.8% by the end of the reported quarter.

Data in million HUF

DESCRIPTION	2009 H1 (Jan-June)	2010 H1 (Jan-June)	2010 H1/ 2009 H1
General administrative costs	5,362	5,687	6.1%
Personnel expenses	2,699	2,672	-1.0%
- wages	1,834	1,814	-1.1%
- other personnel expenses	228	316	38.2%
- social security expenses	637	543	-14.8%
Administrative costs	2,663	3,014	13.2%
Taxes paid	444	408	-7.9%
Depreciation	743	817	9.8%
TOTAL OPERATING EXPENSES	6,549	6,911	5.5%

The Bank's operating expenses amounted to 6.9 billion forints in the first half of 2010 as opposed to 6.5 billion forints in the same period of 2009. The increase is 5.5%, due primarily to the increase in other administrative costs. In 2009 this item contributed 40.7% compared to 43.6% in 2010 with a year-on-year growth of 13.2%. In H1 of 2009 personnel expenses contributed 41.2% and dropped slightly in H1 of 2010 to achieve 38.7%.

The increase in other administrative costs in Q2 of 2010 compared to the previous quarters' figures did not have a significant impact on the breakdown of the line item and most of the categories kept their earlier rate of contribution.

In the second quarter of 2009 real estate related expenses contributed 18.8% to other administrative costs compared to 21.8% in 2010 and 20.2% in the reported quarter, and grew from 272 million forints in Q2 of 2009 to 305 million forints in Q1 of 2010 and 326 million forints in the reported quarter.

The Q2 of 2010 contribution of expenditure related to operating IT devices was 19.2%, same as in Q1 of 2010, however, its amount increased from 277 million to 310 million forints.

There was a slight change in the contribution of marketing costs, from 15.5% in Q2 of 2009 to 13.9% in 2010 with the amount staying at a steady 225 million forints.

Expert fees were up from 113 million forints in Q1 of 2010 to 243 million forints in Q2 of 2010 resulting in their contribution to the other administrative costs item from 7.9% to 15.1%.

Direct costs of business activities contributed 9.3% to other administrative costs in Q2 of 2010 (12.9% in Q1 of 2009 and 15.4% in Q1 of 2010). There has been a shift in the breakdown of business expenses: 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 latter item to business expenses was as high as 27.1% in the first half of 2010 as opposed to 24.6% in the reference period of 2009.

Depreciation amounted to 419 million forints in Q2 2010, 398 million forints in Q1 2010 and 319 million forints in Q2 of the reference year. Depreciation in H1 2010 was 817 million forints, 9.8% higher than in H1 2009. Amortisation on intangibles contributed 68.4% and depreciation of tangible assets contributed 31.6% in the reported period of 2010.

Other taxes paid were 227 million forints in Q2 2009 and 204 million forints in Q1 2010, while it was 205 million forints in Q2 2010. Almost all of the taxes paid were contributed by the statutory banking contribution. Taxes paid in the first half of 2010 were 408 million forints, 7.9% lower than in the first half of 2009.

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 second quarter of 2009 and to the end of the prior year. The portfolio value determined according to IFRS amounted to 704.1 billion forints as of 30 June 2010 as opposed to 649.6 billion forints as of 31 March 2010, 645.1 billion forints as of 31 December 2009 and 656.9 billion forints as of 30 June 2009.

The portion of the non-performing loan portfolio constituting the basis for provision reported according to IFRS rules was 5.06% as of 30 June 2010, 4.25% as of 31 March 2010, 4.77% as of 31 December 2009, and 2.77% as of 30 June 2009. Impairment to the entire portfolio was 1.72% as of 30 June 2010, 1.47% as of 31 March 2010, 1.17% as of 31 December 2009, and 0.74% as of 30 June 2009.

At the end of the period the outstanding provision was 12.0 billion forints, 2.5 billion forints over the 30 June 2009 figure. The portfolio and its breakdown are shown in the table below.

Data in thousand HUF

Description	30 June 2009	31 March 2010	30 June 2010
Loan loss provisions as at 1st January	1,848,262	7,393,352	7,393,352
Charge for the period	4,606,624	2,993,403	6,253,004
FX change of provisions	-186,756	96,143	1,131,961
Release during the period	-2,189,422	-996,836	-2,745,384
Loan loss provisions at period end	4,078,709	9,486,062	12,032,934
Net effect of charge and release	2,416,552	1,993,114	3,122,287
Loans written-off	0	0	24
Loss on loans sold	-688	0	2,539
Loss on terminated loans	66,185	21,037	33,065
Charge/(release) for commitments	101,838	2,242	730,285
Losses on loans / provisions	2,583,887	2,016,394	3,888,200

Balance sheet

Data in HUF million

DESCRIPTION	30.06.2009.	31.12.2009.	31.03.2010.	30.06.2010.	30.06.2010./ 30.06.2009.	30.06.2010./ 31.12.2009.	30.06.2010./ 31.03.2010.
Cash	770	1,100	847	1,085	40.9%	-1.4%	28.0%
Receivables from NBH	6,237	2,449	836	3,629	-41.8%	48.2%	334.3%
Interbank deposits	42,319	37,974	49,620	58,688	38.7%	54.6%	18.3%
Available for trade securities	-	-	995	1,010	-	-	1.6%
Available for sale securities	133,981	131,022	96,192	101,046	-24.6%	-22.9%	5.0%
Refinanced mortgage loans	273,237	263,015	257,899	270,317	-1.1%	2.8%	4.8%
Loans	329,185	333,759	332,893	355,913	8.1%	6.6%	6.9%
Fair value of derivatives	6,266	3,555	2,812	5,610	-10.5%	57.8%	99.5%
Property for investment	7,405	9,560	10,394	11,165	50.8%	16.8%	7.4%
Tangible and intangible assets	11,398	13,639	13,719	13,849	21.5%	1.5%	0.9%
Goodwill	1,488	127	127	127	-91.4%	0.0%	0.0%
Other assets	4,849	4,815	6,044	7,041	45.2%	46.2%	16.5%
Assets total	817,455	801,015	772,378	829,480	1.5%	3.6%	7.4%
Payables total	772,401	753,579	723,918	779,893	1.0%	3.5%	7.7%
Interbank borrowings	16,757	26,429	24,533	29,930	78.6%	13.3%	22.0%
Mortgage bonds	485,077	438,423	420,455	428,516	-11.7%	-2.3%	1.9%
Bonds issued	57,165	52,710	61,232	68,747	20.3%	30.4%	12.3%
Deposits	40,364	63,562	68,274	66,672	65.2%	4.9%	-2.3%
State loan	140,157	138,958	107,216	115,253	-17.8%	-17.1%	7.5%
Fair value of derivatives	26,117	25,058	33,309	60,813	132.9%	142.7%	82.6%
Reserves for annuity	1,347	1,864	2,173	2,439	81.0%	30.9%	12.2%
Other liabilities	5,417	6,575	6,726	7,523	38.9%	14.4%	11.9%
Shareholders' equity	45,054	47,436	48,460	49,587	10.1%	4.5%	2.3%
Subscribed capital	6,600	6,600	6,600	6,600	-	-	-
Repurchased own shares	-1,400	-1,546	-1,546	-1,619	15.6%	4.7%	4.7%
Share premium	1,709	1,709	1,709	1,709	-	-	-
General reserve	4,121	4,470	4,604	4,756	15.4%	6.4%	3.3%
Cash-flow hedge reserve	1,763	833	349	828	-53.0%	-0.7%	137.2%
Stock option reserve	71	0	0	0	-	-	-
Changes in fair value of avail. for sale fin. assets	398	915	920	376	-5.6%	-58.9%	-59.2%
FX reserve	3	21	21	-4	-230.8%	-119.2%	-119.2%
Retained earnings	31,789	34,434	35,803	36,941	16.2%	7.3%	3.2%
Total liabilities and shareholders' equity	817,455	801,015	772,378	829,480	1.5%	3.6%	7.4%

As of 30 June 2010 the Bank's consolidated balance sheet total by IFRS amounted to 829.5 billion forints, which is 28.5 billion forints, or approximately 3.6% up from 31 December 2009 and 12.0 billion forints, or 1.5%, higher than the balance sheet total as of 30 June 2009. The increase on the asset side over the reference figure as of 30 June 2009 was the joint result of several factors. It included a 26.7 billion forints expansion of the loan portfolio and a 3.8 billion forints increase in real estate held for investment purposes reduced by 2.9 billion forints refinancing. Interbank lending grew by 16.4 billion forints, added to a 2.6 billion forints decrease in receivables from the NBH. Securities held for sale were 32.9 billion forints higher year-on-year.

Increase in payables contributed 7.5 billion forints to the year-on-year increase on the liabilities side. State loans decreased by 24.9 billion forints. Deposits expanded by 26.6 billion forints, and interbank borrowings contributed 13.2 billion forints to liabilities. The CMB portfolio shrank by 56.6 billion forints, conversely, the portfolio of senior unsecured bonds expanded by 11.6 billion forints. Shareholders' equity increased by approximately 4.5 billion forints year-on-year, primarily as a result of an increase in accumulated assets. Cash-flow hedge reserve also increased by 0.6 billion forints.

The main factor contributing to the change in liabilities compared to the balance of 31 December 2009 was the 30.0 billion forint shrinkage in the portfolio of securities held for sale. The portfolio of own loans expanded by 22.2 billion forints and refinanced loans increased slightly, by 7.3 billion forints, in the reported quarter. Interbank lending grew by 20.7 billion forints. The change in the fair value of derivatives increased the balance sheet total by 2.1 billion forints, and receivables from the NBH by 1.2 billion forints.

The 23.7 billion forints decrease in the state loan also contributed to the change on the liabilities side. The mortgage bonds portfolio decreased by 9.9 billion forints while unsecured bonds issued increased by 16.0 billion forints. Deposits increased by 3.1 billion forints in the first half. In 2010 shareholders' equity increased by 2.2 billion forints year-on-year, due to a greater extent to a 2.5 increase in accumulated assets and to a lesser extent to an increase of the general reserve.

The increase in assets compared to the balance sheet as of 31 March 2010 was caused predominantly by a 23.0 billion forints expansion of own loans and a 12.4 billion forints increase in refinanced loans. Securities held for sale were up by 4.9 billion forints. The change in the fair value of derivatives increased the balance sheet total by 2.8 billion forints. Interbank lending grew by 9.1 billion forints, and receivables from the NBH increased the balance sheet total by 2.8 billion forints increase.

The biggest contributor to the increase in liabilities was the 27.5 billion forints change in the fair value of derivatives. On the other hand, in Q2 of 2010 the mortgage bonds portfolio expanded by 8.1 billion forints while unsecured bonds issued increased by 7.5 billion forints. Deposits shrank by 1.6 billion forints in Q2 of 2010. State loans increased by 8.0 billion forints. Shareholders' equity increased by 1.1 billion forints in Q2 of 2010 due to primarily to a 1.1 billion forints increase in accumulated assets net of a 0.6 million forints decrease in the fair value of securities held for sale.

Interest earning assets

The Group's interest earning assets on the balance sheet dropped from 768.2 billion forints as of 31 December 2009 to 738.4 billion forints as of 31 March 2010, then increased to 790.6 billion forints as of 30 June 2010. The year-on-year growth over the 30 June 2009 figure was 0.7%. Expansion of loans disbursed by the Bank as of 30 June 2010 was 8.1% up year-on-year, 6.6% higher than the Q4 of 2009 figure, and 6.9% over the 31 March 2010 figure. Impairment to cover lending losses was up from 4,078 million forints as of 30 June 2009 to 12,033 million forints year-on-year. The increase in Q1 of 2010 amounted to 2,093 million forints and was 2,547 million forints in Q2. The year-on-year decline in refinanced loans was 1.1%, however, there was a 2.8% increase in this item in H1 of and a 4.8% increase in Q2 of 2010. As of 30

June 2009 the combined contribution of refinanced loans and own lending was 76.7%. The contribution was to 80.0% as of 31 March 2010 and 79.2% as of 30 June 2010.

The collateral value of real estates covering ordinary collateral amounted to 1,291.7 billion forints as of 30 June 2010, 5.61% lower than the figure (1,368.4 billion forints) as of 31 December 2009 and 6.90% down from the figure in Q2 2009 (1,387.4 billion forints). The LTV ratio applicable for ordinary collateral (loan principal receivable to collateral value) was 40.6% as of 30 June 2010, somewhat higher than the 39.3% LTV ratio as of 30 June 2009. The LTV ratio was 38.6% as of 31 December, 2009.

The portfolio of NBH and other interbank loans was up from 40.4 billion forint as of 31 December 2009 to 50.5 billion forints as of 31 March 2009 and up to 62.3 billion forints as of 30 June 2010. The contribution of this item to total interest earning assets was 7.9%.

The value of the securities portfolio of the Bank held for sale shrank from 134.0 billion forints as of 30 June 2009 to 131.0 billion forints as of 31 December 2009, then sharply declined to achieve 96.2 billion forints as of 31 March 2010. As of 30 June 2010 the value of the securities portfolio amounted to 101.0 billion forints. Thus the Q2 2010 contribution of securities to interest earning assets was up to achieve 12.8%. Securities include NBH bonds amounting to 54.9 billion forints, discount treasury bills amounting to 4.1 billion forints and government bonds amounting to 31.0 billion forints as well as other bank and corporate bonds for sale amounting to 11.0 billion forints. The Bank's portfolio of securities held for sale serves exclusively as a liquidity reserve.

As of 30 June 2010 the Bank held a very small portfolio of securities held for trading, which contributed 0.1% to interest bearing assets.

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 11.2 billion forints as of 30 June 2010, 7.4% up from the 10.4 billion forints achieved in the previous quarter. The year-on-year increase was 50.8%.

The net value of tangible assets was 2.3 billion forints as of 30 June 2010. The value of tangibles increased by 144.0 million forints as a result of IT and other tangible assets acquired in 2010 net of 28.7 million forints derecognition and 238.9 million forints depreciation. The value of intangible assets grew from 9.1 billion forints as of Q2 of 2009 to 11.7 billion forints as of 30 June 2010. The growth in the value of intangibles is attributed to the 2010 software purchases amounting to 892.1 million forints as well as to the portfolio value and goodwill emerging as a result of buyout, and was net of 1.9 million forints derecognition and 556 million forints depreciation. There were no new impairment or written-back impairment made related to tangibles and intangibles.

Other assets amounted to 6.5 billion forints as of 30 June 2010 as opposed to 5.9 billion forints in Q1 of 2010.

Interest bearing liabilities

Mortgage bonds contributed 60.4% to the Bank's interest bearing liabilities as of 30 June 2010. The item was 61.7% as of 31 March 2010, 60.9% as of 31 December 2009, and 65.6% as of 30 June 2009. The change in the breakdown of liabilities was caused by the steady increase in deposits and the CMB, and the decrease was also offset by the reduction of the state loan. The 428.5 billion forints book value of mortgage bonds as of 30 June 2010 was 1.9% up from the 31 March of 2009 figure (420.5 billion forints), and was 2.3% down from the 438.4 billion forints achieved as of 31 December 2009. Decrease in value of the CMB portfolio was 56.6 billion forints year-on-year as a result of 40.8 billion forints new issues, 89.8 billion forints repayments and 21.3 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 860.4 billion forints as of 30 June 2010, 1.8% down from the figure as of 31 March 2010 (875.8 billion forints) and 5.7% down from 31 December 2009 (912.7 billion forints), and 9.9% more than the figure as of 30 June 2009 (955.0 billion forints).

The value of the group of assets involved as collateral as of 30 Jun 2010 (HUF million)

Outstanding mortgage bonds in circulation	
Face value:	449,565
Interest:	104,670
Total:	554,235
Value of the regular collateral	
Principal:	527,470
Interest:	332,959
Total:	860,429
Value of assets involved as supplementary collateral	
Balance of the separate blocked account at the NBH – principal:	0
Bonds issued by NBH – principal	0
Bonds issued by State – principal and interest	0
Total:	0

The present value of mortgage bonds amounted to 489.9 billion forints, and the present value of collateral was 584.9 billion forints as of 30 June 2010, thus the rate of coverage was 119%.

As of 30 June 2010 net ordinary and supplementary collateral principle to the face value of mortgage bonds in circulation not yet repaid was 117.3%. Net interest on ordinary and supplementary collateral to interest on mortgage bonds in circulation not yet repaid was 318.1%.

Bonds issued

The book value of bonds was 52.7 billion forints as of 31 December 2009. At the end of H1 of 2010 the consolidated bonds portfolio grew to reach 68.7 billion forints as the combined effect of 21.3 billion forints issues, 10.5 billion forints repayment and 3.2 billion forints repurchase together with IFRS modifying items.

Interbank funds

As of 30 June 2010 the 29.9 billion forints interbank portfolio contained interbank drawdown amounting to 21.3 billion forints, and a Schuldschein loan equivalent to 8.6 billion forints denominated in EUR. The Bank has used the interbank facilities as supplementary funds.

Customer deposits

Deposits amounted to 66.7 billion forints as of 30 June 2010 and included 1.8 billion forints on collateral accounts related to corporate loans as well as 46.9 billion forints on retail accounts and 18.0 forints corporate deposits, both contributed by the Commercial Bank. The book value of deposits was 63.6 billion forints as of 31 December 2009 and 40.4 billion forints as of 30 June 2009.

State loan received

Pursuant to the negotiations started between the Ministry of Finance (MoF), the NBH, the HFSA and FHB January 2009 the MoF and FHB Plc. signed an agreement whereby the Mortgage Bank would received a total of 400 million EUR State loan. The loan was drawn down in two tranches on 1 April 2009 and 30 April 2009 respectively. As of 30 June 2010 approximately 115.3 billion forints of the State loan were available for the Bank (400 million EUR at NBH's exchange rate of 30 June 2010).

Other liabilities

The Bank's other liabilities amounting to 7.5 billion forints include, among others, debts to suppliers (contributing 2.0% as of 30 June 2010 compared to 11.1% as of 31 December 2009, and 2.7% as of 30 June 2009), passive accruals (9.3% as of 30 June 2010 compared to 10.0% as of 31 December 2009, and 12.0% as of 30 June 2009), and taxes (6.6% as of 30 June 2010 compared to 11.7% as of 31 December 2009, and 17.3% as of 31 March 2009), deferred taxes (22.9% as of 30 June 2010 compared to 23.2% as of 31 December 2009, and 30.3% as of 30 June 2009). Liabilities from settlement with customers were 1.1 billion forints contributing 14.1% to other liabilities.

Shareholders' equity

The year-on-year increase in shareholders' equity was 10.1% (4.5 billion forints), reaching 49.6 billion forints as of 30 June 2010. The Q1 increase was 1.0 billion forints, or 2.2%, the Q2 increase was 1.1 billion forints, or 2.3%.

The bulk of the year-on-year increase resulted from a 5.2 billion forints increase in retained earnings. Cash-flow hedge reserves were down by 0.9 billion forints year-on-year due to the change in fair value in the wake of yield and exchange rate changes had a negative, and the 0.6 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 the 0,2 billion forints increase in repurchased treasury shares.

Shareholders' equity increased by 2.2 billion forints in H1 2010, of which 1.1 billion forints increase was realised in Q2. The main contributing factors in H1 growth included a 2.5 billion forints increase in retained earnings (1.1 billion forints in Q2) boosted by a 286 million forints increase in general reserve, while the 73 million forints increase in the amount of repurchased treasury shares had a negative impact on shareholder's equity.

Off balance sheet items

The Bank's pending liabilities towards customers among the off-balance sheet items were 0.4 billion forints. Contracted but not yet disbursed loans amounted to 2.8 billion forints as of 30 June, 2010. Future liabilities amounted to 388.3 billion forints and mainly include swap transactions relating to mortgage bonds. Liabilities from other currency swaps amounted to 39.6 billion forints. Bank guarantee offered was 196.9 million 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	30 June 2009	31 December 2009	31 March 2010	30 June 2010
Risk weighted assets	315,213	350,025	249,100	271,350
Regulatory capital	56,470	57,823	28,104	28,657
Statutory capital adequacy ratio	16.1%	15.0%	9.7%	9.2%
Regulatory capital (IFRS)	31,313	33,099	32,852	32,872
Capital adequacy ratio (IFRS)	8.9%	8.6%	11.3%	10.5%

IV. MAJOR EVENTS DURING THE ACCOUNTING PERIOD

IV.1. Strategic agreement among FHB and Allianz

In accordance with the earlier extraordinary announcement of the Company dated June 17, 2010 and in line with the letter of intent signed on June 16, 2010 by FHB Mortgage Bank Co. Plc. ("FHB") and Allianz Hungaria Insurance Co. Ltd. ("Allianz Hungaria") referred therein, on July 2, 2010 the parties have concluded the contracts related to their long term exclusive strategic cooperation and the sale and transfer of Allianz Bank Ltd ("Allianz Bank") to the Company (the "Transaction").

Completion of the Transaction is subject to several customary conditions precedent. The Parties intend to complete the Transaction until September 30, 2010.

With the conclusion of the contracts the basis for the long term exclusive strategic cooperation between FHB Banking Group and Allianz Hungaria Group has come into existence, namely the following:

- On the basis of a share exchange agreement FHB will acquire from Allianz Hungaria 100 percent of the shares of Allianz Bank. As consideration for such acquisition Allianz Hungaria will receive treasury shares from FHB as consideration in kind (1,829,864 ordinary shares) and a cash consideration of approximately HUF 1.1 billion leading to total value of the consideration of appr. HUF 3.8 billion. The final amount of the consideration will be determined after completion of the Transaction based on the value of the own equity of Allianz Bank as at the date of completion.
- As a result of such acquisition, the number of the branches of FHB Group will exceed 70.
- In the framework of the strategic cooperation and the other agreements related thereof, the sales network of Allianz will participate in selling the dedicated banking, life annuity and investment products of FHB Banking Group, while through its branch network FHB will serve the nearly 2 million clients of Allianz and will distribute the insurance products, pension, health and investment funds of the Hungarian Allianz Group
- The strategic cooperation between the two Groups covers a 20 year period and cannot be terminated before the end of the 5th year. In addition, both Allianz Hungaria Group and FHB Banking Group would undertake exclusivity for selling of each other's products.

The purpose of the parties with the to-be-formed long terms strategic cooperation is to take the advantages of the selling and cross-selling potentials inherent in the clientele of FHB Banking Group and Allianz Hungaria Group – most significantly the customer base of FHB and Allianz Hungaria – in order to operate their resources in the most effective way.

IV.2. Changes related to financial sector

On 22 July 2010 Parliament passed Bill No. T/581 submitted by the Government on the legislation or amendment of certain economic and financial acts. The Bill passed contains legislative changes in order to limit FX lending, and a special tax (known as the bank tax) payable by financial institutions.

The above mentioned bill comprising of various amendments on financial regulations also includes the possibility of the settlement – based on a separate agreement – with the state after the dividend preferential shares. This legislative change comes into effect on 21 August 2010.

The legislative change limiting FX based mortgage lending mentioned previously at the changes of retail mortgage lending rules section has also been passed by the Parliament as part of the above bill. The changes have come into effect on 14 August 2010 and should be applied to all new mortgage loan contracts after this date.

Depending on the type of business of the entities liable to pay, the special tax base is the adjusted balance sheet total, income from interest and income from fees and commission, adjusted net sales, or, in the case of insurance companies, the amount of premiums earned excluding reinsurance, and in the case of investment managers, the total amount of net asset value of funds managed, in all these cases calculated from the figures of the 2009 financial statements.

The Bill also provides for the financial sector's liability to pay special tax in 2011 and 2012 as well.

For credit institutions the special tax rate is 0.15% of the part of the tax base that does not exceed 50 billion forints, and the part of the tax base above 50 billion forints will be taxed at 0.5%. Tax payment liability in 2010 and must be paid in two equal instalments with due dates of 30 September and 10 December 2010. The established and returned special tax must be reported in profit before tax for 2010.

Declaration

FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) hereby declares that the consolidated financial statements have been prepared in accordance with the applicable accounting standards and its best knowledge, and it does not conceal any fact or information that would be substantial in the judgement of the issuer's position.

The consolidated annual financial statements give a true and fair view of assets, liabilities, financial position and profit of the issuer and its consolidated affiliates, furthermore the consolidated report gives a fair view of the position, development and performance of the issuer and its consolidated affiliates, disclosing the risks and the factors of uncertainty.

FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) hereby declares that the consolidated financial statements have not been audited by an independent auditor.

Budapest, 16th August, 2010

Dániel Gyuris
CEO

Gyula Köbli
Deputy CEO

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 – 30.06.2010

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

Consolidated 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 Életjárdék 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 30 June, 2010 and 30 June, 2009, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2010	30 June, 2009	Change (%)
Interest income	36,676,428	40,272,908	-8.9%
Interest expense	-23,122,619	-29,176,828	-20.8%
Net interest income	13,553,809	11,096,080	22.1%
Fee and commission income	771,765	763,430	1.1%
Fee and commission expense	-198,190	-80,774	145.4%
Profit from FX transactions	-968,784	4,128,139	-123.5%
Profit from changes of fair value of derivatives	563,666	-1,996,599	-128.2%
Gain less losses from securities	315,281	365,330	-13.7%
Other operating income	1,762,481	912,109	93.2%
Other operating expense	-1,175,886	-226,702	418.7%
Operating income	14,624,143	14,961,013	-2.3%
Losses/provisions on loans and impairment	-3,888,200	-2,583,887	50.5%
Operating expenses	-6,911,799	-6,549,400	5.5%
Profit before tax	3,824,144	5,827,726	-34.4%
Taxation expense	-1,030,941	-1,772,378	-41.8%
Profit for the period	2,793,203	4,055,348	-31.1%
Statement of comprehensive income	30 June, 2010	30 June, 2009	Change (%)
Profit for the period	2,793,203	4,055,348	-31.1%
Other comprehensive income			
Cash-flow hedge reserve	-7,004	783,063	-100.9%
Variation in fair value of tradable financial assets	-665,587	421,070	-258.1%
FX reserve	-24,613	3,026	-913.4%
Other comprehensive income with deferred tax	127,792	-134,852	-194.8%
Total comprehensive income	2,223,791	5,127,656	-56.6%

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 – 30.06.2010

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

DESCRIPTION	2010 Q2	2009 Q2	Change (%)
Interest income	17,839,622	20,090,388	-11.2%
Interest expense	-11,125,113	-13,735,454	-19.0%
Net interest income	6,714,509	6,354,934	5.7%
Fee and commission income	422,277	379,742	11.1%
Fee and commission expense	-77,565	-62,882	23.4%
Profit from FX transactions	-759,229	1,717,734	-144.2%
Profit from changes of fair value of derivatives	959,417	-994,045	-196.5%
Gain less losses from securities	-550,912	544,083	-201.2%
Other operating income	892,648	395,542	125.7%
Other operating expense	-606,358	-217,139	179.2%
Operating income	6,994,786	8,117,969	-13.8%
Losses/provisions on loans and impairment	-1,871,807	-1,588,708	17.8%
Operating expenses	-3,605,598	-3,270,218	10.3%
Profit before tax	1,517,381	3,259,043	-53.4%
Taxation expense	-227,568	-656,058	-65.3%
Profit for the period	1,289,813	2,602,985	-50.4%

Statement of comprehensive income	2010 Q2	2009 Q2	Change (%)
Profit for the period	1,289,813	2,602,985	-50.4%
Other comprehensive income	0		
Cash-flow hedge reserve	592,631	-1,996,653	-29.7%
Variation in fair value of tradable financial assets	-671,890	533,771	-225.9%
FX reserve	-24,613	3,026	-913.4%
Other comprehensive income with deferred tax	13,835	379,365	-96.4%
Total comprehensive income	1,199,776	1,522,495	-21.2%

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 – 30.06.2010

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 30 June, 2009 and consolidated, audited data as at 31 Dec, 2009, and consolidated, non-audited data as at 30 June, 2010 according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2010	31 Dec, 2009	30 June, 2009	Change (%) 30 June, 2010/ 31 Dec, 2009
Assets				
Cash	1,084,824	1,099,824	770,028	-1.4%
Due from National Bank of Hungary	3,629,084	2,448,682	6,237,289	48.2%
Placements with other banks	58,688,465	37,973,739	42,319,180	54.6%
Available for trade securities	1,010,232	0	0	-
Available for sale securities and investments	101,045,991	131,021,643	133,980,608	-22.9%
Fair value of derivatives	5,609,790	3,555,210	6,265,794	57.8%
Refinancing of mortgage loans	270,316,658	263,015,031	273,237,054	2.8%
Loans	355,913,233	333,759,479	329,184,651	6.6%
Property for investment	11,164,850	9,560,414	7,405,413	16.8%
Goodwill and intangible assets	2,172,723	2,448,328	2,296,163	-11.3%
Tangible assets	11,803,128	11,317,024	10,589,521	4.3%
Other assets	7,040,873	4,815,560	5,169,285	46.2%
Total Assets	829,479,851	801,014,934	817,454,986	3.6%
Liabilities				
Deposits from banks	29,930,467	26,428,618	16,757,335	13.3%
<i>From this: fair value to P/L</i>	8,624,156	8,137,089	8,197,447	6.0%
Mortgage bond liabilities	428,515,559	438,422,970	485,077,387	-2.3%
<i>From this: fair value to P/L</i>	122,021,482	129,605,045	129,673,329	-5.9%
Bonds issued	68,747,154	52,710,250	57,165,429	30.4%
<i>From this: fair value to P/L</i>	47,808,530	46,998,215	53,233,343	1.7%
Deposits	66,671,838	63,561,587	40,364,261	4.9%
State loan received	115,252,696	138,957,968	140,156,879	-17.1%
Fair value of derivatives	60,812,918	25,057,800	26,116,519	142.7%
Reserve for annuity payment	2,438,992	1,863,914	1,347,239	30.9%
Other liabilities	7,523,321	6,576,120	5,415,755	14.4%
Total Liabilities	779,892,945	753,579,227	772,400,804	3.5%
Share capital	6,600,001	6,600,001	6,600,001	0.0%
Repurchased own shares	-1,618,612	-1,546,021	-1,400,567	4.7%
Share premium	1,709,014	1,709,014	1,709,014	0.0%
General reserve	4,755,736	4,469,502	4,121,034	6.4%
Cash-flow hedge reserve	827,796	833,470	1,762,565	-0.7%
Stock option reserve	0	0	71,261	-
Variation in fair value of tradable financial assets	375,847	914,973	398,278	-58.9%
FX reserve	-3,959	20,654	3,026	-
Retained earnings/(deficit)	36,941,083	34,434,114	31,789,570	7.3%
Total Shareholders' Equity	49,586,906	47,435,707	45,054,182	4.5%
Total Liabilities and Shareholders' Equity	829,479,851	801,014,934	817,454,986	3.6%

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: Other monetary activity
Reporting period: 01.01.2010 – 30.06.2010

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 30 June, 2009 and 30 June, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2010	30 June, 2009
Cash flows from operating activities		
Net profit	2,793,203	4,055,348
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	816,700	743,623
Change of fair value of property for investment	-693,187	-851,536
Provision for losses	5,206,309	3,006,010
Loss/(profit) on sale of fixed assets	16,192	27,776
Stock option reserve	0	-14,529
Share granted	0	0
Derivatives	33,694,864	-2,681,264
Purchased tangible and intangible assets during acquisition	575,078	241,526
Real value of annuity	0	0
FX reserve	-24,613	3,026
Operating profit / (loss) before changes in operating assets	42,384,546	4,529,980
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	-7,301,627	13,375,458
Loans	-26,793,336	-4,955,653
Accrued interest receivable	0	0
Other assets	-2,225,313	54,079
<i>Increase (decrease) in operating liabilities:</i>		
Deposits	3,110,251	6,597,796
Due to other banks	3,033,249	2,295,128
Accrued interest payable	0	0
Other liabilities	380,474	679,762
Net cash used in operating activities	12,588,244	22,576,550
Cash flows from investing activities		
Increase in available for sale securities	29,436,526	-115,166,332
Increase in available for trade securities	-1,010,232	0
Proceeds from sale of property and equipment	-8,260	-8,247
Purchase of property and equipment	-1,035,131	-1,323,440
Purchase of property for investment	-958,990	-573,811
Investment service	47,741	-1,807,974
Purchased subsidiary's net cash-flow	0	0
Net cash used in investing activities	26,471,654	-118,879,804
Cash flows from financing activities		
Sale/(purchase) of own shares	-72,592	-245,849
own shares of prior year	0	0
Long term loans	-23,705,272	0
Long term loans	468,600	140,386,379
Paid dividend	0	0
Cash flow hedge reserve	0	0
Instalment from mortgage bonds	-39,011,676	-27,672,326
Proceeds from issue of mortgage bonds	45,141,170	1,464,170
Net cash from financing activities	-17,179,770	113,932,374
Net increase in cash and cash equivalents	21,880,128	17,629,120
Cash and cash equivalents at beginning of year	41,522,245	31,697,377
Cash and cash equivalents at end of period	63,402,373	49,326,497
Cash and cash equivalents comprises of:		
Cash	1,084,824	770,028
Due from Central Bank	3,629,084	6,237,289
Placements with other banks, with a maturity of less than 90 days	58,688,465	42,319,180
Cash and cash equivalents at end of period	63,402,373	49,326,497
<i>Supplemental information</i>		
<i>Interest received</i>	<i>39,981,204</i>	<i>39,503,403</i>
<i>Interest paid</i>	<i>-45,742,601</i>	<i>-31,080,607</i>
<i>Tax paid</i>	<i>-353,931</i>	<i>-419,454</i>

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 – 30.06.2010

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 30 June, 2009 and 30 June, 2010 and audited, consolidated data as at 31 December, 2009, 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
30 June, 2009	6,600,001	-1,400,567	1,709,014	4,121,034	1,762,565	71,261	398,278	3,026	31,789,569	45,054,182
Transfer to general reserve				348,468					-348,468	0
Total comprehensive income					-929,095		516,695	17,628	2,993,013	2,598,241
Own shares purchase		-145,454								-145,454
Shares granted										0
Creation of stock option reserve						-71,261				-71,261
31 December, 2009	6,600,001	-1,546,021	1,709,014	4,469,502	833,470	0	914,973	20,654	34,434,114	47,435,707
Transfer to general reserve				286,234					-286,236	0
Total comprehensive income					-5,674		-539,126	-24,613	2,793,203	2,223,791
Own shares purchase		-72,592								-72,592
Shares granted										0
Creation of stock option reserve										0
30 June, 2010	6,600,001	-1,618,612	1,709,014	4,755,736	827,796	0	375,847	-3,959	36,941,083	49,586,906

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 – 30.06.2010

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

Loans

(consolidated, non-audited data as at 30 June, 2009 and 30 June, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2010	30 June, 2009
Real estate purchase	120,388,222	119,761,114
Real estate construction	49,562,577	50,857,819
Real estate reconstruction	4,733,797	4,419,115
Real estate extension	9,929,206	10,468,961
Other loans secured by real estate	156,429,239	137,808,253
Loans secured by non real estate	18,268,962	3,816,835
Employee loans	2,446,393	2,113,644
Leasing	1,970,323	-
Other	6,505	-
Loans, gross	363,735,224	329,245,742
from this: retail loans	319,827,222	301,122,803
other	43,908,002	28,122,939
Loan loss provision	-12,032,934	-4,078,709
Accrued interest	2,590,901	1,924,357
Amortised cost	1,620,043	2,093,261
Loans, net	355,913,233	329,184,651

Mortgage bonds

(consolidated, non-audited data as at 30 June, 2009 and 30 June, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	30 June, 2010		30 June, 2009	
Non-listed mortgage bonds				
Fixed	160,688,073	160,449,560	160,099,268	159,911,991
Floating	39,677,259	41,455,550	67,832,847	69,141,285
Listed mortgage bonds				
Fixed	109,901,874	109,401,800	131,376,254	133,157,745
Floating	108,330,310	108,691,184	114,223,212	114,566,283
Accrued interest	9,918,044		11,545,806	0
Total	428,515,560	419,998,094	485,077,387	476,777,304

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 – 30.06.2010

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 current year			End of reporting period			Beginning of current year			End of reporting period		
	(01.01.2010.)			(30.06.2010.)			(01.01.2010.)			(30.06.2010.)		
	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutional / company	36.91	64.51	41,394,763	68.43	70.45	45,166,823	62.72	64.51	41,394,763	68.43	70.45	45,166,823
Foreign institutional / company	16.47	28.79	18,473,958	20.74	21.35	13,685,421	27.99	28.79	18,473,958	20.74	21.35	13,685,421
Domestic private individuals	1.32	2.31	1,484,433	3.69	3.80	2,434,521	2.25	2.31	1,484,433	3.69	3.80	2,434,521
Foreign private individuals	0.02	0.04	24,255	0.04	0.04	25,469	0.04	0.04	24,255	0.04	0.04	25,469
Employees, executives	0.07	0.12	78,437	0.12	0.13	82,112	0.12	0.12	78,437	0.12	0.13	82,112
Treasury shares	1.63	0.00	1,829,864	2.87	0.00	1,891,364	2.77	0.00	1,829,864	2.87	0.00	1,891,364
State ⁴	2.42	4.23	2,714,300	4.11	4.23	2,714,300	4.11	4.23	2,714,300	4.11	4.22	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	41.15	0.00	46,153,99	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	1	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
TOTAL	100.00	100.00	112,154,010	100.00	100.00	66,000,010	100.00	100.00	66,000,010	100.00	100.00	66,000,010

¹ If 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.

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: Other monetary activity
 Reporting period: 01.01.2010 - 30.06.2010

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 current year (1 January 2010)	End of reporting period (30 June 2010)
Bank	69	71
Consolidated	575	598

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.	3,000
IT	Dr. Christian Rienert	Member	29.04.2008.	29.04.2013.	0
IT	Gyula Köbli	Member, CFO	21.04.2010.	29.04.2013.	0
IT	Tamás Foltányi	Member, CIO	21.04.2010.	29.04.2013.	12,000
IT	Tamás Vojnits	Member	21.04.2010.	29.04.2013.	675
FB	Csaba Lantos	Chairman	29.04.2009.	29.04.2014.	0
FB	Róbert Somfai	Member	29.04.2008.	29.04.2013.	5,000
FB	Enikő Mártonné Uhrin	Member	21.04.2010.	21.04.2015.	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
Shares held (pcs) TOTAL:					82,112

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: Other monetary activity
Reporting period: 01.01.2010 – 30.06.2010

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);
- Interim management reports, 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);
- Announcement of FHB Plc regarding to the decision of repurchase the special dividend rights shares held by the Hungarian State
- Announcement of FHB Plc. regarding to the long term exclusive strategic cooperation between FHB Banking Group and Allianz Hungaria Group and the acquisition of Allianz Bank by FHB
- Proposals submitted to the AGM and invitation to the AGM.
- Shareholders' announcements regarding acquisition of holdings

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

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