



FHB Mortgage Bank Plc

Interim management report
for the third quarter of 2010

Budapest, 16th, November, 2010

Interim management report of FHB Mortgage Bank for the third quarter of 2010

This report of FHB Mortgage Bank Public Company Limited by Shares for the third quarter 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 September 2009, 30 June 2010, and as of 30 September 2010. During the preparation of this report, the accounting policy and calculation methods applied were 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 September 2010 were over 3.6 billion forints, 53.6% lower than the same period of the prior year (7.8 billion forints). Earnings before taxation without the 1,711 million forints effect of special banking tax (which is three-fourth of the total amount for 2010) were 5.3 billion forints, which is 31.8% lower than in the same period in 2009.

The **average net interest margin** increased by 19 basis points year-on-year to 3.31%, from 3.12% as of 30 September 2009. Over the past quarter, net interest margin has decreased by 12 basis point.

The Bank's consolidated balance sheet total was up by 2.5%, from 786.6 billion forints to **806.3 billion forints year-on-year**, the decrease was 2.8% in Q3 2010 from the 829.5 billion forints at 30 June, 2010.

The Group's consolidated **cost-income ratio was 61.1%** in Q3 2010, while it was 43.7% in the same period of 2009. The increase was mainly caused by the special banking tax.

Shareholders' equity was over 51.6 billion forints as of 30 September 2010 as a result of a **12.9% year-on-year increase**.

Retail mortgage lending

Changes in legislative environment of mortgage lending

On 25 October 2010 Parliament adopted a package of seven proposals to alleviate the difficulties of FX-denominated home mortgage borrowers. The main components of the package are as follows:

1. Prohibition of making unilateral changes to contracts to the disadvantage of clients;
2. Ban on unjustified interest-rate increase;
3. Compulsory use of currency mid-rate when computing repayment;
4. Free early repayment;
5. Automatic extension of the maturity of loans by up to five years upon the debtor's request;
6. Prohibition of banks to charge penalty interest-rates or any extra fines in case of default;
7. The planned measures would not apply either to properties purchased for business purposes or second or third homes.

Amendment of certain financial acts will only concern home mortgage, loan and lease agreements concluded with private individual borrowers. After two years into the loan term the debtor will be entitled to free early repayment once in every five years. Home mortgage debtors will also be entitled to free extension of maturity once in every five years.

Some of the provisions of the amendment will enter into effect in late November, the rest in mid-December.

According to the amendment, when extending FX loans or loans disbursed in FX but repaid in HUF financial institutions must apply their currency mid-rate or, in the absence of such, or to their discretion, the National Bank of Hungary's official mid-rate. Financial institutions must lay down the method of HUF-FX conversion in their Business Rules as well as the date of calculation of the HUF amount.

Debtors who have fallen in default after modification of their terms shall have to pay late interest and additional charges for only 90 days; after that, they will revert to paying the "regular" interest and banking charges. In the case of contracts terminated earlier the 90-day period shall start on the day the act enters into effect.

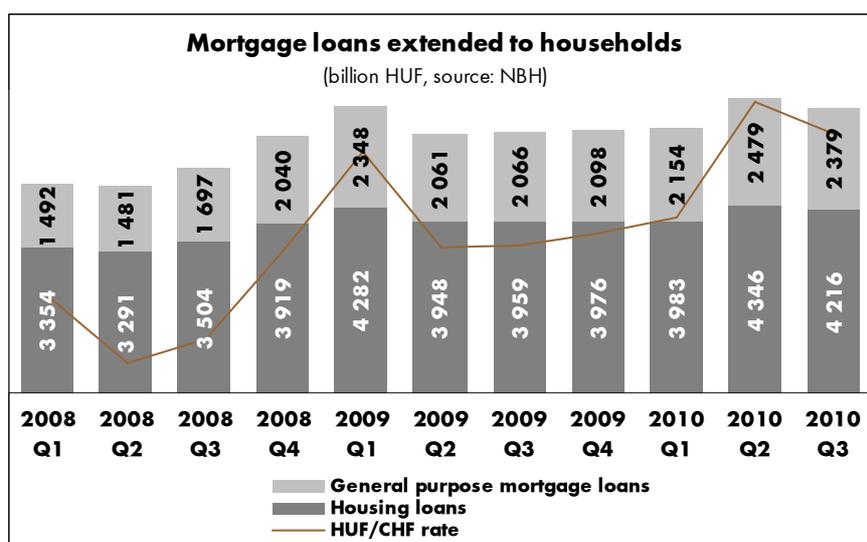
Most of the above measures will not affect FHB's future income as unilateral changes to contracts, including raising interest rates, have been rigorously regulated by the Bank's Code of Conduct. On the other hand, some loss of income from commissions and financial transactions will be suffered as a result of the mandatory application of mid-rates and making early repayment free of charge.

Retail mortgage loan market

According to National Bank of Hungary figures, retail loan portfolio amounted to 6,595.8 billion forints as of 30 September 2010, achieving a 229.1 billion forints (or 3.4%) fall compared to the previous quarter's figure with a year-on-year increase of 571.6 billion forints (or 9.5%). The year-on-year growth falls 30.5% behind than the 823.1 billion forints growth achieved in 2009. Disregarding the impact of exchange rates fluctuation the year-on-year shrinkage of the retail mortgage loans portfolio was 28.9 billion forints, or 0.4% (at 30 September 2010 rate). Year-on-year change was -108.2 billion forints (or -1.6%).

The FX-denominated portfolio shrank 286.5 billion forints compared to the Q2 of 2010 figure but grew 487.3 billion forints year-on-year due to the impact of sharp exchange rate movements. (The annual growth up to 30 September 2009 was almost double the figure, 869.6 billion forints.)

The forint-based loan portfolio grew minimally, by 84.3 billion forints compared to the same quarter of the reference year and 57.4 billion forints compared to the previous quarter's figure. At the end of Q3 the total amount of retail mortgage loans was 4,952.8 billion forints, 75.1% of which was disbursed in foreign exchange as opposed to 1,642.9 billion forints HUF loans, virtually stagnating in 2010. FX loans contributed 74.1% in 2009; the change is due mainly to exchange rate volatility.



Year-on-year growth in housing loans extended to households decreased by 3.0% or 129.3 billion forints. The annual growth was 257.7 billion forints, 43.3% less than the 2009 figure of 454.3 billion forints. The average monthly growth in Q1-Q3 of 2010 was 27 billion forints and showed a substantial volatility.

Of the 487.3 billion forints year-on-year increase in FX-based loans 43.7% was greatly contributed by soaring general-purpose mortgage loans. As of 30 September 2009 2,021 billion forints general-purpose mortgage loans contributed 45.3% to total FX retail mortgage loans and stayed at 45.1% at the end of the reported period. General-purpose mortgage loans contributed 54.9% to the year-on-year expansion of the retail loan portfolio.

The increase in the portfolio of general-purpose loans to retail customers was only 1.2% in Q1-Q3 of 2009 followed by a 13.4% increase in Q1-Q3 of 2010 (and 0.5% excluding exchange rate impacts), with year-on-year increase at 25.2% (or 0.3% excluding exchange rate impacts). As of 30 September 2010 93.9% of general-purpose mortgage loans were FX loans; the total portfolio value was 2.379.5 billion forints. General-purpose mortgage loans contributed 71.7% to total consumer loans as of 30 September 2010 as opposed to 67.6% in the reference period.

Own lending

At 30 September, 2010, the gross amount of loans sold by the FHB Group was 351.6 billion forints, 3.0% above the 31 December 2009 figure (341.2 billion forints), and 4.4% below the 30 June, 2010 figure (367.9 billion forints). The year-on-year increase was 6.2% from the 30 September, 2009 figure (331.2 billion forints).

No major change has occurred in the breakdown of the Group's products since 30 September 2009 or 31 December 2009. Retail loans continue to dominate within the loan portfolio with a contribution exceeding 90%, though keener business activity resulted in a gradual rise in loans to corporate customers. As of 30 September 2010, 59.3% of outstanding loans were denominated in FX, exceeding the 57.1% year-end of 2009 and approaching the 60.2% achieved in Q2 of 2010.

Loans to retail customers were 3.2% (or 9.7 billion forints) up year-on-year and was up by 4.0% compared to 31 December 2009. In terms of structure, 57.1% of the retail loans portfolio is contributed by housing loans. The second biggest contribution is from general-purpose loans with 38.0%. As of 30 September 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 36.0% respectively. Mortgage loans extended to senior citizens achieved 2.5 billion forints as of 30 September 2010, 0.5 billion forints up year-on-year.

The corporate lending business started strengthening in 2009 but the process came to a halt in Q1-Q3 of 2010. The portfolio of corporate loans rose from 31.4 billion forints as of 30 June 2009 by 4.9 billion forints year-on-year, and dropped by 2.2 billion forints compared to the 31 December 2009 figure. The growth was contributed mainly by the SME business. The portfolio of housing project loans dropped by 0.4 billion forints, while commercial real estate financing loans dropped by 0.7 billion forints year-on-year.

Refinancing

As of 30 September 2010 the portfolio of refinanced loans dropped by 3.2%, or 8.6 billion forints year-on-year and amounted to 257.6 billion forints. Compared to the 263.0 billion forints realized as of 31 December 2009, the portfolio decreased by 5.4 billion forints or 2.1% mainly as a result of repayments.

FHB Commercial Bank Ltd.

Excluding loans extended to other FHB Group members, gross loans extended by the Commercial Bank exceeded 126.5 billion forints and the portfolio increased by 21.7% over the year. The portfolio achieved 13.4 billion forints growth compared to the 31 December 2009 value, mainly as a result of the growth in retail loans (15.0 billion forints). The corporate loan portfolio grew by 1.6 billion forints in Q1-Q3 of 2010.

The retail loan portfolio was 112.1 billion forints as at 30 September, 2010. Corporate loans were in excess of 14.3 billion forints at the end of Q2 2010 and multiplied over the year, achieving a contribution of 11.3%. Portfolio growth was mainly based on the achievement of the SME lending business.

The number of retail current accounts was near to 49.4 thousand as of 30 September 2010, 27.3% above the Q4 2009 and 43.5% above the Q3 2009 figure. The balance of retail and corporate deposits was 82.4% above the Q3 2009, and contributed 10.1% at 2010 Q3 to total interest bearing liabilities, while the level was 5.5% as of 30 September 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 September 2010 FHB Annuity signed annuity contracts amounting to 11.5 billion forints, from which 1.9 billion forints in 2010. The reported period's achievement increased by 20.9% from the 1.4 billion forints achieved in the same period of 2009. Annuity payments since the launch of the product have amounted to 3.7 billion forints with 661 million forints disbursed in 2010.

On 22 September 2010 Mr. András Hodorics, CEO of FHB Annuity Ltd. resigned from his position and submitted his notice to quit as of 30 September 2010. The Supervisory Board of FHB Annuity Ltd. appointed Mr. Dániel Lontai as CEO for a definite term of six months as of 22 September 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 Q1-Q3 of 2010 lease financing amounted to 688 million forints and as a result the leasing portfolio rose to 2.0 billion forints as of 30 September 2010.

Mortgage bond issues and funding

The performance of international stock markets surpassed expectations in Q3 of 2010, and mortgage bond issues also gained momentum mainly from mid-August. On the other hand, the Hungarian market still showed signs of hesitation as both foreign and domestic investors were waiting to have a clearer picture of the new government's economic policy. However, instead of reliable economic policy guidelines only speculations and fiction were propagated before the local elections in early October.

FHB's investors participated in the published auctions with varying intensity, while the NBH continued with its mortgage bond purchase programme. The Bank's bonds sold at auctions in addition to mortgage bonds broke records in Q3 and approached 30 billion forints while at the same time interest premium dropped compared to both government bonds and covered mortgage bonds.

No auction took place in July; the Bank had two public subscriptions in the same month. The bonds issued to retail investors carry a floating-rate coupon set to treasury bonds and amount to a nominal value of 2 billion forints. The five-year maturity bonds of a total nominal value of 9 billion forints were basically subscribed by institutional investors.

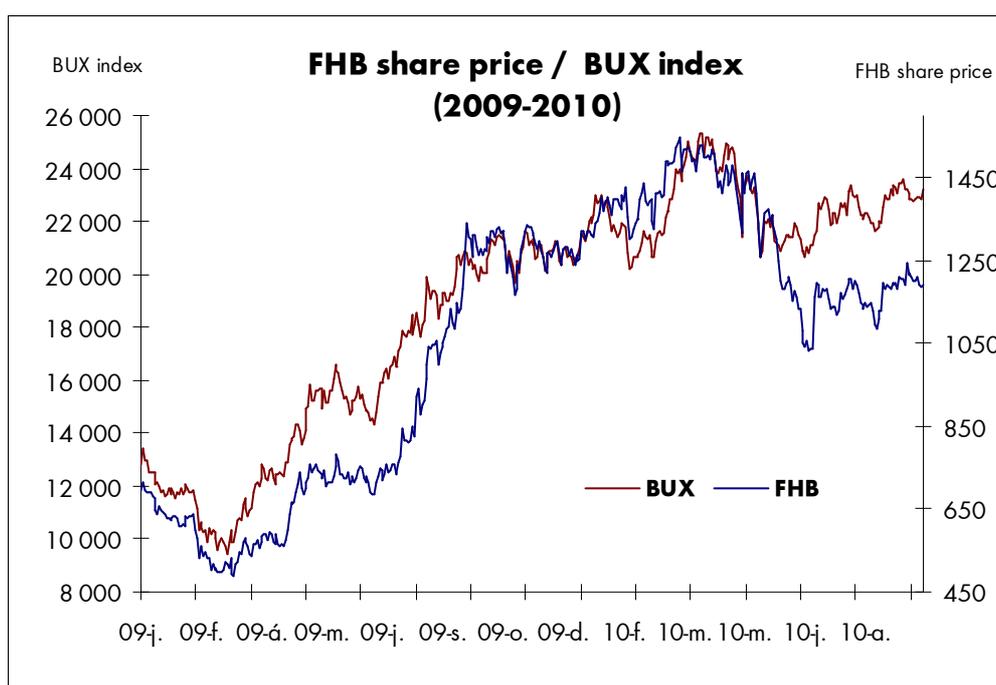
In August and September FHB continued with its auctions. In August the Bank offered the covered mortgage bond series FJ15NF01 to investors along with the senior unsecured bonds FK13NF01 and FK15NF01. For the first time the auction manager was FHB Commercial Bank Ltd.

The Mortgage Bank accepted offers amounting to approximately 16.3 billion forints nominal value at the August auction. The September auction was closed with an equally good result: 8.5 billion forints were sold of the five-year CMB, and 2.2 billion forints of the unsecured bond maturing in 2013.

New funds involved by the Bank in Q3 by mortgage bond and unsecured bond issues amounted to 40.0 billion forints and totalled 92.2 billion forints in Q1-Q3. In Q2 of 2010 the Bank repurchased almost 13.7 billion forints total nominal value of its securities in the framework of its active A/L management. No repurchase took place on Q3. Repayments amounted to approximately 23.9 billion forints in Q2 and 38.8 billion forints in Q3.

The daily average trading of FHB Mortgage Bank's shares on the stock exchange in the third quarter of 2010 was somewhat above 46 million forints and totalled 3 billion forints, somewhat down from the Q2 figures (72 million and 4.6 billion forints respectively) and more markedly down year-on-year (118 million and 7.6 billion forints respectively).

In terms of capitalisation, FHB is 6th in the rank of "A" rate listed companies and contributes 1.34% to the aggregate capitalisation of the BSE. As of 30 September 2010 FHB's weight in the BUX index was 1.44% (6th biggest in the basket), and retained its 2nd place with a weight of 12.05% in BUMIX, the index of share prices of mid and smallcap companies.



The price of FHB Mortgage Bank's shares increased by 12.8%, from 1,055 forints as of 30 June 2010 to 1,190 forints as of 30 September 2010.

In Q3 of 2010 the official BUX index was up by 10.4%. The upward trend of BUMIX was stronger, achieving a 11.7% growth in Q3 of 2010.

As of 30 September 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 2009, 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 Q1-Q3 of 2010 the main changes in the legislative environment concerning the Group were as follows:

Act XC of 2010 on the Amendment of Certain Act Pertaining to the Economy and Finance

This Act provides for, among others, the amendment of Act LIX of 2006 on the Special Tax and Bankers' Contribution Intended to Improve the Balance of Public Finances (the bank tax).

The Bill provides for a special tax (known as the bank tax) payable by financial institutions. Depending on the type of business of the entities liable to pay, the special tax base is the adjusted balance sheet total, interest income and fees and commission income, 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 Act provides for the full amount of special tax payable for 2011; detailed terms of payment shall be set forth in a special legal regulation.

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. 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 598.0 as of 30 September 2010, 22.8 more than the 575.2 staff as of 31 December 2009 and 6.1% up from the Q3 2009 figure of 563.5. As of 30 September 2010, branch staff was 153.9 (144.1 in Q4 2009) and that of headquarters was 444.1 (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 September 2010: FHB Mortgage Bank Plc. 67.0, FHB Commercial Bank Ltd. 280.4, FHB Services Ltd. 209.4, FHB Annuity Ltd. 10.0, FHB Real Estate Ltd. 12.5, CEC Hungary Ltd. 11.7, and Pomo Group 7.1.

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.

Mr. Dániel Gyuris resigned of his membership of the Board of Directors of FHB Mortgage Bank Plc. with effect from 22 October 2010, and his employment as CEO was terminated by mutual consent as of the same day. Mr. Gyuris resigned from all of his positions in FHB Group companies with the same effective date.

After Mr. Gyuris' resignation the Board of Directors appointed Mr. László Harmath and Mr. Gyula Köbli to act as CEOs of FHB Mortgage Bank Plc. as of 22 October 2010. They shall act as joint CEOs of FHB Mortgage Bank Plc. and will keep their respective positions and duties held in other FHB Group companies.

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 2.5%, from 786.6 billion forints to 806.3 billion forints. The increase was generated by the growth of the interbank loans and own loans.

Shareholders' equity grew by 12.9% year-on-year to reach 51.6 billion forints at the end of September, 2010, due primarily to an increase in retained earnings.

After tax profit were near to 3.1 billion forints in Q1-Q3 of 2010, 44.2% down from the reference period figure.

Key financial indicators	Consolidated figures by IFRS		
	30 Sept 2009	30 Sept 2010	30 Sept 2010. / 30 Sept 2009
Balance sheet total (HUF million)	786,560	806,268	2.5 %
Book value of loans (HUF million)	595,587	597,148	0.3 %
Book value of mortgage bonds (HUF million)	454,301	411,079	-9.5 %
Bonds issued (HUF million)	58,710	86,857	47.9 %
Shareholders' equity (HUF million)	45,707	51,607	12.9 %
Earnings before taxation (HUF million)	7,840	3,639	-53.6 %
Earnings before taxation excluding special banking tax (HUF million)	7,840	5,350	-31.8 %
After tax profit (HUF million)	5,498	3,070	-44.2 %
After tax profit excluding special banking tax (HUF million)	5,498	4,781	-13.0 %
Net interest margin (NIM)	3.12%	3.31%	+19 bp
EPS (HUF)*	114	64	-43.9 %
P/E (share price/EPS)	11.5	18.6	61.8 %
P/BV (share price/equity/number of shares)	1.89	1.52	-19.5 %
ROAA (return on average assets)	1.0%	0.5%	-47.1 %
ROAA (without special banking tax)	1,0%	0,8%	-22,9%
ROAE (return on average equity)	16.8%	8.3%	-50.5 %
ROAE (without special banking tax)	16,8%	13,0%	-17,6%

*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 Q3 (July-Sept)	2010 Q2 (Apr-June)	2010 Q3 (July-Sept)	2010 Q3/ 2009 Q3	2010 Q3/ 2010 Q2
Net interest income	6,653	6,715	6,323	-5.0%	-5.8%
Net fees and commission income	321	345	271	-15.7%	-21.4%
Net profit from financial transactions	-144	-351	-1,196	-	-
Other income and expenditure	828	286	69	-91.6%	-75.6%
Gross operating income	7,658	6,995	5,467	-28.6%	-21.8%
Operating expenses	-3,330	-3,606	-5,365	61.1%	48.8%
Net operating income	4,328	3,389	102	-97.6%	-97.0%
Losses from lending and impairment	-2,316	-1,872	-288	-87.6%	-84.6%
Profit before taxation	2,012	1,517	-186	-	-
Profit before taxation without special bank tax	2,012	1,517	1,525	-24.2%	0.1%
Taxes	-570	-228	463	-	-
After tax profit	1,443	1,290	277	-80.8%	-78.5%
After tax profit without special bank tax	1,443	1,290	1,988	37.8%	54.1%

The Bank's consolidated **after-tax profit by IFRS amounted to 0.3 billion forints** in Q3 of 2010, 78.5% down from the Q2 of 2010 figure and 80.8% below the Q3 of 2009 figure. **After-tax profit in Q3 of 2010 was -0.2 billion forints.**

Excluding the special bank tax, the Bank's **consolidated after-tax profit by IFRS amounted to 2.0 billion forints** in Q3 of 2010, 54.1% up from the Q2 of 2010 figure and 37.8% higher than the Q3 of 2009 figure. **After-tax profit in Q3 of 2010 was 1.5 billion forints.**

Data in HUF million

DESCRIPTION	2009 (Jan-Sept)	2010 (Jan-Sept)	2010/ 2009
Net interest income	17,750	19,876	12.0%
Net fees and commission income	1,004	844	-15.9%
Net profit from financial transactions	2,353	-1,286	-
Other income and expenditure	1,513	657	-56.6%
Gross operating income	22,619	20,090	-11.2%
Operating expenses	-9,879	-12,276	24.3%
Net operating income	12,740	7,815	-38.7%
Losses from lending and impairment	-4,900	-4,176	-14.8%
Profit before taxation	7,840	3,639	-53.6%
Profit before taxation without special bank tax	7,840	5,350	-31.8%
Taxes	-2,342	-568	-75.7%
After tax profit	5,498	3,070	-44.2%
After tax profit without special bank tax	5,498	4,781	-13.0%
EPS	114.0	64.0	-43.9%
Deluted EPS	114.0	64.0	-43.9%

As of 30 September 2010, **consolidated after-tax profit by IFRS amounted to nearly 3.1 billion forints**, 44.2% less than the Q3 of 2009 figure. **Earnings before taxation were 5.4 billion forints**, 31.8% above the EBT achieved in 2009.

Net interest income

Net interest income was 6.3 billion forints in the third quarter of 2010, 5.0% down from the performance achieved in the reference period of last year (6.7 billion forints) and 5.8% below the Q2 of 2010 figure. The net figure emerged as a balance of 19.4 billion forints interest income (6.3% below the Q2 of 2010 figure and 8.6% higher than the Q2 of 2010 achievement) and 13.1 billion forints interest expenditures (7.0% down from the Q3 of 2009 figure and 17.3% above the Q2 of 2010 figure).

Net interest income in Q1-Q3 of 2010 was 19.9 billion forints, 12.0% up from the Q1-Q3 of 2009 achievement (17.7 billion forints). The net figure emerged as a balance of 56.0 billion forints interest income (8.1% below the 61.0 billion forints achieved in Q1-Q3 of 2009) and 36.2 billion forints interest expenditure (16.3% less than the 43.2 billion forints achieved in 2009).

In Q3 of 2010, 42.9% of interest income was contributed by interest income on own lending (compared to 44.6% in Q2 of 2010 and 39.3% in the reference period of 2009), and 25.5% was contributed by interest income on refinanced loans (compared to 28.8% in Q2 of 2010 and 27.4% in the reference period of 2009). The aggregate interest income on interbank loans and

securities contributed 9.5% (as opposed to 9.7% in Q2 of 2010 and 17.3% in the reference period of 2009), owing to the shrinking securities portfolio. The contribution of interest income on derivatives was 22.0% to total interest income (compared to 16.8% in Q2 of 2010 and 16.0% in the reference period of 2009).

In Q1-Q3 of 2010, 43.6% of interest income was contributed by interest income on own lending (compared to 40.8% in Q1-Q3 of 2009), 27.4% was contributed by interest income on refinanced mortgage loans (compared to 28.2% in Q1-Q3 of 2009). The combined interest income on interbank loans and securities contributed 9.7%, down from the 11.1% achieved in the reference period of 2009. The contribution of interest income on derivatives was 19.2%, approximately the same as the 19.9% contributed in Q1-Q3 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 22.0% in Q3 of 2009, 23.1% in Q2 of 2010, and 20.8% in Q3 of 2010. In Q1-Q3 of 2009 interest subsidy contributed 22.8% to interest income. The same figure was 22.1% in Q1-Q3 of 2010.

As regards interest expenditure in Q3 of 2010, 56.9% was incurred in conjunction with CMBs, and 3.7% was contributed by interest expense on unsecured bonds. The contribution of interest paid on interbank loans received was 3.4%; the contribution of interest paid on deposits was as much as 5.5%, and that of derivative hedges was 22.1%. Interest paid on mortgage bonds contributed 45.2% in Q2 of 2010 as opposed to 47.5% in Q3 of 2009. Interest paid on bonds contributed 22.5% in Q2 of 2010 and dropped to 16.1% in Q3 of 2010. Interest expense on derivatives contributed 13.7% to expenditure on interest in Q2 of 2010 and 24.3% in the reference quarter of 2009. In Q3 of 2009, interest paid on deposits contributed 5.6% as opposed to 7.5% in Q2 of 2010.

Interest paid on the State loan amounted to 1.1 billion forints in Q3 of 2010 and contributed 8.4% to interest expense. In Q3 of 2009 the figure was 17.2% and it was 9.6% in Q2 of 2010.

The breakdown of interest expenditure showed a varied picture in Q1-Q3 of 2010 compared to 2009. In Q1-Q3 of 2009, 51.3% was incurred in conjunction with mortgage bonds, the contribution of interest paid on interbank borrowings was minimal (0.7%), interest paid on deposits contributed 7.0%, interest paid on derivative transactions contributed 24.5%, and interest paid on the State loan contributed 7.7% to interest expenditure. The breakdown in 2010 was mortgage bonds 51.4%, interest paid on bonds 11.3%, interbank borrowings 1.5%, interest paid on deposits 7.0%, derivatives 19.3%, and interest expenditure on the State loan contributed 8.8%

Of the item of interest expense, in the Q1-Q3 of 2010 9.5 billion forints were related to the funding of own loans and 9.1 billion forints to refinanced loans. In the same period of 2009, 10.7 billion forints were related to the funding of own loans and 11.4 billion forints to refinanced loans.

Of the item of expenditure on interest, in Q1-Q3 of 2010, 9.5 billion forints were related to financing own loans and 9.1 billion forints to refinanced loans. in Q1-Q3 of 2009, 10.7 billion

forints of interest expenditure were related to financing own loans and 11.4 billion forints to refinanced loans.

The average net interest margin (NIM) was 3.31% as of 30 September 2010 and 3.43% as of 30 June 2010 compared to 3.12% in Q1-Q3 of 2009. Average NIM increased over the reference figure due mainly to reducing funding costs and a gradual change in the breakdown of liabilities.

Net fees and commission income

In Q2 of 2010, the Bank achieved a positive balance of 345 million forints of income from, and expenditures on, commissions and fees; the Q3 of 2010 achievement was higher in comparison, achieving 271 million forints. This is 15.7% below the 321 million forints achieved in Q3 of 2009. In Q3 of 2010, net fees and commission income contributed 4.6% to gross operating profit.

Fees and commissions income in Q3 of 2010 was 373 million forints, 40.1% of which was contributed by early repayment charges (37.9% in Q2 of 2010 and 34.7% in Q3 of 2009), 16.5% by handling fees (14.9% in Q2 of 2010 and 20.0% in Q3 of 2009), and 21.5% by accounts and card related banking charges (16.2% and 13.4% respectively). Other line items include other service and contracting fees charged to customers. In Q3 of 2010, fees related to covered mortgage bond issues contributed 29.1% to fees and commissions expenditures, card related fees contributed 12.5%, and commissions paid to acquisition agents contributed 41.6%; the remaining items are typically fees paid to other financial institutions and organizations.

In Q1-Q3 of 2010, net fees and commissions income amounted to 844 million forints, 15.9% short of the 1.004 million forints achieved in the reference period. Net fees and commissions income contributed 4.1% to gross operating profit in Q1-Q3.

Net fees and commissions income in Q1-Q3 of 2010 was 1.145 million forints, almost half of which (41.3%) was contributed by early repayment charges, 16.6% by handling fees, and 18.7% 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 unsecured bond issues contributed 42.7% to fees and commissions expenditures, agents' fees contributed 32.7%, card related fees were 10.7%, and the remaining items are typically fees paid to other financial institutions and clearing houses.

Net profit from financial transactions

In Q3 of 2010 the balance of financial transactions was 1.196 million forints loss after the 351 million forints loss incurred in Q2 of 2010 and -144 million forints in Q3 of 2009. The Q1-Q3 of 2010 balance was 1.3 billion forints loss as opposed to 2.4 billion forints profit in Q1-Q3 of 2009. The Q1-Q3 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 665 million forints in Q3 of 2010. The overall achievement is considerably better than the 2009 reference figure (4.2 billion forints loss) and the 759 million forints loss generated in Q2 of 2010. The Q1-Q3 of 2010 loss was 1.6 billion forints, considerably better than the 4.1 billion forints loss incurred in Q1-Q3 of 2009.

Changes in the fair value of securities reported at fair value against earnings was 0.4 billion forints loss in Q1 of 2010 and the Q1-Q3 achievement was approximately the same profit, thus, after the Q2 of 2010 profit of approximately 1.0 billion forints, Q3 closed with a loss of 1.0 billion forints. The Q1-Q3 of 2010 figure was considerably poorer than the 4.2 billion forints profit achieved in Q1-Q3 of 2009.

In Q3 of 2010, securities transactions generated a profit of 471 million forints. Added to the 866 million forints loss scored in Q1 and the 551 million forints loss in Q2 of 2010, the profit on this item in Q1-Q3 of 2010 was 786 million forints. In Q3 of 2009 the same item achieved a profit of 112.8 million forints, and the Q1-Q3 of 2009 profit amounted to 252.5 million forints. The figure emerged as a balance of exchange gains and losses on CMBs and bonds issued and repurchased during the year as well as that on bonds available for sale.

Other income

In Q1-Q3 of 2010 the balance of other income and expenditure was 656 million forints, arising from 2.1 billion forints income net of 1.5 billion forints expenditure. As of 30 September 2009 the balance of other income and expenditure was 1,513 million forints. In Q1-Q3 of 2010, the item of other income and expenditure contains 1,803 million forints related to the business of FHB Annuity Ltd., which includes income from adjustment the value of real estate passed into FHB Annuities' ownership to market value. Of the remaining items 52 million forints was an one-time income related to the CEC acquisition. On the other expenditures side, 88.6% was contributed by the aggregate 1,320 million forints from revaluation of annuity payment liabilities (admission of new commitments and change in the fair value of existong commitments). The same item was 1.1 billion forints (82.2%) in Q1-Q3 of 2009.

Operating expenses

Data in million HUF

DESCRIPTION	2009 Q3 (July-Sept)	2010 Q2 (Apr-June)	2010 Q3 (July-Sept)	2010 Q3/ 2009 Q3	2010 Q3/ 2010 Q2
General administrative costs	2,669	2,982	3,050	14.3%	2.3%
Personnel expenses	1,309	1,368	1,408	7.6%	2.9%
- wages	904	912	955	5.6%	4.7%
- other personnel expenses	104	185	167	62.0%	-9.0%
- social security expenses	301	272	285	-5.4%	4.7%
Administrative costs	1,360	1,614	1,642	20.7%	1.7%
Taxes paid	217	205	1,902	774.9%	829.2%
- special bank tax	0	0	1,711	-	-
Depreciation	389	419	413	6.3%	-1.3%
TOTAL OPERATING EXPENSES	3,275	3,606	5,365	63.8%	48.8%
TOTAL OPERATING EXPENSES WITHOUT SPECIAL BANK TAX	3,275	3,606	3,654	11.6%	1.3%

Operating costs amounted to 5.4 billion forints in Q3 of 2010, 48.8% in excess of the Q2 of 2010 level and 63.8% above the Q3 of 2009 figure. The increase was primarily contributed by the 1.7 billion advance on the special bank tax in Q3 of 2010, which is three-fourth of the total amount payable in 2010. Excluding the bank tax, the increase was 11.6% over Q3 of 2009 and 1.3% over Q2 of 2010. Cost-to-income ratio (CIR) was 43.7% as of 30 September 2009. This item was 47.3% in Q2 of 2010 and achieved 61.1% as of 30 September 2010, and grew to 52.6% even excluding the bank tax.

The weight of taxes also affected the breakdown of costs, which changed substantially compared to preceding quarters. The contribution of personnel expenses in Q3 of 2010 was 26.2% compared to 39.9% in Q3 of 2009 and 37.9% in Q2 of 2010. There was a 2.9% increase in personnel expenses compared to the previous quarter's figure and a 7.6% increase over the Q3 of 2009 figure. In Q3 of 2010 other administrative costs were 20.7% up from the Q3 of 2009 figure and were 1.7% higher than the Q2 of 2010 figure. There is a slight downward change in the contribution of this item to operating costs, from 41.5% in Q3 of 2009 to 30.6% by the end of the reported quarter.

Data in million HUF

DESCRIPTION	2009 (Jan-Sept)	2010 (Jan-Sept)	2010/ 2009
General administrative costs	8,086	8,736	8.0%
Personnel expenses	4,008	4,080	1.8%
- wages	2,738	2,769	1.1%
- other personnel expenses	332	484	45.6%
- social security expenses	938	827	-11.8%
Administrative costs	4,078	4,656	14.2%
Taxes paid	661	2,310	249.5%
- special bank tax	0	1,711	-
Depreciation	1,132	1,230	8.6%
TOTAL OPERATING EXPENSES	9,879	12,276	24.3%
TOTAL OPERATING EXPENSES WITHOUT SPECIAL BANK TAX	9,879	10,565	6.9%

The Bank's operating costs amounted to 12.3 billion forints in the course of Q1-Q3 of 2010 as opposed to 9.9 billion forints in the reference period of 2009. The increase is 24.3%, due primarily to the increase in tax liabilities. Excluding the special bank tax, the Y/Y increase in operating costs was 6.9%.

In 2009 other administrative costs contributed 41.3% compared to 37.9% in 2010 with a year-on-year growth of 14.2%. In Q1-Q3 of 2009 personnel expenses contributed 40.6% and dropped considerably in Q1-Q3 of 2010 to achieve 33.2%.

The increase in other administrative costs in Q3 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 Q3 of 2009 property related expenses contributed 21.9% to administrative costs compared to 16.1% in Q2 of 2010 and 21.3% in the reported quarter, and dropped from 298 million forints in Q3 of 2009 to 260 million forints in Q2 of 2010 and grew to reach 349 million forints in the reported quarter.

The Q3 2010 contribution of expenditures related to operating IT assets was 20.4%, more than the 13.2% in Q3 of 2009, and its amount increased from 180 million to 335 million forints.

There was a slight change in the contribution of marketing costs, from 12.4% in Q3 of 2009 to 12.3% in 2010 with the amount increasing more substantially, from 169 million forints in Q3 of 2009 to 202 million forints in the reported quarter.

Expert fees were up from 244 million forints in Q2 of 2010 to 279 million forints in Q3 of 2010 (including 78.9 million forints in conjunction with the Allianz Bank transaction), resulting in their contribution to the other administrative costs item from 15.1% to 17.0%.

Direct costs of business activities contribute 11.1% to other administrative costs in Q3 of 2010 (12.4% in Q3 of 2009 and 9.3% in Q2 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 the latter item to business expenses was as high as 26.9% in Q1-Q3 of 2010 as opposed to 23.2% in the reference period of 2009.

Depreciation amounted to 413 million forints in Q3 2010, 419 million forints in Q2 2010 and 389 million forints in Q3 of the reference year. Depreciation in Q1-Q3 of 2010 was 1,230 million forints, 8.6% higher than in the same period of 2009. Amortisation on intangibles contributed 68.9% and depreciation of tangible assets contributed 31.1% in the reported period of 2010.

Other taxes paid reported in the operating costs line item amounted to 217 million forints in Q3 of 2009 and 205 million forints in Q2 of 2010 as opposed to 1,902 million forints in Q3 of 2010, 90.0% of which was special bank tax. Taxes paid in Q1-Q3 of 2010 amounted to 2,310 million forints, three and a half times the Q1-Q3 of 2009 amount. However, excluding bank tax, taxes paid were 9.4% less in 2010 than in 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 third quarter of 2009 and to the end of the prior year. The portfolio value determined according to IFRS amounted to 683.31 billion forints as of 30 September, 2010, as opposed to 704.06 billion forints as of 30 June 2010, 645.1 billion forints as of 31 December 2009 and 661.34 billion forints as of 30 September 2009.

The portion of the non-performing loan portfolio was 4.74% as of 30 September 2010, 5.06% as of 30 June 2010, 3.93% as of 31 December 2009, and 3.66% as of 30 September 2009.

The outstanding provision to the non-performing portfolio was 37.2% as of 30 September 2010, 34.0% as of 30 June 2010, 29.8% as of 31 December 2009, and 27.9% as of 30 September 2009.

The portion of the non-performing loan portfolio constituting to the own loan portfolio was 9.07% as of 30 September 2010, 9.53% as of 30 June 2010, 7.33% as of 31 December 2009, and 7.05% as of 30 September 2009.

At the end of the period the outstanding provision was 12.1 billion forints, 6.1 billion forints over the 30 September 2009 figure. The portfolio and its breakdown are shown in the table below.

Data in thousand HUF

Description	30 Sept 2009	30 June 2010	30 Sept 2010
Loan loss provisions as at 1st January	1,848,262	7,393,352	7,393,352
Charge for the period	7,220,828	6,253,004	7,726,680
FX change of provisions	-178,282	1,131,961	735,607
Release during the period	-2,942,022	-2,745,384	-3,799,013
Loan loss provisions at period end	5,948,787	12,032,934	12,056,626
Net effect of charge and release	4,582,062	3,122,287	3,458,102
Loans written-off	0	24	11,928
Loss on loans sold	58,581	2,539	77,781
Loss on terminated loans	98,449	33,065	50,350
Charge/(release) for commitments	161,174	730,285	577,907
Losses on loans / provisions	4,900,266	3,888,200	4,176,067

Balance sheet

Data in HUF million

DESCRIPTION	30.09.2009.	31.12.2009.	30.06.2010.	30.09.2010.	30.09.2010./ 30.09.2009.	30.09.2010./ 30.06.2010.
Cash	818	1,100	1,085	1,075	31.4%	-0.9%
Receivables from NBH	494	2,449	3,629	1,244	152.0%	-65.7%
Interbank deposits	52,554	37,974	58,688	69,180	31.6%	17.9%
Available for trade securities	0	0-	1,010	1,241	-	22.9%
Available for sale securities	106,962	131,022	101,046	97,311	-9.0%	-3.7%
Refinanced mortgage loans	266,155	263,015	270,317	257,577	-3.2%	-4.7%
Loans	329,431	333,759	355,913	339,572	3.1%	-4.6%
Fair value of derivatives	3,414	3,555	5,610	2,672	-21.7%	-52.4%
Property for investment	8,483	9,560	11,165	11,510	35.7%	3.1%
Tangible and intangible assets	11,609	13,639	13,849	13,973	20.4%	0.9%
Goodwill	1,744	127	127	127	-92.7%	0.0%
Other assets	4,896	4,815	7,041	10,785	121.2%	53.2%
Assets total	786,560	801,015	829,480	806,268	2.5%	-2.8%
Liabilities total	740,853	753,579	779,893	754,661	1.9%	-3.2%
Interbank borrowings	16,326	26,429	29,930	19,676	20.5%	-34.3%
Mortgage bonds	454,301	438,423	428,516	411,079	-9.5%	-4.1%
Bonds issued	58,710	52,710	68,747	86,857	47.9%	26.3%
Deposits	38,920	63,562	66,672	70,973	82.4%	6.5%
State loan	140,081	138,958	115,253	111,587	-20.3%	-3.2%
Fair value of derivatives	24,946	25,058	60,813	44,682	79.1%	-26.5%
Reserves for annuity	1,620	1,864	2,439	2,524	55.8%	3.5%
Other liabilities	5,949	6,575	7,523	7,283	22.4%	-3.2%
Shareholders' equity	45,707	47,436	49,587	51,607	12.9%	4.1%
Subscribed capital	6,600	6,600	6,600	6,600	-	-
Repurchased own shares	-1,546	-1,546	-1,619	-98	-93.7%	-94.0%
Share premium	1,709	1,709	1,709	1,709	-	-
General reserve	4,362	4,470	4,756	4,470	2.5%	-6.0%
Cash-flow hedge reserve	815	833	828	263	-67.7%	-68.3%
Stock option reserve	71	0	0	0	-	-
Changes in fair value of avail. for sale fin. assets	702	915	376	23	-96.7%	-93.8%
FX reserve	3	21	-4	18	515.1%	-
Retained earnings	32,991	34,434	36,941	38,622	17.1%	4.6%
Total liabilities and shareholders' equity	786,560	801,015	829,480	806,268	2.5%	-2.8%

As of 30 September 2010 the Bank's consolidated balance sheet total by IFRS amounted to 806.3 billion forints, which is 5.3 billion forints, or approximately 0.7% up from 31 December 2009 and 19.7 billion forints, or 2.5%, higher than the balance sheet total as of 30 September 2009. Compared to the 30 September 2009 reference period, the increase in assets was the joint impact of different factors. It included a 10.1 billion forints expansion of the loan portfolio and a 3.0 billion forints increase in real estate held for investment purposes reduced by 8.6 billion forints refinancing. Interbank lending grew by 16.6 billion forints, added to a 0.8 billion forints increase in receivables from the NBH. Securities held for sale lagged 9.7 billion forints behind year-on-year.

Increase in liabilities contributed 13.8 billion forints to the year-on-year increase on the liabilities side. State loans were 28.5 billion forints down, primarily as a result of repayment of special dividend preference shares. Deposits expanded by 32.1 billion forints, and interbank borrowings contributed 3.3 billion forints to liabilities. The CMB portfolio shrank by 43.2 billion forints,

conversely, the portfolio of senior unsecured bonds expanded by 28.1 billion forints. Shareholders' equity increased by approximately 5.9 billion forints year-on-year, primarily as a result of an increase in retained earnings. Cash-flow hedge reserve also increased by 0.1 billion forints. Changes in repurchased treasury shares increased shareholders' equity by 1.4 billion forints.

The decrease in assets compared to the balance sheet as of 30 June 2010 was caused predominantly by a 16.3 billion forints fall of own loans and a 12.7 billion forints decrease in refinanced loans. Securities held for sale also dropped by 3.7 billion forints. The change in the fair value of derivatives decreased the balance sheet total by 2.9 billion forints. Conversely, interbank lending grew by 10.5 billion forints, but a 2.4 billion forints decrease in receivables from the NBH reduced the balance sheet total.

One of the biggest contributor to the change in liabilities was the 16.1 billion forints drop in the fair value of derivatives. The CMB portfolio shrank by 17.4 billion forints in Q3 of 2010 while unsecured bonds issued increased by 18.1 billion forints. Deposits expanded by 4.3 billion forints in Q3 of 2010. State loans decreased by 3.7 billion forints. Shareholders' equity increased by 2.0 billion forints in Q3 of 2010 due to primarily to a 1.7 billion forints increase in accumulated assets, the positive effect of a 1.5 billion forint decrease in treasury shares net of a 0.4 million forints decrease in the fair value of securities held for sale.

Interest earning assets

The Group's interest earning assets increased from 768.2 billion forints as of 31 December 2009 to 790.6 billion forints as of 30 June 2010, then dropped to 766.1 billion forints as of 30 September 2010. The year-on-year increase in the portfolio of own loans was 1.4%. Expansion of loans disbursed by the Bank as at 30 September 2010 was 3.1% compared to the Q3 of 2009 figure but the portfolio shrank 4.6% compared to the 30 June 2010 figure. Impairment to cover lending losses was up from 5,949 million forints as of 30 September 2009 to 12,057 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 followed by 24 million forints in Q3. The year-on-year decline in refinanced loans was 3.2% with a 2.1% decrease in this item in Q1-Q3 of 2010 and a 4.7% drop in Q3 of 2010. As of 30 September 2009 the combined contribution of refinanced loans and own lending was 78.8%. The contribution was to 79.2% as of 30 June 2010 and 77.9% as of 30 September 2010.

The collateral value of real estates covering ordinary collateral amounted to 1,280.1 billion forints as of 30 September 2010, 6.45% lower than the figure (1,368.4 billion forints) as of 31 December 2009 and 9.07% 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 39.9% as of 30 September 2010, somewhat higher than the 38.9% LTV ratio as of 30 September 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 62.3 billion forints as of 30 June 2010 and up to 70.4 billion forints as of 30 September 2010. The contribution of this item to total interest earning assets was 9.2%.

The value of the securities portfolio of the Bank held for sale shrank from 107.0 billion forints as of 30 September 2009 to 131.0 billion forints as of 31 December 2009, then sharply declined to achieve 101.0 billion forints as of 30 June 2010. As of 30 September 2010 the value of the securities portfolio amounted to 97.3 billion forints. Thus the Q3 of 2010 contribution of securities to interest earning assets was dropped to 12.7%. Securities include NBH bonds amounting to 55.9 billion forints, discount treasury bills amounting to 4.4 billion forints and government bonds amounting to 23.0 billion forints as well as other bank and corporate bonds for sale amounting to 13.9 billion forints. The Bank's portfolio of securities held for sale serves exclusively as a liquidity reserve.

As of 30 September 2010 the Bank held a very small portfolio of securities held for trading, which contributed 0.2% 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 11.5 billion forints as of 30 September 2010, 3.1% up from the 11.1 billion forints achieved in the previous quarter. The year-on-year increase was 35.7%.

The net value of tangible assets was 2.2 billion forints as of 30 September 2010. The value of tangibles increased by 315 million forints as a result of IT and other tangible assets acquired in 2010 net of 48.2 million forints derecognition and 350 million forints depreciation. The value of intangible assets grew from 9.4 billion forints as of Q3 of 2009 to 11.6 billion forints as of 30 September 2010. The growth in the value of intangibles is attributed to the 2010 software purchases amounting to 1.3 billion 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 777 million forints depreciation. There were no new impairment or written-back impairment made related to tangibles and intangibles.

Other assets amounted to 10.8 billion forints as of 30 September 2010 as opposed to 7.0 billion forints in Q2 of 2010.

Interest bearing liabilities

Mortgage bonds contributed 58.7% to the Bank's interest bearing liabilities as of 30 September 2010. The item was 60.4% as of 30 June 2010, 60.9% as of 31 December 2009, and 64.1% as of 30 September 2009. The 411.1 billion forints book value of covered mortgage bonds as of 30 September 2010 was 4.1% up from the 30 June of 2009 figure (428.5 billion forints), and was 6.2% down from the 438.4 billion forints as of 31 December 2009. Decrease in value of the CMB portfolio was 43.2 billion forints year-on-year as a result of 50.0 billion forints new issues, 87.7 billion forints repayments and 21.3 billion forints repurchase including related exchange rate adjustments.

Mortgage bond collateral

The value of assets used as ordinary collateral for the mortgage bonds issued by the Bank was 822.9 billion forints as of 30 September 2010, 4.4% down from the figure as of 30 June 2010 (860.4 billion forints) and 9.8% down from 31 December 2009 (912.7 billion forints), and 12.1% down from the figure as of 30 September 2009 (935.8 billion forints).

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

Outstanding mortgage bonds in circulation	
Face value:	426,544
Interest:	103,767
Total:	530,311
Value of the regular collateral	
Principal:	513,857
Interest:	309,088
Total:	822,945
Value of assets involved as supplementary collateral	
Balance of the separate blocked account at the NBH – principal:	0
Total:	0

The present value of mortgage bonds amounted to 468.2 billion forints, and the present value of collateral was 570.0 billion forints as of 30 September 2010, thus the rate of coverage was 121,7%.

As of 30 September 2010 net ordinary and supplementary collateral principle to the face value of mortgage bonds in circulation not yet repaid was 120.5%. Net interest on ordinary and supplementary collateral to interest on mortgage bonds in circulation not yet repaid was 297.9%.

Bonds issued

The book value of bonds was 52.7 billion forints as of 31 December 2009. As of 30 of September 2010 the consolidated bonds portfolio grew to reach 86.9 billion forints. During 2010, 45.3 billion forints issues, 22.2 billion forints repayment and 3.0 billion forints repurchase have been arranged.

Interbank funds

As of 30 September 2010 the 19.7 billion forints interbank portfolio contained interbank drawdown amounting to 5.5 billion forints, and ECB loans of 14.4 billion forints. The Bank has used the interbank facilities as supplementary funds.

Customer deposits

Deposits amounted to 71.0 billion forints as of 30 September 2010 and included 2.3 billion forints on collateral accounts related to corporate loans as well as 49.9 billion forints on retail accounts and 18.8 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 38.9 billion forints as of 30 September 2009.

State loan received

Pursuant to the negotiations started between the Ministry of Finance (MoF), the NBH, the HFSA and FHB in January 2009, the MoF and FHB Plc. signed an agreement on 25 March 2009 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 September 2010 approximately 111.6 billion forints of the State loan were available for the Bank (400 million EUR at NBH's exchange rate of 30 September 2010).

Other liabilities

The Bank's other liabilities amounting to 7.3 billion forints include, among others, debts to suppliers (contributing 5.6% as of 30 September 2010 compared to 11.1% as of 31 December 2009, and 6.1% as of 30 September 2009), passive accruals (11.5% as of 30 September 2010 compared to 10.0% as of 31 December 2009, and 14.0% as of 30 September 2009), and taxes (15.0% as of 30 September 2010 compared to 11.7% as of 31 December 2009, and 16.7% as of 30 September 2009), deferred taxes (12.9% as of 30 June 2010 compared to 23.2% as of 31 December 2009, and 23.8% as of 30 September 2009). Liabilities from settlement with customers were 1.1 billion forints contributing 14.5% to other liabilities.

Shareholders' equity

The year-on-year increase in shareholders' equity was 12.9% (5.9 billion forints), reaching 51.6 billion forints as of 30 September 2010. The Q1 increase was 1.0 billion forints, or 2.2%, the Q2 increase was 1.1 billion forints, or 2.3%, and the Q3 increase was 2,02 billion forints, or 4.1%.

The bulk of the year-on-year increase resulted from a 5.6 billion forints increase in retained earnings. Cash-flow hedge reserves were down by 0.5 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 0.1 billion forints increase in general reserve had a positive impact on the increase in shareholders' equity. On the other hand, shareholders' equity was expanded by the 1,4 billion forints decrease in repurchased treasury shares.

Shareholders' equity increased by 4.2 billion forints in Q1-Q3 2010, of which 2.0 billion forints increase was realised in Q3. The main contributing factors in Q1-Q3 growth included a 4.2 billion forints increase in retained earnings (1.7 billion forints in Q3), while the 1.4 billion forints decrease in the amount of repurchased treasury shares had a positive impact on shareholder's equity.

Off balance sheet items

The Bank's pending liabilities towards customers among the off-balance sheet items were 0.3 billion forints. Contracted but not yet disbursed loans amounted to 2.3 billion forints as of 30 September, 2010. Future liabilities amounted to 341.2 billion forints and mainly include swap transactions relating to mortgage bonds. Liabilities from other currency swaps amounted to 12.7 billion forints. Bank guarantee offered was 0.5 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	30 Sept 2009	30 June 2010	30 Sept 2010
Risk weighted assets	327,256	271,350	249,088
Regulatory capital	56,451	28,657	31,674
Statutory capital adequacy ratio	15.5%	9.2%	10.6%
Regulatory capital (IFRS)	36,205	32,872	35,659
Capital adequacy ratio (IFRS)	9.9%	10.5%	12.3%

IV. MAJOR EVENTS DURING THE ACCOUNTING PERIOD

Long term exclusive strategic cooperation with Allianz Hungaria Insurance Co Ltd.

On June 16, 2010 by FHB Mortgage Bank Co. Plc. ("FHB") and Allianz Hungaria Insurance Co. Ltd. ("Allianz Hungaria") signed a letter of intent related to their long term exclusive strategic cooperation and the sale and transfer of Allianz Bank Ltd (the "Transaction"). On July 2, 2010 the parties have concluded the contracts related to the Transaction

On September 30, 2010 in line with the planned Closing script, the Transaction has been successfully concluded. The Transaction had been approved by the Hungarian Competition Authority and the Hungarian Financial Supervisory Authority prior to the Closing. With the compliance with the contractual conditions precedent, the key basics planned to be established for the long term exclusive strategic cooperation between FHB Banking Group and Allianz Hungaria Group have come into existence, namely the following:

In the framework of the strategic cooperation and the other agreements related thereof, the sales network of Allianz will sell the dedicated banking, life annuity and investment products of FHB Banking Group, while in the framework of the insurance agency agreements through its branch network FHB will distribute the insurance products, pension, health and investment funds of the Allianz Group. Besides the aforementioned, in its branch offices the FHB Banking Group in relation to the management of the existing contracts of the nearly 2 million clients of Allianz will perform insurance mediation activities. The strategic cooperation covers a 20 year period and cannot be terminated before the end of the 5th year; besides the agreement includes the possibility of future the expansion of the products covered by the cooperation with the mutual agreement of the parties. In addition, both Allianz Hungaria Group and FHB Banking Group undertake exclusivity for selling of each other's products.

On completion of the exchange contract mixed with sale and purchase between the Allianz Hungaria and FHB, Allianz Hungaria transferred its 100 per cent share in Allianz Bank Ltd to FHB, that is Allianz Hungaria exchanged its share in Allianz Bank with a minority interest in FHB and therefore, Allianz Hungaria increased its existing share to 12 per cent in FHB. In accordance with the contract, the referred title transfers shall be effectuated as from October 1, 2010.

Allianz Hungaria Insurance Co Ltd. undertakes that within 6 months and 3 years following the closing of the Transaction it sells its shares in FHB to a third party external to the Allianz Group under certain limitations.

The Brand License Agreement in relation to the strategic cooperation and serving the establishment of an image suiting that has taken effect which contains the rules of use of FHB and certain Allianz brands.

The bulk of the transaction was covered by FHB Mortgage Bank Plc.'s own shares. The treasury shares transferred in the context of the long-term cooperation agreement with Allianz Hungaria Insurance Co. Ltd.(1,829,864 shares) were transferred to Allianz Hungaria on 1 October 2010. After the transaction 113,401 Series A ordinary shares remained in possession of FHB Mortgage Bank Plc.

Allianz Bank was taken over by FHB on 1 October 2010 and will be included in the consolidated financial statements as of that date.

As of 30 September 2010 the balance sheet total of Allianz Bank Ltd. by the Hungarian Accounting Standards (MSZSZ) was 83.8 billion forints; 56.3% was contributed by the 45.5 billion forints loan portfolio, which expanded by 10.6% in Q1-Q3 of 2010. Net loans amounted to 40.1 billion forints. Shareholders' equity was 13.7 billion forints as of 30 September 2010.

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 November, 2010

László Harmati
Chief Business
Executive Officer

Gyula Köbli
Chief Strategic and
Financial Executive Officer

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2010 – 30.09.2010

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

DESCRIPTION	30 Sept, 2010	30 Sept, 2009	Change (%)
Interest income	56,049,400	60,958,051	-8.1%
Interest expense	-36,172,935	-43,208,891	-16.3%
Net interest income	19,876,465	17,749,160	12.0%
Fee and commission income	1,145,224	1,160,844	-1.3%
Fee and commission expense	-300,813	-157,000	91.6%
Profit from FX transactions	-1,634,026	-62,394	2.518.9%
Profit from changes of fair value of derivatives	-438,123	2,163,217	-
Gain less losses from securities	786,195	252,545	211.3%
Other operating income	2,146,156	1,922,362	11.6%
Other operating expense	-1,489,766	-409,308	264.0%
Operating income	20,091,312	22,619,426	-11.2%
Losses/provisions on loans and impairment	-4,176,067	-4,900,266	-14.8%
Operating expenses	-12,276,736	-9,879,286	24.3%
Profit before tax	3,638,509	7,839,874	-53.6%
Taxation expense	-568,027	-2,341,892	-75.7%
Profit for the period	3,070,482	5,497,982	-44.2%
Statement of comprehensive income	30 Sept, 2010	30 Sept, 2009	Change (%)
Profit for the period	3,070,481	5,497,982	-44.2%
Other comprehensive income			
Cash-flow hedge reserve	-704,561	-387,300	81.9%
Variation in fair value of tradable financial assets	-1,100,680	889,949	-
FX reserve	-3,106	2,853	-
Other comprehensive income with deferred tax	342,996	-77,244	-
Total comprehensive income	1,605,130	5,926,240	-72.9%

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2010 - 30.09.2010

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

DESCRIPTION	Q3 2010	Q3 2009	Change (%)
Interest income	19,372,972	20,685,143	-6.3%
Interest expense	-13,050,316	-14,032,063	-7.0%
Net interest income	6,322,656	6,653,080	-5.0%
Fee and commission income	373,459	397,414	-6.0%
Fee and commission expense	-102,623	-76,226	34.6%
Profit from FX transactions	-665,242	-4,190,533	-84.1%
Profit from changes of fair value of derivatives	-1,001,789	4,159,816	-
Gain less losses from securities	470,914	-112,785	-517.5%
Other operating income	383,675	1,010,253	-62.0%
Other operating expense	-313,880	-182,607	71.9%
Operating income	5,467,169	7,658,413	-28.6%
Losses/provisions on loans and impairment	-287,867	-2,316,379	-87.6%
Operating expenses	-5,364,937	-3,329,886	61.1%
Profit before tax	-185,635	2,012,148	-
Taxation expense	462,913	-569,514	-
Profit for the period	277,278	1,442,634	-80.8%

Statement of comprehensive income	Q3 2010	Q3 2009	Change (%)
Profit for the period	277,278	1,442,634	-80.8%
Other comprehensive income	0	0	-
Cash-flow hedge reserve	-697,557	-387,300	80.1%
Variation in fair value of tradable financial assets	-435,093	889,949	-
FX reserve	21,507	2853	653.8%
Other comprehensive income with deferred tax	215,204	-77,244	-
Total comprehensive income	-618,661	1,870,892	-

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2010 – 30.09.2010

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

DESCRIPTION	30 Sept, 2010	31 Dec, 2009	30 Sept, 2009	30 Sept, 2010 / 31 Dec, 2009 (%)
Assets				
Cash	1,074,728	1,099,824	817,644	-2.3%
Due from National Bank of Hungary	1,244,103	2,448,682	493,746	-49.2%
Placements with other banks	69,179,918	37,973,739	52,553,754	82.2%
Available for trade securities	1,241,193	0	0	-
Available for sale securities and investments	97,311,214	131,021,643	106,962,321	-25.7%
Fair value of derivatives	2,672,249	3,555,210	3,413,742	-24.8%
Refinancing of mortgage loans	257,576,704	263,015,031	266,155,197	-2.1%
Loans	339,571,862	333,759,479	329,431,491	1.7%
Property for investment	11,509,561	9,560,414	8,483,112	20.4%
Goodwill and intangible assets	2,196,188	2,448,328	2,249,489	-10.3%
Tangible assets	11,903,951	11,317,024	11,103,101	5.2%
Deferred tax	251,361	0	0	-
Other assets	10,535,079	4,815,560	4,896,675	118.8%
Total Assets	806,268,112	801,014,934	786,560,272	0.7%
Liabilities				
Deposits from banks	19,675,762	26,428,618	16,326,099	-25.6%
<i>From this: fair value to P/L</i>	0	8,137,089	8,078,029	-
Mortgage bond liabilities	411,078,754	438,422,970	454,301,398	-6.2%
<i>From this: fair value to P/L</i>	90,446,709	129,605,045	130,440,749	-30.2%
Bonds issued	86,856,938	52,710,250	58,709,843	64.8%
<i>From this: fair value to P/L</i>	59,117,098	46,998,215	54,944,791	25.8%
Deposits	70,972,736	63,561,587	38,919,614	11.7%
State loan received	111,587,413	138,957,968	140,080,849	-19.7%
Fair value of derivatives	44,681,790	25,057,800	24,945,926	78.3%
Reserve for annuity payment	2,524,414	1,863,914	1,619,967	35.4%
Income tax liabilities	50,311	50,529	480,708	-0.4%
Deferred tax liabilities	942,847	1,524,338	1,417,516	-38.1%
Provisions	1,431,776	1,082,491	134,316	32.3%
Other liabilities	4,858,256	3,918,762	3,916,726	24.0%
Total Liabilities	754,660,997	753,579,227	740,852,961	0.1%
Share capital	6,600,001	6,600,001	6,600,001	0.0%
Repurchased own shares	-97,790	-1,546,021	-1,546,021	-93.7%
Share premium	1,709,014	1,709,014	1,709,014	0.0%
General reserve	4,469,502	4,469,502	4,361,805	0.0%
Cash-flow hedge reserve	262,775	833,470	814,571	-68.5%
Stock option reserve	0	0	71,261	-
Variation in fair value of tradable financial assets	23,422	914,973	702,396	-97.4%
FX reserve	17,549	20,654	2,853	-15.0%
Retained earnings/(deficit)	38,622,642	34,434,114	32,991,431	12.2%
Total Shareholders' Equity	51,607,115	47,435,707	45,707,311	8.8%
Total Liabilities and Shareholders' Equity	806,268,112	801,014,934	786,560,272	0.7%

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2010 – 30.09.2010

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

DESCRIPTION	30 sept, 2010	30 Sept, 2009
Cash flows from operating activities		
Net profit	3,070,481	5,497,982
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	1,230,084	1,132,530
Change of fair value of property for investment	-776,161	-1,516,911
Provision for losses and losses on loans	5,012,559	4,188,281
Loss/(profit) on sale of fixed assets	33,838	32,513
Stock option reserve	0	-14,529
Share granted	0	0
Derivatives	19,936,256	-1,947,799
Purchased tangible and intangible assets during acquisition	660,500	514,254
Real value of annuity	0	0
FX reserve	-3,106	2,853
Operating profit / (loss) before changes in operating assets	29,164,451	7,889,174
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	5,438,327	20,457,315
Loans	-10,475,657	-6,397,882
Accrued interest receivable	0	0
Other assets	-4,852,834	26,683
<i>Increase (decrease) in operating liabilities:</i>		
Deposits	7,411,149	5,153,149
Due to other banks	1,372,344	1,925,991
Accrued interest payable		
Other liabilities	357,785	1,226,391
Net cash used in operating activities	28,415,565	30,280,821
Cash flows from investing activities		
Increase in available for sale securities	32,818,878	-87,843,928
Increase in available for trade securities	-1,241,193	
Proceeds from sale of property and equipment	-16,941	-8,667
Purchase of property and equipment	-1,581,768	-1,927,845
Purchase of property for investment	-1,260,479	-986,135
Investment service	87,493	-1,763,694
Purchased subsidiary's net cash-flow	0	0
Net cash used in investing activities	28,805,990	-92,530,269
Cash flows from financing activities		
Sale/(purchase) of own shares	1,448,230	-391,303
own shares of prior year	0	0
Long term loans	-27,370,555	0
Long term loans	-8,125,200	140,248,249
Paid dividend	0	0
Cash flow hedge reserve	0	0
Instalment from mortgage bonds	-38,338,696	-106,224,901
Proceeds from issue of mortgage bonds	45,141,170	50,785,170
Net cash from financing activities	-27,245,051	84,417,215
Net increase in cash and cash equivalents	29,976,504	22,167,767
Cash and cash equivalents at beginning of year	41,522,245	31,697,377
Cash and cash equivalents at end of period	71,498,749	53,865,144
Cash and cash equivalents comprises of:		
Cash	1,074,728	817,644
Due from Central Bank	1,244,103	493,746
Placements with other banks, with a maturity of less than 90 days	69,179,918	52,553,754
Cash and cash equivalents at end of period	71,498,749	53,865,144
<i>Supplemental information</i>		
Interest received	57,693,444	59,954,623
Interest paid	-37,284,307	-43,147,095
Tax paid	-353,931	-773,385

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector code: 6522
Reporting period: 01.01.2010 – 30.09.2010

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 September, 2010 and 30 September, 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
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
Creation of stock option reserve						-14,529				-14,529
30 September, 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				107,697					-107,697	0
Total comprehensive income					18,899		212,578	17,801	1,550,379	1,799,657
Own shares purchase										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										
Total comprehensive income		2	-1		-570,695		-891,551	-3,105	3,070,481	1,605,131
Own shares purchase		1,448,229								1,448,229
Shares granted									1,118,046	1,118,046
Creation of stock option reserve										
30 September, 2010	6,600,001	-97,790	1,709,013	4,469,502	262,775	0	23,422	17,549	38,622,641	51,607,113

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2010 – 30.09.2010

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

DESCRIPTION	30 Sept, 2010	30 Sept, 2009
Real estate purchase	116,951,439	119,208,636
Real estate construction	48,762,967	51,048,248
Real estate reconstruction	4,458,769	4,320,431
Real estate extension	9,534,691	10,299,932
Other loans secured by real estate	149,042,711	137,053,528
Loans secured by non real estate	13,958,114	7,068,684
Employee loans	2,419,307	2,181,018
Leasing	2,013,449	-
Other	61,958	-
Loans, gross	347,203,405	331,180,477
from this: retail loans	308,510,607	298,828,922
other	38,692,798	32,351,555
Loan loss provision	-12,056,626	-5,948,787
Accrued interest	2,916,699	2,179,143
Amortised cost	1,508,383	2,020,657
Loans, net	339,571,861	329,431,491

Mortgage bonds

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

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	30 Sept, 2010		30 Sept, 2009	
Non-listed mortgage bonds				
Fixed	159,264,647	158,865,505	159,504,455	159,271,722
Floating	38,529,994	40,154,525	65,151,151	66,461,940
Listed mortgage bonds				
Fixed	118,427,948	117,522,800	105,418,965	106,105,645
Floating	83,477,892	83,687,957	111,148,304	111,480,874
Accrued interest	11,378,273		13,078,524	
Total	411,078,754	400,230,787	454,301,398	443,320,181

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector code: 6522
 Reporting period: 01.01.2010 - 30.09.2010

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.)			(30.09.2010.)			(01.01.2010.)			(30.09.2010.)		
	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutional / company	36.91	64.51	41,394,763	68.36	70.43	45,116,691	62.72	64.51	41,394,763	68.36	70.43	45,116,691
Foreign institutional / company	16.47	28.79	18,473,958	20.73	21.36	13,684,521	27.99	28.79	18,473,958	20.73	21.36	13,684,521
Domestic private individuals	1.32	2.31	1,484,433	3.69	3.80	2,433,652	2.25	2.31	1,484,433	3.69	3.80	2,433,652
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	2.94	0.00	1,943,265	2.77	0.00	1,829,864	2.94	0.00	1,943,265
State ⁴	2.42	4.23	2,714,300	4.11	4.24	2,714,300	4.11	4.23	2,714,300	4.11	4.24	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	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	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

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.

⁴E.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: 6522
 Reporting period: 01.01.2010 – 30.09.2010

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 Sept 2010)
Bank	69	67
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	29.04.2008.	22.10.2010.	16,000
IT	László Harmati	Member, Chief Business Executive Officer	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, Chief Strategic and Financial Executive Officer	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: 6522
Reporting period: 01.01.2010 – 30.09.2010

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

INFORMATION AND DISCLOSURES IN Q1-Q3 2010

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)
- Information about the amount of issued capital and the voting rights
- 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