



FHB Mortgage Bank Plc

Interim management report

for the fourth quarter of 2010

Budapest, 22nd February, 2011

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

This report of FHB Mortgage Bank Public Company Limited by Shares for the fourth 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 31 December 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.

This consolidated management report includes the fourth quarter figures of Allianz Bank Ltd.

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

Consolidated after tax profit as of 31 December 2010 is close to 11.3 billion forints, 60.3% above the figure as of 31 December 2009 (7.0 billion forints). Besides the impact of the banking tax the profit growth includes one-off items, such as the one-off effect of the Allianz acquisition. Profit after tax excluding the 2.5 billion forints banking tax for 2010 would be 13.8 billion forints, which exceeds the previous year's result by 95.5%.

Over the past quarter, net interest margin has decreased by 6 basis points. The **average net interest margin** decreased by 24 basis points year-on-year to 3.25% from 3.49% as of 31 December 2009.

The Bank's consolidated balance sheet total was up by 9.0%, from 801.0 billion forints to **873.2 billion forints year-on-year**, the increase was 8.3% in Q4 2010 from the 806.3 billion forints at 30 September 2010. The increase was strongly influenced by the consolidation of Allianz Bank and the changes in the foreign exchange rates.

The Group's consolidated **cost-income ratio was 57.6%** in 2010, while it was 43.6% in the same period of 2009. The increase was mainly caused by the special banking tax appearing among the operating expenses for 2010. Cost-income ratio for 2010 excluding the banking tax was 50.1%.

Shareholders' equity was over 58.9 billion forints as of 31 December 2010 as a result of a **24.1% year-on-year increase**.

Retail mortgage lending

In 2010 major changes took place in the legislative environment which significantly curbed retail borrowings. The provisions of Government Decree on prudent retail lending¹ that maximize the loan-to-collateral value (LTV) for retail mortgages entered into effect on 1 March 2010. Under the provisions, the maximum LTV allowed under the Decree for forint loans is 75%, for euro loans 60%, and for other currencies 45%.

In Q2 of 2010 housing mortgage lending and leasing regulations became more stringent as new provisions of the Government Decree on prudent retail lending entered into effect. Accordingly, lending is based on the examination of the debtor's income, collateral-based lending ceased as of 11 June 2010. In addition, future borrowers of FX denominated loans must possess more funds of their own than HUF borrowers. It will be mandatory for financial institutions to introduce a payment-to-income cap for customers, a method that has so far been applied only in general in terms. Banks must set forth the method of calculation of the cap in their internal rules and regulations. In addition, banks must familiarize their applicants with the advice regarding the risks of excessive indebtedness drafted by the National Bank of Hungary and the Hungarian Financial Supervisory Authority. The new provisions also determine that clients taking out HUF-based loans may apply for loans up to 100% of their solvency cap. In the case of EUR instruments the loan requested cannot exceed 80% of the cap, and in the case of facilities denominated in other currencies (CHF) the loan cannot exceed 60% of the cap.

In 2010 legislative changes only had a minor negative impact on the retail mortgage loan portfolio as both demand for, and supply of, mortgage loans have hit bottom as a result of the economic crisis.

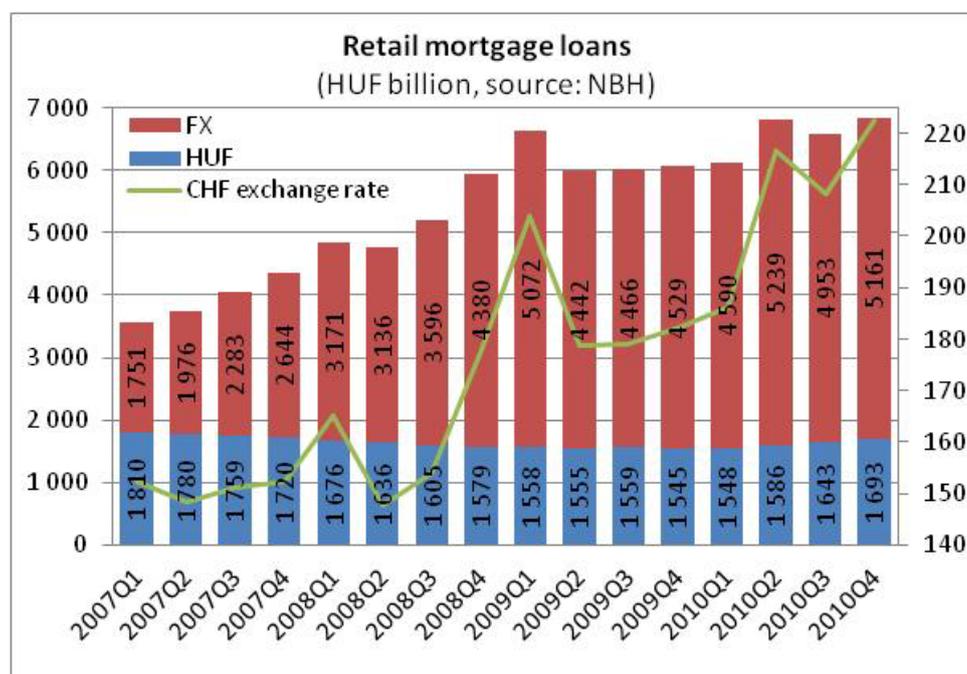
Retail mortgage loan market

According to National Bank of Hungary figures, FHB's retail loan portfolio amounted to 6,854 billion forints as of 31 December 2010, achieving a 258 billion forints (or 3.9%) fall compared to the previous quarter's figure with a year-on-year increase of 780 billion forints (or 12.8%). The year-on-year growth is considerably higher than the 114.8 billion forints growth achieved in 2009. Disregarding the impact of exchange rates fluctuation the year-on-year shrinkage of the retail mortgage loan portfolio was 222 billion forints (at 31 December 2010 rate) year-on-year. HUF loans were up by 148 billion forints while the FX loans portfolio dropped by approximately 369 billion forints (or CHF 1.7 billion).

The increase in the FX-denominated portfolio was 208 billion forints compared to the 30 September 2010 figure and by 487 billion forints year-on-year due to the impact of sharp exchange rate movements. (The y/y growth up to 31 December 2009 was considerably lower, 148.6 billion forints).

¹ Government Decree 361/2009 (30 December) on the Conditions of Prudent Retail Lending and Customer Rating

At the same time the forint-based loans portfolio grew minimally, by 148 billion forints year-on-year and 50 billion forints compared to the previous quarter's figure. At the end of Q4 the total amount of retail mortgage loans was 5,161 billion forints, 75.3% of which was disbursed in foreign exchange as opposed to 1,693 billion forints HUF loans, slightly increasing in 2010. The contribution of FX loans in the reference year was 74.6%.



As of 31 December 2010 housing loans amounted to 4,353 billion forints, up from the previous quarter's figure by 137 billion. Year-on-year growth was 378 billion forints. Year-on-year growth of HUF-based housing loans only amounted to 16 billion forints; housing loans denominated in FX were CHF 0.8 billion down year-on-year (HUF 187 billion at NBH exchange rate as of 31 December 2010).

General-purpose mortgage loans grew by 402 billion forints year-on-year and amounted to 2,500 billion forints as of 31 December 2010. The growth over Q3 was 121 billion forints. The growth in HUF-based general-purpose loans was over 131 billion forints; similarly to housing loans, general-purpose loans denominated in FX were CHF 0.8 billion down year-on-year (HUF 182 billion at NBH exchange rate as of 31 December 2010).

Own lending

At 31 December, 2010, the gross amount of loans sold by the FHB Group was 409.9 billion forints, 20.2% above the 31 December 2009 figure (341.2 billion forints), and 16.6% above the 30 September, 2010 figure (351.6 billion forints). Within the consolidated own loan portfolio, Allianz Bank's loan portfolio amounted 47.5 billion forints as at end of 2010.

Retail loans continue to dominate within the loan portfolio with a contribution of approximately 90%, and there was no significant change in loans to corporate customers in the course of the year. As of 31 December 2010, 64.7% of outstanding loans were disbursed in FX, exceeding the 55.8% year-end of 2009 and the 58.1% achieved in Q3 of 2010.

Loans to retail customers were 23.9% (or 70.9 billion forints) up year-on-year and was up by 19.0% compared to Q3 of 2010. Allianz Bank's retail loans contributed 42.9 billion forints to the growth. In terms of structure, 52.3% of the consolidated retail loan portfolio is contributed by housing loans. The second biggest contribution is from general-purpose loans with 40.8%. The contributions of the two main portfolios in the reference year were 59.6% and 36.1% respectively. Mortgage loans extended to senior citizens achieved 2.8 billion forints as of 31 December 2010, 0.7 billion forints up year-on-year.

After picking up in 2009 corporate lending somewhat slowed down in 2010. The portfolio of loans to corporate customers expanded by 4.4 billion forints year-on-year from the 38.6 billion forints achieved as of 31 December 2009. Allianz contributed 4.0 billion forints to the increase. The bulk of the portfolio is generated by the SME business. The portfolio of housing project loans dropped by 0.5 billion forints, while commercial real estate financing loans dropped by 0.2 billion forints year-on-year.

Refinancing

As of 31 December 2010 the portfolio of refinanced loans dropped by 1.0% and amounted 260.3 billion forints. Compared to the 257.6 billion forints realized as of 30 September 2010, the portfolio increased by 1.1%.

FHB Commercial Bank Ltd.

Excluding loans extended to other FHB Group members, gross loans extended by the Commercial Bank were close to 136.4 billion forints and the portfolio increased by 20.2% over the year. The corporate loan portfolio achieved 1.2 billion forints, the retail loan portfolio achieved 22.0 billion forints growth compared to the 31 December 2009 value. The loan portfolio grew by 9.5 billion forints in Q4 of 2010 caused mainly by the growth of retail loan portfolio (7.1 billion forints).

The retail loan portfolio was 119.4 billion forints as at 31 December, 2010. Corporate loans were in excess of 17.1 billion forints at the end of Q4 2010, achieving a contribution of 12.5%. Portfolio growth was mainly based on the achievement of the SME lending business.

The number of retail current accounts was near to 52.3 thousand as of 31 December 2010, 5.9% above the Q3 2010 figure of 49.4 thousand and 34.9% above the Q4 2009 figure. The balance of retail and corporate deposits was 24.8% above the Q4 2009, and amounted 76.0 billion forints as of 31 December 2010.

Allianz Bank Ltd.

In accordance with the acquisition agreement, Allianz Bank's P/L and balance sheet figures are consolidated with FHB Group as of 1 October 2010. The gross loan portfolio of Allianz Bank amounted to 47.5 billion forints as of 31 December 2010. The bulk of the portfolio was contributed by retail loans, while corporate loans contributed 4.0 billion forints. Deposits amounted to 34.9 billion forints as of 31 December 2010 and included 26.9 billion forints on retail accounts and 8.0 forints corporate deposits. The number of retail current accounts at Allianz Bank as of 31 December 2010 was 113 thousand.

FHB Life Annuity Ltd.

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

Since its foundation to 31 December 2010 FHB Annuity signed annuity contracts amounting to 11.8 billion forints, from which 2.1 billion forints in 2010. The reported period's achievement is significantly lower than the 3.7 billion forints performance of 2009. Annuity payments since the launch of the product have amounted to 3.8 billion forints with 755 million forints disbursed in 2010. Due to the moderate business activity and the declining profitability of the product, the distribution of new life annuity products was suspended from the third quarter of 2010. At the same time the sale of the reverse mortgage product has been limited to real estates located in Budapest.

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.

FHB Real Estate Leasing Ltd.²

The Company 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, FHB Real Estate Leasing Ltd. continues to cooperate with other Group companies in the premium real estate financing market. In 2010 lease financing amounted to 0.8 billion forints and as a result the leasing portfolio rose to 2.2 billion forints as of 31 December 2010. Significant part of the leasing portfolio (1.9 billion forints) is a result of internal restructuring within FHB Group.

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. 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.

The HFSA approved the Bank's 2010 Covered Mortgage Bond and Senior Unsecured Bond issues Programme in 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 also effected several repurchases. The combined nominal value of unsecured senior bonds totalled 5.8 billion forints, and the combined nominal value of CMBs amounted to 24.0 billion forints. The NBH also purchased some of the Bank's securities. The appearance of the NBH as a buyer has provided important support to the market, and contributed to the narrowing of the margins.

New funds involved by the Bank in Q2 by mortgage bond and bond issues amounted to 22.4 billion forints. 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.

In Q3 of 2010 funds involvement amounted to approximately 40 billion forints and included approximately 10.5 billion forints CMB and 29.5 billion forints senior unsecured bonds sold. In July the Bank issued bonds for both retail and institutional investors. In August and September CMBs and senior unsecured bonds were sold in the context of auctions. No repurchase took place in Q3.

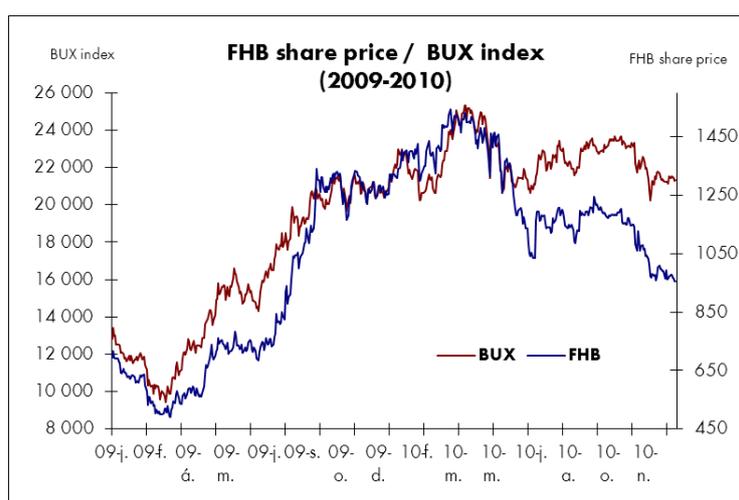
In Q4 of 2010 the NBH continued with its CMB purchase programme. The programme was discontinued in January 2011. The Bank launched an auction in both October and November but margins were only acceptable for some of the offers. In October a senior unsecured bond series was also launched for retail customers. In November the Bank launched a successful bond

² Legal company name since 31. December, 2010. Former company name: Central European Credit Ltd.

issue totalling 25 billion forints in the context of a private placement. In Q4 more than 28 billion forints senior unsecured bonds were issued; at the same time, CMB issued were below 500 million forints.

In 2010 the Mortgage Bank's gross funds involvement was approximately 121 billion forints, double the 60.5 billion forints CMBs and unsecured bonds issued in 2009. Eight series matured in Q1-Q4 with a total nominal value of approximately 116.1 billion forints. Total redemption value was 25.2 billion forints.

The daily average trading of FHB Mortgage Bank's shares on the stock exchange in Q4 of 2010 was 47.4 million forints and totalled 3.04 billion forints, slightly up from the Q3 figures (46 million and three billion forints respectively).



In terms of capitalisation, FHB is 7th in the rank of "A" rate listed companies and contributes 1.16% to the aggregate capitalisation of the BSE. As of 31 December 2010 FHB's weight in the BUX index was 1.34% (6th biggest in the basket), and retained its 2nd place behind Egis, with a weight of 11.83% in BUMIX, the index of share prices of mid/ and smallcap companies.

The price of FHB Mortgage Bank's shares dropped by 19.7%, from 1190 forints as of 30 September 2010 to 955 forints as of 31 December 2010. In Q4 of 2010 the official BUX index was down by 8.23% and BUMIX was down by 10.06% compared to Q3.

As of 31 December 2010 Moody's rated FHB's covered mortgage bonds Baa1, and the Mortgage Bank's rating was Baa3, both with negative implications but no longer on review. Some of the ratings changed compared to 31 December 2010. As of 30 September CMBs were rated A3. Conversely, the Mortgage Bank's rating was the same, Baa3.

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

Changes in the legislative environment

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

Act CLIX of 2010 on the Amendment of Certain Financial Acts

The main purpose of the Act is to legislate certain financial EU legal acts. The main areas of the Act on Credit Institutions and Financial Enterprises (Hpt.) concerned by the amendment are as follows: e-money issue has become an independent financial service; the rules pertaining to financial mediators have been made more explicit; and handling of customer complaints. In respect of the Mortgage Loan Act, the amendment enables Hungarian mortgage banks to issue CMBs in OECD countries outside the EEA in the form of New Global Notes, and to accept as supplementary collateral highly rated covered bonds issued by another financial institution.

Act XCVI of 2010 on the Amendment of Certain Financial Acts For the Purpose of Aiding Housing Loan Borrower Consumers In a Difficult Situation

The Act prohibits unilateral modification of the contract terms that would be detrimental to the client and prohibits arbitrary increase of the interest rate. Compared to the currently effective regulations, the new statutory provisions will tighten the scope and terms of unilateral increase of the interest rate. In the future, unilateral increase of fees, charges and commissions will not be allowed.

When extending FEX loans or loans disbursed in FEX 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.

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

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, 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 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.

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 1,003.0 as of 31 December 2010, 427.8 more than the 575.2 staff as of 31 December 2009 and 67.7% up from the Q3 2010 figure of 598.0. Allianz Bank counts 450 from the consolidated headcount's increase. As of 31 December 2010, branch staff was 392 (128 without Allianz) while it was 144 in Q4 2009. Headcount of headquarters was 611 (426 without Allianz) and 431 in Q4 2009. Group companies had the following staff figures as of 31 December 2010: FHB Mortgage Bank Plc. 65, FHB Commercial Bank Ltd. 254, Allianz Bank Ltd. 449, FHB Services Ltd. 204, FHB Annuity Ltd. 6, FHB Real Estate Ltd. 11, FHB Real Estate Leasing Ltd. 8, and Pomo Group 6.

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 act as joint CEOs of FHB Mortgage Bank Plc. and have kept their respective positions and duties held in FHB Group.

Dr. Márton Vági resigned his membership of the Board of Directors with effect from 1. January, 2011.

II. Summary figures of the latest period (IFRS)³

The Bank's consolidated balance sheet total according to International Financial Reporting Standards was up year-on-year by 9.0%, from 801.0 billion forints to 873.2 billion forints. The increase was generated by the acquisition of Allianz Bank and the changes in the foreign exchange rates.

Shareholders' equity grew by 24.1% year-on-year to reach 58.9 billion forints at the end of December 2010, due primarily to an increase in retained earnings.

After tax profit was close to 11.3 billion forints in 2010, 60.3% higher than the reference period figure.

Key financial indicators	Consolidated figures by IFRS		
	31 Dec 2009	31 Dec 2010	31 Dec 2010 / 31 Dec 2009
Balance sheet total (HUF million)	801,015	873,249	9.0%
Book value of loans (HUF million)	596,775	646,946	8.4%
Book value of mortgage bonds (HUF million)	438,423	400,082	-8.7%
Bonds issued (HUF million)	52,710	97,858	85.7%
Shareholders' equity (HUF million)	47,436	58,866	24.1%
Earnings before taxation (HUF million)	10,039	8,896	-11.4%
Earnings before taxation excluding special banking tax (HUF million)	10,039	11,382	13.4%
After tax profit (HUF million)	7,048	11,296	60.3%
After tax profit excluding special banking tax (HUF million)	7,048	13,783	95.5%
Net interest margin (NIM)	3.49%	3.25%	-24 bp
EPS (HUF)*	109.5	174.9	59.8%
P/E (share price/EPS)	11.88	5.46	-54.1%
P/BV (share price/equity/number of shares)	1.81	1.07	-40.8%
ROAA (return on average assets)	0.9%	1.4%	53.0%
ROAA (without special banking tax)	0.9%	1.7%	87.8%
ROAE (return on average equity)	15.5%	21.7%	38.8%
ROAE (without special banking tax)	15.5%	26.4%	70.7%

*EPS and diluted EPS is equal

³ 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 Q4 (Oct-Dec)	2010 Q3 (July-Sep)	2010 Q4 (Oct-Dec)	2010 Q4/ 2009 Q4	2010 Q4/ 2010 Q3
Net interest income	9,737	6,323	6,750	-30.7%	6.8%
Net fees and commission income	436	271	809	85.8%	198.7%
Net profit from financial transactions	-414	-1,196	-2,136	416.5%	78.6%
Other income and expenditure	-906	69	7,315	-	-
Gross operating income	8,853	5,467	12,737	43.9%	133.0%
Operating expenses	-3,834	-5,365	-6,647	73.4%	23.9%
Net operating income	5,018	102	6,089	21.3%	-
Losses from lending and impairment	-2,819	-288	-832	-70.5%	189.1%
Profit before taxation	2,199	-186	5,257	139.1%	-
Profit before taxation without special bank tax	2,199	1,525	6,033	174.4%	295.5%
Taxes	-649	463	2,969	-557.8%	541.3%
After tax profit	1,550	277	8,226	430.6%	-
After tax profit without special bank tax	1,550	1,988	9,001	480.6%	352.7%

The Bank's consolidated after-tax profit by IFRS amounted to 8.2 billion forints in Q4 of 2010, significantly up from both the Q3 of 2010 and the Q4 of 2009 figure. The increase is contributed by several one-off items besides the additional expenditures related to the integration of Allianz Bank. In case of the acquisition of Allianz Bank, the difference between the purchase price of Allianz Bank and the nominal value of investment resulted in a total of 8.0 billion forints other income, and 1.1 billion forints deferred tax liability. This income has counterbalanced the 586 million forints loss of Allianz Bank in the fourth quarter of 2010. The loss incurred by the settlement of shares withdrawn after repayment of State capital contributed 2.7 billion forints deferred tax receivable according to the IFRS financial statements. Moreover, 446 million forints other expenditures were reported in 2010 in respect of the rationalisation of resources in conjunction with the integration of Allianz Bank.

Excluding the bank tax, FHB's consolidated after-tax profit by IFRS amounted to 9.0 billion forints in Q4 of 2010, quadruple the Q3 of 2010 figure and 480.6% higher than the reference figure in 2009. Earnings before taxation in Q4 of 2010 were 6.0 billion forints excluding the bank tax.

Data in HUF million

DESCRIPTION	2009 (Jan-Dec)	2010 (Jan-Dec)	2010/ 2009
Net interest income	27,486	26,626	-3.1%
Net fees and commission income	1,439	1,653	14.9%
Net profit from financial transactions	1,940	-3,422	-
Other income and expenditure	607	7,971	-
Gross operating income	31,472	32,828	4.3%
Operating expenses	-13,714	-18,924	38.0%
Net operating income	17,758	13,904	-21.7%
Losses from lending and impairment	-7,720	-5,008	-35.1%
Profit before taxation	10,039	8,896	-11.4%
Profit before taxation without special bank tax	10,039	11,382	13.4%
Taxes	-2,990	2,401	-
After tax profit	7,048	11,296	60.3%
After tax profit without special bank tax	7,048	13,783	95.5%
EPS	109.5	174.9	59.8%
Deluted EPS	109.5	174.9	59.8%

As of 31 December 2010, consolidated after-tax profit by IFRS amounted to nearly 11.3 billion forints, 60.3% higher than the Q4 of 2009 figure. EBT were 8.9 billion forints, 11.4% below the EBT achieved in 2009.

The one-off item of income related to the acquisition of Allianz Bank contributed 8.0 billion forints to other income item, its effect on taxes was 1.1 billion forints liability. The loss incurred by the settlement of shares withdrawn after repayment of State capital contributed an annualized 3.6 billion forints deferred tax receivable according to the IFRS financial statements, and 446 million forints other expenditures were incurred in respect of the rationalisation of resources in conjunction with the integration.

Net interest income

Net interest income was 6.7 billion forints in Q4 of 2010, 30.7% down from the performance achieved in the reference period of last year (9.7 billion forints) and 6.8% above the Q3 of 2010 figure. The net figure emerged as a balance of 19.5 billion forints interest income (10.4% down from the Q4 of 2009 figure and 0.8% above the Q3 of 2010 figure) and 12.8 billion forints interest expense (6.1% higher than in Q4 of 2009 and 2.1% less than the Q3 of 2010 figure).

Net interest income in Q1-Q4 of 2010 was 26.6 billion forints, 3.1% down from the 2009 achievement (27.5 billion forints). The net figure emerged as a balance of 75.6 billion forints interest income (8.8% below the 82.7 billion forints achieved in Q1-Q4 of 2009) and 48.9 billion forints interest expense (11.4% less than the 55.3 billion forints achieved in 2009).

In Q4 of 2010, 48.1% of interest income was contributed by interest income from own lending (compared to 42.9% in Q3 of 2010 and 39.0% in the reference period of 2009), and 23.8% was contributed by interest income from refinanced loans (compared to 25.5% in Q3 of 2010 and 25.5% in the reference period of 2009). The aggregate interest income on interbank loans and securities contributed 7.5% (as opposed to 9.5% in Q3 of 2010 and 11.1% in the reference period of 2009). The contribution of interest income on derivatives was 20.5% to total interest income (compared to 22.0% in Q3 of 2010 and 15.0% in the reference period of 2009).

In Q1-Q4 of 2010, 44.7% of interest income was contributed by interest income from own lending (compared to 40.3% in Q1-Q4 of 2009), 26.5% was contributed by interest income from refinanced mortgage loans (compared to 27.5% in Q1-Q4 of 2009). The combined interest income on interbank loans and securities contributed 9.2%, down from the 11.1% achieved in the reference period of 2009. The contribution of interest income on derivatives was 19.6%, slightly higher than the 18.6% contributed in Q1-Q4 of 2009.

Within the line item of income from interest, the contribution of interest subsidy (subsidy of interest on covered mortgage bonds and supplementary interest subsidy) was 20.4% in Q4 of 2009, 20.8% in Q3 of 2010, and 19.9% in Q4 of 2010. In Q1-Q4 of 2009 interest subsidy contributed 22.1% to income from interest. The same figure was 21.5% in Q1-Q4 of 2010.

In Q4 of 2010, 50.2% of interest expense was incurred in conjunction with mortgage bonds and 15.4% with bonds. Interest paid on deposits contributed 8.9%, and interest expense on derivatives contributed 18.4%. Interest paid on mortgage bonds contributed 56.9% in Q3 of 2010 as opposed to 53.7% in Q4 of 2009. Interest paid on bonds contributed 8.8% in Q4 of 2009. Interest on derivatives contributed 22.1% to expenditure on interest in Q3 of 2010 and 13.7% in the reference quarter of 2009. In Q4 of 2009, interest paid on deposits contributed 7.6% as opposed to 5.5% in Q3 of 2010.

Interest paid on the State loan amounted to 1.1 billion forints in Q4 of 2010 and contributed 8.4% to expenditure on interest. In Q4 of 2009 the figure was 15.0% and it was 8.4% in Q3 of 2010.

The breakdown of interest expense showed a somewhat different picture in Q1-Q4 of 2010 compared to 2009. In Q1-Q4 of 2009, 51.8% was incurred in conjunction with CMBs, the contribution of interest paid on interbank borrowings was minimal (0.6%). Interest paid on deposits contributed 7.2%, interest paid on derivative transactions contributed 22.1%, and interest paid on the State loan contributed 9.3% to interest expense. The breakdown in 2010 was mortgage bonds 51.1%, interest paid on bonds 12.4%, interbank borrowings 0.6%, interest paid on deposits 7.5%, derivatives 19.1%, and expenditure on interest on the State loan contributed 8.7%

Of the item of expenditure on interest, in Q1-Q4 of 2010, 12.7 billion forints were related to financing own loans and 12.0 billion forints to refinanced loans. In Q1-Q4 of 2009, 14.1 billion forints of interest expenditure were related to financing own loans and 14.6 billion forints to refinanced loans.

The average net interest margin (NIM) was 3.25% as of 31 December 2010 and 3.31% as of 30 September 2010 compared to 3.49% as of 31 December 2009. In 2010 the average NIM decreased year-on-year due mainly to the increasing cost of the refinancing of maturing long-term liabilities and the gradual change in the breakdown of liabilities.

Net fees and commission income

In Q3 of 2010, the Bank achieved a positive balance of 271 million forints of income from, and expenditures on, commissions and fees; the Q4 of 2010 achievement was considerably higher by comparison, 809 million forints. This is considerably above the 401 million forints achieved in Q4 of 2009. The contribution of Allianz Bank to the increase in net income from fees and commissions was 370 million forints in the reported quarter. In Q4 of 2010, net income from fees contributed 6.4% to gross operating profit.

Net income from fees and commissions in Q4 of 2010 was 1,056 million forints, 34.4% of which was contributed by early repayment charges (40.1% in Q3 of 2010 and 31.3% in Q4 of 2009), 5.6% by handling fees (16.5% in Q3 of 2010 and 15.3% in Q4 of 2009), and 37.8% by accounts and card related banking charges (21.5% and 8.9% respectively). Allianz Bank contributed 15.7% of the income from insurance brokerage fees to income from fees and commissions in the reported period. Other line items include other service and contracting fees charged to customers.

Fees related to CMB and unsecured bond issues contributed 21.3% to expenditures on fees and commissions, card related fees were substantially higher in the wake of the Alliance transaction and contributed 36.7%, and agents' fees contributed 19.2%. Fees paid in connection with premiums paid by Alliance Insurance Company's clients by postal order contributed 15.6% of the Q4 expenditure on fees. The remaining items are typically fees paid to other financial institutions.

In 2010, net income from fees and commissions amounted to 1,653 million forints, 14.9% above the 1,439 million forints achieved in the reference period. Net income from fees contributed 5.0% to gross operating profit in Q1-Q4.

Net income from fees and commissions in Q1-Q4 of 2010 was 2,201 million forints, 38.0% by prepayment commissions, 11.3% by handling fees, and 27.9% 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 33.1% to expenditures on fees and commissions, agents' fees contributed 26.6%, card related fees were 22.4%, net commissions paid to the post were 7.0%, and the remaining items are typically fees paid to other financial institutions and clearing houses.

Net profit from financial transactions

In Q4 of 2010 the balance of financial transactions was 2,136 million forints loss after the 1,196 million forints loss incurred in Q3 of 2010 and the 414 million forints loss in Q4 of 2009. The Q1-Q4 of 2010 balance was 3.4 billion forints loss as opposed to 1.9 billion forints profit in Q1-Q4 of 2009.

Exchange rate volatility in the course of the reported quarter and the effect of currency swaps reduced earnings from FX operations by 397 million forints in Q4 of 2010. The overall achievement is considerably better than the 2009 reference figure (1.0 billion forints loss) and the 665 billion forints loss generated in Q3 of 2010. The Q1-Q4 of 2010 loss was 1.2 billion forints, worse than the 1.0 billion forints loss incurred in Q1-Q4 of 2009.

Changes in the fair value of securities reported at fair value against earnings was 2.8 billion forints loss in Q4 of 2010 and deteriorated significantly compared to the 141 million forints profit achieved in Q4 of 2009, and was worse than the 1.0 billion forints loss incurred in Q3 of 2010. The Q1-Q4 of 2010 loss was 3.2 billion forints, considerably worse than the 2.3 billion forints profit achieved in 2009.

In Q4 of 2010, securities transactions achieved 273 million forints profit, and the Q1-Q4 of 2010 figure is 1,1 billion profit. In Q4 of 2009 the same item achieved a profit of 340 million forints, and the Q1-Q4 of 2009 profit amounted to 593.0 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 kept for sale.

Other income

In Q1-Q4 of 2010 the balance of other income and expenditure was 7,971 million forints profit, arising from 10.4 billion forints income net of 2.4 billion forints expenditure. As of 31 December 2009 the balance of other income and expenditure was 607 million forints. In Q1-Q4 of 2010, the item of other income and expenditure contains 1,795 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. Bargain purchase income related to the Allianz acquisition amounted to 8.0 billion forints. The remaining items include 163 million forints from the sale of real estate and tangibles, and one-off income of 52 million forints from previous acquisitions. On the other expenditures side, 53.4% was contributed by the aggregate 1,283 million forints from revaluation of annuity payment liabilities (admission of new commitments and change in the fair value of existing commitments) and 446 million forints other expenditures incurred in respect of the rationalisation of resources in conjunction with the integration.

Operating expenses

Data in million HUF

DESCRIPTION	2009 Q4 (Oct-Dec)	2010 Q3 (July-Sep)	2010 Q4 (Oct-Dec)	2010 Q4/ 2009 Q4	2010 Q4/ 2010 Q3
General administrative costs	3,092	3,050	5,073	64.0%	66.3%
Personnel expenses	988	1,408	1,897	92.1%	34.8%
- wages	748	955	1,129	50.9%	18.2%
- other personnel expenses	71	167	234	228.5%	39.4%
- social security expenses	254	285	345	35.5%	21.1%
- share premium	-86	0	190	-	-
Administrative costs	2,104	1,642	3,174	50.9%	93.3%
Taxes paid	303	1,902	1,008	232.4%	-47.0%
- special bank tax	0	1,711	775	-	-54.7%
Depreciation	439	413	567	29.2%	37.1%
TOTAL OPERATING EXPENSES	3,834	5,365	6,647	73.4%	23.9%
TOTAL OPERATING EXPENSES WITHOUT SPECIAL BANK TAX	3,834	3,654	5,872	53.1%	60.7%

Operating costs amounted to 6.6 billion forints in Q4 of 2010, 23.9% in excess of the Q3 of 2010 level and 73.4% above the Q4 of 2009 figure. The year-on-year based change compared to the previous quarter is caused by 775 million forints bank tax reported in Q4, as well as by the Q4 of 2010 operating costs of Allianz Bank, which added approximately 2.0 billion forints to consolidated costs in Q4 of 2010. Excluding the bank tax, the increase was 53.1% over Q4 of 2009 and 60.7% over Q3 of 2010. Cost-to-income ratio (CIR) was 43.6% as of 31 December 2009. This item was 61.1% in Q3 of 2010 and achieved 58.4% as of 31 December 2010, and was 50.8% excluding the bank tax.

Increasing taxes, items related to Allianz's integration, and the reporting of Allianz's Q4 cost items in the consolidated figures had an impact on the breakdown of costs, which changed considerably compared to previous quarters. The contribution of personnel expenses in Q4 of 2010 was 28.5% compared to 25.8% in Q4 of 2009 and 26.2% in Q3 of 2009. There was a 34.8% increase in personnel expenses compared to the previous quarter's figure and a 92.1% increase over the Q4 of 2009 figure. In Q4 of 2010 other administrative costs were 50.9% up from the Q4 of 2009 figure and were 93.3% higher than the Q3 of 2010 figure. There is a slight upward change in the contribution of this item to operating costs, from 54.9% in Q4 of 2009 to 47.8% by the end of the reported quarter.

Data in million HUF

DESCRIPTION	2009 (Jan-Dec)	2010 (Jan-Dec)	2010/ 2009
General administrative costs	11,178	13,808	23.5%
Personnel expenses	5,081	5,977	17.6%
- wages	3,486	3,898	11.8%
- other personnel expenses	489	717	46.7%
- social security expenses	1,192	1,172	-1.7%
- share premium	-86	190	-
Administrative costs	6,096	7,831	28.5%
Taxes paid	964	3,319	244.1%
- special bank tax	0	2,487	-
Depreciation	1,571	1,797	14.4%
TOTAL OPERATING EXPENSES	13,714	18,924	38.0%
TOTAL OPERATING EXPENSES WITHOUT SPECIAL BANK TAX	13,714	16,438	19.9%

The Bank's operating costs amounted to 18.9 billion forints in the course of Q1-Q4 of 2010 as opposed to 13.7 billion forints in the reference period of 2009. The increase is 38.0%, due primarily to the increase in tax liabilities and the integration of Allianz. Excluding the special bank tax, the Y/Y increase in operating costs was 19.9%.

In 2009 this administrative costs contributed 44.5% compared to 41.1% in 2010 with a year-on-year growth of 28.5%. In Q1-Q4 of 2009 personnel expenses contributed 37.1% and dropped considerably in Q1-Q4 of 2010 to achieve 31.6%.

Integration that started in Q4 of 2010 and the consolidation of Allianz Bank's costs in the financial statements resulted in a change in the breakdown of other administrative costs.

In Q4 of 2009 real estate related expenses contributed 20.1% to other administrative costs compared to 19.0% in Q3 of 2010 and 17.9% in the reported quarter, and dropped from 405 million forints in Q4 of 2009 to 312 million forints in Q3 of 2010 and grew to reach 569 million forints in the reported quarter.

The Q4 of 2010 contribution of expenditure related to operating IT devices was 25.7%, more than the 24.7% in Q4 of 2009, and its amount increased from 498 million to 817 million forints.

There was a slight change in the contribution of marketing costs, from 19.6% in Q4 of 2009 to 14.7% in 2010; at the same time, their amount increased from 395 million forints in Q4 of 2009 to 467 million forints in the reported quarter.

Expert fees were up from 257 million forints in Q3 of 2010 to 394 million forints in Q4 of 2010 (including 164.0 million forints in conjunction with the Allianz Bank transaction), resulting in a drop in their contribution to the other administrative costs item from 15.7% to 12.4%.

Special mortgage banking costs contributed 19.6% to other administrative costs in Q4 of 2010 (14.3% in Q4 of 2009 and 11.1% in Q3 of 2010). There has been a shift in the breakdown of

special mortgage banking costs: slower lending activity has resulted in a shrinking contribution of valuation costs, at the same time, the contribution of costs related to liabilities side activities has been on the rise. Costs incurred by Allianz Bank strengthened the trend so that by 2010 the contribution of these items to operating costs was as high as 37.6% in contrast to 24.6% in the same period of 2009.

Depreciation was 567 million forints in Q4 of 2010 compared to 413 million forints in Q3 of 2010 and 439 million forints in Q4 of 2009. The 1,797 million forints achieved in Q1-Q4 of 2010 is 14.4% higher than the 31 December 2009 figure. In 2010 69.8% of the depreciation was contributed by intangibles and 30.2% by real estate and tangibles.

Other taxes paid reported in the operating costs line item amounted to 303 million forints in Q4 of 2009 and soared to 1,902 million forints in Q3 of 2010 as opposed to 1,008 million forints in Q4 of 2010. Special bank tax contributed 1.7 billion forints to the Q3 of 2010 figure and 775 million forints to Q4. Taxes paid in Q1-Q4 of 2010 amounted to 3,319 million forints, three and a half times the Q1-Q4 of 2009 amount. However, excluding bank tax, taxes paid were 13.7% 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 prior quarter of 2010 and to the end of the prior year. The portfolio value determined according to IFRS amounted to 724 billion forints as of 31 December, 2010, as opposed to 683.3 billion forints as of 30 September 2010, 704.1 billion forints as of 30 June, 2010, and 645.1 billion forints as of 31 December 2009.

The portion of the non-performing loan portfolio was 5.53% as of 31 December 2010, 4.74% as of 30 September 2010, 5.06% as of 30 June 2010, 3.93% as of 31 December 2009.

The outstanding provision to the non-performing portfolio was 52.7% as of 31 December, 2010, 37.2% as of 30 September 2010, 34.0% as of 30 June 2010, 29.8% as of 31 December 2009.

The portion of the non-performing loan portfolio constituting to the own loan portfolio was 9.65% as of 31 December, 2010, 9.07% as of 30 September 2010, 9.53% as of 30 June 2010, 7.33% as of 31 December 2009.

At the end of the period the outstanding provisions were 23.3 billion forints, 15.9 billion forints over the 31 December 2009 figure. The portfolio and its breakdown are shown in the table below.

Data in thousand HUF

Description	31 Dec 2009	30 Sep 2010	31 Dec 2010
Loan loss provisions as at 1st January	1,848,262	7,393,352	7,393,352
Charge for the period	8,914,604	7,726,680	10,723,983
Provision portfolio from acquisition	0	0	9,142,402
FX change of provisions	-105,038	735,607	1,601,521
Release during the period	-3,264,477	-3,799,013	-5,551,930
Loan loss provisions at period end	7,393,352	12,056,626	23,309,329
Net effect of charge and release	6,637,541	3,458,102	4,341,658
Loans written-off	114	11,928	21,442
Loss on loans sold	649,611	77,781	106,176
Loss on terminated loans	119,189	50,350	126,887
Charge/(release) for commitments	313,172	577,907	412,020
Losses on loans / provisions	7,719,627	4,176,067	5,008,183

Balance sheet

Data in HUF million

DESCRIPTION	31.12.2009.	30.09.2010.	31.12.2010.	31.12.2010. /31.12.2009	31.12.2010. /30.09.2010
Cash	1,100	1,075	3,186	189.7%	196.5%
Receivables from NBH	2,449	1,244	3,458	41.2%	178.0%
Interbank deposits	37,974	69,180	69,439	82.9%	0.4%
Available for trade securities	0	1,241	4,758	-	283.4%
Available for sale securities	131,022	97,311	101,554	-22.5%	4.4%
Refinanced mortgage loans	263,015	257,577	260,320	-1.0%	1.1%
Loans	333,759	339,572	386,627	15.8%	13.9%
Fair value of derivatives	3,555	2,672	947	-73.4%	-64.6%
Property for investment	9,560	11,510	11,617	21.5%	0.9%
Tangible and intangible assets	13,639	13,973	20,039	46.9%	43.4%
Goodwill	127	127	7	-94.7%	-94.7%
Other assets	4,815	10,785	11,298	134.6%	4.7%
Assets total	801,015	806,268	873,249	9.0%	8.3%
Liabilities total	753,579	754,661	814,383	8.1%	7.9%
Interbank borrowings	26,429	19,676	22,610	-14.4%	14.9%
Mortgage bonds	438,423	411,079	400,082	-8.7%	-2.7%
Bonds issued	52,710	86,857	97,858	85.7%	12.7%
Deposits	63,562	70,973	112,740	77.4%	58.8%
State loan	138,958	111,587	112,120	-19.3%	0.5%
Fair value of derivatives	25,058	44,682	59,690	138.2%	33.6%
Reserves for annuity	1,864	2,524	2,379	27.7%	-5.7%
Other liabilities	6,575	7,283	6,902	5.0%	-5.2%
Shareholders' equity	47,436	51,607	58,866	24.1%	14.1%
Subscribed capital	6,600	6,600	6,600	0.0%	0.0%
Repurchased own shares	-1,546	-98	-123	-92.0%	25.8%
Share premium	1,709	1,709	1,709	0.0%	0.0%
General reserve	4,470	4,470	4,470	0.0%	0.0%
Cash-flow hedge reserve	833	263	101	-87.9%	-61.7%
Stock option reserve	0	0	190	-	-
Changes in fair value of avail. for sale fin.	915	23	-430	-	-
FX reserve	21	18	19	-7.7%	8.6%
Retained earnings	34,434	38,622	46,331	34.5%	20.0%
Total liabilities and shareholders' equity	801,015	806,268	873,249	9.0%	8.3%

As of 31 December 2010 the Bank's consolidated balance sheet total by IFRS amounted to 873.2 billion forints, which is 72.2 billion forints, or approximately 9.0% up from 31 December 2009 and 67.0 billion forints, or 8.3%, higher than the balance sheet total as of 30 September 2010. The increase over both reference periods is essentially the result of the integration of Allianz. Allianz Bank contributed 78 billion forints to FHB Group's consolidated balance sheet total as of 31 December 2010.

The increase on the asset side over the reference figure as of 31 December 2009 was the joint result of several factors. It included a 52.9 billion forints expansion of the loan portfolio and a 31.5 billion forints increase in interbank lending, net of 2.7 billion forints refinancing and securities held for sale amounting to 29.5 as of 31 December 2010.

Increase in liabilities contributed 60.8 billion forints to the year-on-year increase on the liabilities and equity side. Significant increase was generated primarily by deposits, which exceeded the

2009 figure by 49.2 billion forints. State loans were 26.8 billion forints down, primarily as a result of repayment of special dividend preference shares in the first quarter of 2010. Interbank borrowings reduced liabilities by 3.8 billion forints. The CMB portfolio shrank by 38.3 billion forints, conversely, the portfolio of senior unsecured bonds expanded by 45.1 billion forints. Shareholders' equity increased by approximately 11.4 billion forints year-on-year, primarily as a result of an increase in accumulated assets. Decrease in repurchased treasury shares increased shareholders' equity by 1.4 billion forints.

The increase in assets compared to the balance sheet as of 30 September 2010 was caused predominantly by a 47.1 billion forints expansion of own loans. Securities held for sale were up by 4.2 billion forints. The change in the fair value of derivatives decreased the balance sheet total by 1.7 billion forints.

The largest contributor to the change in liabilities was the item of deposits, which grew by 41.8 billion forints. The change in the fair value of derivatives decreased the balance sheet total by 15.0 billion forints. The CMB portfolio shrank by 11.0 billion forints in Q4 of 2010 while unsecured bonds issued increased by 11.0 billion forints. Shareholders' equity increased by 7.3 billion forints in Q4 of 2010 due primarily to a 7.7 billion forints increase in retained earnings net of a 0.5 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 766.1 billion forints as of 30 September 2010, then increased to 826.2 billion forints as of 31 December 2010. Expansion of loans disbursed by the Bank as of 31 December 2010 was 15.8% compared to the Q4 of 2009 figure and 13.9% over the 30 September 2010 figure. Impairment to cover for losses from lending was up from 7.4 billion forints in December of 2009 to 23.3 billion forints. Impairment related to Allianz Bank amounted to 9.8 billion forints. The year-on-year decline in refinanced loans was 1.0%, however, there was a 1.1% increase in this item in Q4 of 2010. As of 31 December 2009 the combined contribution of refinanced loans and own lending was 77.7%. The contribution was up to 77.9% as of 30 September 2010 and achieved 78.3% as of 31 December 2010.

The collateral value of real estates covering ordinary collateral amounted to 1,270.3 billion forints as of 31 December 2010, 7.2% lower than the figure (1,368.4 billion forints) as of 31 December 2009 and 0.8% down from the figure in Q3 2010 (1,280.1 billion forints). The LTV ratio applicable for ordinary collateral (loan principal receivable to collateral value) was 40.0% as of 31 December 2010, somewhat higher than the 38.6% LTV ratio as of 31 December 2009.

NBH and other interbank lending increase from 40.4 billion forints as of 31 December 2009 to 70.4 billion forints as of 30 September 2010, then further to 72.9 billion forints as of 31 December 2010. The item contributed 8.8% to interest earning assets.

The value of Bank's securities held for sale dropped from 131.0 billion forints as of 31 December 2009 to 97.3 billion forints in Q3 of 2010. As of 31 December 2010 the value of the securities portfolio amounted to 101.6 billion forints. Thus the Q4 of 2010 contribution of securities to interest earning assets was up to achieve 12.3%. Securities include NBH bonds amounting to

43.4 billion forints, discount treasury bills amounting to 3.3 billion forints and government bonds amounting to 37.4 billion forints, as well as other bank and corporate bonds for sale amounting to 17.4 billion forints. The Bank's portfolio of securities held for sale serves exclusively as a liquidity reserve.

As of 31 December 2010 the Bank's portfolio of securities held for trading contributed 0.6% to interest earning assets.

Property for investment, own and other assets

The value of real estates passed in the Bank's ownership in conjunction with the annuity products sold over the year was in excess of 11.6 billion forints as of 31 December 2010, 0.9% higher compared to the 11.5 billion forints achieved in Q3 of 2010, with a year-on-year increase of 21.5%.

The value of tangible assets was 6.3 billion forints as of 31 December 2010, 3.8 billion forints higher year-on-year and 4.1 billion forints above the Q3 of 2010 figure. The consolidation of Allianz Bank's assets with FHB Group resulted in an increase of 4.3 billion forints. Of the 4.3 billion forints, the combined real estate value of Allianz's branch offices is 4.1 billion forints, vehicles contribute 30 million forints, the net value of furnishings and equipment amounts to 53.5 million forints, and security and IT devices represent 98.9 million forints. Changes in addition to the Allianz related items resulted in a 872.4 million forints increase due to IT and other tangibles purchases deployed in 2010, net of 114.6 million forints derecognition and 574.7 million forints depreciation. Due to software purchases the value of intangible assets grew from 11.2 billion forints as of Q4 of 2009 to 13.8 billion forints as of 31 December 2010. Allianz Bank's intangibles contribute 1.3 billion forints to the increase. This includes 618 million forints software, 44 million forints rights reported as assets, and 645 million forints goodwill. The bulk of the Y/Y change resulted from 2.3 billion forints software purchased in 2010, the portfolio value generated as a result of previous acquisitions and goodwill, net of 324.1 million forints derecognition and 1,222.3 million forints depreciation. In 2010 the Group recorded 446.5 million forints reserve for impairment of tangibles and 120 million forints for goodwill.

As of 31 December 2010 the Bank's other assets that amounted to 11.3 billion forints as opposed to 4.8 billion forints as of the reference year. The growth was mainly caused the increase in deferred taxes, taxes reclaimable and state receivables.

Interest bearing liabilities

The contribution of CMBs to the Bank's interest bearing liabilities was 53.7% as of 31 December 2010. The same item was 58.7% as of 30 September 2010 and 60.9% as of 31 December 2009. The 400.1 billion forints book value of covered mortgage bonds as of 31 December 2010 was 2.7% down from the 30 September of 2010 figure (411.1 billion forints), and 8.7% down from the 438.4 billion forints as of 31 December 2009. Decrease in value of the CMB portfolio was 38.3 billion forints year-on-year as a result of 45.6 billion forints new issues, 78.5 billion forints repayments and 18.3 billion forints repurchase including related exchange rate adjustments.

Mortgage bond collateral

The collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank Plc. amounted to 807.4 billion forints as of 31 December 2010, 1.9% less than the 822.9 billion forints as of 30 September 2010, and 11.5% below the 31 December 2009 figure (912.7 billion forints).

The value of the group of assets involved as collateral as of 31 Dec 2010 (HUF million)

Outstanding mortgage bonds in circulation	
Face value:	415,224
Interest:	97,701
Total:	512,925
Value of the regular collateral	
Principal:	511,182
Interest:	296,213
Total:	807,395
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 496.5 billion forints, and the present value of collateral was 587.7 billion forints as of 31 December 2009, thus the rate of coverage was 118%. As of 31 December 2010, the present value of mortgage bonds amounted to 448.9 billion forints, and the present value of collateral was 557.2 billion forints, thus the rate of coverage was 124%.

As of 31 December 2010 net ordinary and supplementary collateral principle to the face value of mortgage bonds in circulation not yet repaid was 123.1%. Net interest on ordinary and supplementary collateral to interest on mortgage bonds in circulation not yet repaid was 303.2%.

Bonds issued

The book value of bonds was 52.7 billion forints as of 31 December 2009. The consolidated portfolio of bonds increased to reach 97.9 billion forints as of 31 December 2010. Bonds issued by Allianz Bank contributed 12.3 billion forints to the consolidated portfolio. As regards bonds issued by FHB, new issues amounted to 75.5 billion forints, repayments amounted to 37.7 billion forints and redemptions to 6.3 billion forints in Q1-Q4 of 2010.

Interbank funds

As of 31 December 2010 the 22.6 billion forints interbank portfolio contained interbank drawdown amounting to 8.1 billion forints, and ECB loans equivalent to 14.5 billion forints. The Bank has used the interbank facilities as supplementary funds.

Customer deposits

As of 31 December 2010 deposits amounted to 112.7 billion forints in contrast to 63.6 billion forints as of 31 December 2009 and 71.0 billion forints as of 30 September 2010. Allianz Bank's customer deposits contributed 34.9 billion forints to the increase. FHB Group's consolidated deposit portfolio is dominated by deposits from retail customers with a contribution of approximately 70%.

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 31 December 2010 112.1 billion forints of the State loan were available for the Bank (400 million EUR at NBH's exchange rate of 31 December 2010).

Other liabilities

The Bank's other liabilities amounting to 6.9 billion forints include, among others, debts to suppliers (contributing 6.9% as of 31 December 2010 compared to 11.1% as of 31 December 2009), passive accruals (30.0% as of 31 December 2010 compared to 10.0% as of 31 December 2009), and taxes (6.7% as of 31 December 2010 compared to 11.7% as of 31 December 2009), deferred taxes (7.2% as of 31 December 2010 compared to 23.2% as of 31 December 2009). Liabilities from settlement with customers were 1.4 billion forints contributing 19.9% to other liabilities.

Shareholders' equity

The year-on-year increase in shareholders' equity was 24.1% (11.4 billion forints), reaching 58.9 billion forints as of 31 December 2010. The bulk of the year-on-year increase resulted from a 11.9 billion forints increase in retained earnings. Cash-flow hedge reserves were down by 0.7 billion forints year-on-year due to the change in fair value in the wake of yield and exchange rate changes and the 1.3 billion forints decrease in the fair value of financial assets had a negative impact on shareholders' equity. On the other hand, shareholders' equity was increased by a 1.4 billion forints reduction in repurchased treasury shares.

Shareholders' equity expanded by 7.3 billion forints in Q4 of 2010. The greatest contributing item to the year-on-year increase was a 7.7 billion forints increase in retained earnings, net of 0.4 billion forints decrease in the fair value of financial assets.

Off balance sheet items

The Bank's pending liabilities towards customers among the off-balance sheet items were 54 million forints. Contracted but not yet disbursed loans amounted to 2.2 billion forints as of 31 December, 2010. Future liabilities amounted to 366.0 billion forints and mainly include swap transactions relating to mortgage bonds. Liabilities from other currency swaps amounted to 24.3 billion forints. Bank guarantees offered were 2.0 billion forints.

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

Capital structure

Data in HUF million

DESCRIPTION	31 Dec 2009	30 Sep 2010	31 Dec 2010
Risk weighted assets	350,025	249,088	333,550
Regulatory capital	57,823	31,674	33,587
Statutory capital adequacy ratio	15.0%	10.6%	9.4%
Regulatory capital (IFRS)	32,814	35,659	40,426
Capital adequacy ratio (IFRS)	8.5%	12.0%	11.3%

IV. MAJOR EVENTS DURING THE ACCOUNTING PERIOD

In its decision No. EN-I-108/2011 passed on 3 February 2011 the HFSA granted permission for the merger of the commercial bank members of FHB Group, i.e. FHB Commercial Bank Ltd. and Allianz Bank Ltd.

Based on the above decision issued by the HFSA, an application to enter the change in the Register of Companies will be submitted shortly. Once entered by the valid order of the Court of Registration, the merger is expected to be fully and effectively completed.

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, 22nd February, 2011

László Harmati
Chief Business
Executive Officer

Gyula Köbli
Chief Strategic and
Financial Executive Officer

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 Address: 1082 Budapest, Üllői út 48.
 Sector: Financial services
 Reporting period: 01.01.2010 – 31.12.2010

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 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.), Allianz Kereskedelmi Bank Zrt. (Allianz Commercial Bank Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.) and FHB Életjáradék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd), and to FHB Ingatlanlizing Zrt. (FHB Real Estate Leasing Ltd. - legal name since 31 December, 2010, former name: CEC Magyarország Ltd.) 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, audited data as at 31 December, 2009 and consolidated, non-audited data as at 31 December, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2010	31 Dec, 2009	Change (%)
Interest income	75,579,443	82,745,967	-8.7%
Interest expense	-48,953,476	-55,260,118	-11.4%
Net interest income	26,625,967	27,485,849	-3.1%
Fee and commission income	2,201,311	1,661,828	32.5%
Fee and commission expense	-547,820	-222,465	146.2%
Profit from FX transactions	-1,237,145	-957,292	29.2%
Profit from changes of fair value of derivatives	-3,244,014	2,304,063	-
Gain less losses from securities	1,058,927	593,002	78.6%
Other operating income	10,364,209	3,741,800	177.0%
Other operating expense	-2,393,219	-3,134,830	-23.7%
Operating income	32,828,216	31,471,955	4.3%
Losses/provisions on loans and impairment	-5,008,183	-7,719,627	-35.1%
Operating expenses	-18,924,182	-13,713,596	38.0%
Profit before tax	8,895,851	10,038,732	-15.4%
Taxation expense	2,400,574	-2,990,373	-
Profit for the period	11,296,425	7,048,359	60.3%

Statement of comprehensive income	31 Dec, 2010	31 Dec, 2009	Change (%)
Profit for the period	11,296,425	7,048,359	60.3%
Other comprehensive income			
Cash-flow hedge reserve	-911,728	-363,969	150.5%
Variation in fair value of tradable financial assets	-1,608,218	1,152,389	-
FX reserve	-1,587	20,654	-
Other comprehensive income with deferred tax	442,317	-131,540	-
Total comprehensive income	9,217,209	7,725,893	19.3%

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DESCRIPTION	Q4 2010	Q4 2009	Change (%)
Interest income	19,530,043	21,787,916	-10.4%
Interest expense	-12,780,541	-12,051,227	6.1%
Net interest income	6,749,502	9,736,689	-30.7%
Fee and commission income	1,056,087	500,984	110.8%
Fee and commission expense	-247,007	-65,465	277.3%
Profit from FX transactions	396,881	-894,898	-
Profit from changes of fair value of derivatives	-2,805,891	140,846	-
Gain less losses from securities	272,732	340,457	-19.9%
Other operating income	8,218,053	1,819,438	351.7%
Other operating expense	-903,453	-2,725,520	-66.9%
Operating income	12,736,904	8,852,530	43.9%
Losses/provisions on loans and impairment	-832,116	-2,819,361	-70.5%
Operating expenses	-6,647,446	-3,834,310	73.4%
Profit before tax	5,257,342	2,198,858	139.1%
Taxation expense	2,968,601	-648,481	-
Profit for the period	8,225,944	1,550,377	430.6%

Statement of comprehensive income	Q4 2010	Q4 2009	Change (%)
Profit for the period	8,225,944	1,550,377	430.6%
Other comprehensive income			
Cash-flow hedge reserve	-207,167	23,331	-
Variation in fair value of tradable financial assets	-507,538	262,440	-
FX reserve	1,519	17,801	-91.5%
Other comprehensive income with deferred tax	99,321	-54,296	-
Total comprehensive income	7,612,079	1,799,653	323.0%

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Balance Sheet

(consolidated, audited data as at 31 December, 2009 and consolidated, non-audited data as at 31 December, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2010	31 Dec, 2009	31 Dec, 2010/ 31 Dec, 2009
Assets			
Cash	3,186,130	1,099,824	189.7%
Due from National Bank of Hungary	3,458,481	2,448,682	41.2%
Placements with other banks	69,439,111	37,973,739	82.9%
Available for trade securities	4,758,207	0	
Available for sale securities and investments	101,553,829	131,021,643	-22.5%
Fair value of derivatives	946,559	3,555,210	-73.4%
Refinancing of mortgage loans	260,319,573	263,015,031	-1.0%
Loans	386,626,696	333,759,479	15.8%
Property for investment	11,617,068	9,560,414	21.5%
Tangible assets	6,264,691	2,448,328	155.9%
Goodwill and intangible assets	13,781,016	11,317,024	21.8%
Deferred tax	3,477,199	0	-
Other assets	7,820,422	4,815,560	62.4%
Total Assets	873,248,982	801,014,934	9.0%
Liabilities			
Deposits from banks	22,609,937	26,428,618	-14.4%
<i>From this: fair value to P/L</i>	0	8,137,089	-
Mortgage bond liabilities	400,081,808	438,422,970	-8.7%
<i>From this: fair value to P/L</i>	90,688,034	129,605,045	-30.0%
Bonds issued	97,858,456	52,710,250	85.7%
<i>From this: fair value to P/L</i>	55,365,591	46,998,215	17.8%
Deposits	112,740,150	63,561,587	77.4%
State loan received	112,120,447	138,957,968	-19.3%
Fair value of derivatives	59,690,233	25,057,800	138.2%
Reserve for annuity payment	2,379,403	1,863,914	27.7%
Income tax liabilities	29,496	50,529	-41.6%
Deferred tax liabilities	494,955	1,524,338	-67.5%
Provisions	791,628	1,082,491	-26.9%
Other liabilities	5,586,265	3,918,762	42.6%
Total Liabilities	814,382,778	753,579,227	8.1%
Share capital	6,600,001	6,600,001	0.0%
Repurchased own shares	-123,040	-1,546,021	-92.0%
Share premium	1,709,013	1,709,014	0.0%
General reserve	4,469,502	4,469,502	0.0%
Cash-flow hedge reserve	100,691	833,470	-87.9%
Stock option reserve	190,113	0	-
Variation in fair value of tradable financial assets	-429,878	914,973	-
FX reserve	19,067	20,654	-7.7%
Retained earnings/(deficit)	46,330,734	34,434,114	34.5%
Total Shareholders' Equity	58,866,204	47,435,707	24.1%
Total Liabilities and Shareholders' Equity	873,248,982	801,014,934	9.0%

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Cash Flow

(consolidated, audited data as at 31 December, 2009 and consolidated, non-audited data as at 31 December, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2010	31 Dec, 2009
Cash flows from operating activities		
Net profit	11,296,425	7,048,359
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	1,796,952	1,571,372
Change of fair value of property for investment	-749,931	-2,039,950
Provision for losses and losses on loans	6,048,738	6,581,021
Loss/(profit) on sale of fixed assets	541,460	247,943
Loss/(profit) on derecognition of intangible assets	-4,274	0
Stock option reserve	190,113	-85,790
Share granted	0	0
Derivatives	36,314,103	-1,958,494
Increase in annuity reserve	515,489	758,201
Goodwill impairment	120,000	130,000
FX reserve	-1,588	20,654
Operating profit / (loss) before changes in operating assets	56,067,487	12,273,346
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	2,695,458	23,597,481
Loans	-23,285,452	-2,717,674
Accrued interest receivable	0	0
Other assets	-2,755,019	277,575
<i>Increase (decrease) in operating liabilities:</i>		
Deposits	18,494,745	29,497,248
Due to other banks	7,554,800	2,116,404
Accrued interest payable	0	0
Other liabilities	-2,539,924	744,286
Net cash used in operating activities	56,232,095	65,788,666
Cash flows from investing activities		
Increase in available for sale securities	30,117,310	-111,639,999
Increase in available for trade securities	15,314,319	0
Proceeds from sale of property and equipment	-47,457	-12,472
Purchase of property and equipment	-3,148,610	-3,074,271
Purchase of investment property	-1,456,513	-1,540,398
Proceeds from sale of investment property	149,790	12,472
Purchased subsidiary's net cash-flow	3,194,586	-1,127,371
Net cash used in investing activities	44,123,425	-117,394,511
Cash flows from financing activities		
Sale/(purchase) of own shares	1,422,980	-391,303
Long term loans	0	139,139,768
Repayment of long term loans	-61,802,906	0
Paid dividend	0	0
Cash flow hedge reserve	0	0
Instalment of bonds issued	-113,068,250	-88,672,232
Proceeds from issue of mortgage bonds	107,654,133	11,354,480
Net cash from financing activities	-65,794,043	61,430,713
Net increase in cash and cash equivalents	34,561,477	9,824,868
Cash and cash equivalents at beginning of year	41,522,245	31,697,377
Cash and cash equivalents at end of period	76,083,722	41,522,245
Cash and cash equivalents comprises of:		
Cash	3,186,130	1,099,824
Due from Central Bank	3,458,481	2,448,682
Placements with other banks, with a maturity of less than 90 days	69,439,111	37,973,739
Cash and cash equivalents at end of period	76,083,722	41,522,245
<i>Supplemental information</i>		
Interest received	76,320,194	82,041,200
Interest paid	-51,119,988	-57,402,295
Tax paid	-1,368,600	-1,366,766

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Statement of Shareholders' Equity

(consolidated, audited data as at 31 December, 2009 and consolidated, non-audited data as at 31 December, 2010, 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				654,424					-654,424	0
Total comprehensive income					-280,885		937,767	20,654	7,048,361	7,725,897
Own shares purchase		-391,303								-391,303
Creation of stock option reserve						-85,790				-85,790
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										0
Total comprehensive income		1	-1		-732,779		-1,344,851	-1,587	11,296,425	9,217,208
Own shares purchase		1,422,980								1,422,980
Shares granted									600,195	600,195
Creation of stock option reserve						190,113				190,113
31 December, 2010	6,600,001	-123,040	1,709,013	4,469,502	100,691	190,113	-429,878	19,067	46,330,734	58,866,203

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Loans

(consolidated, audited data as at 31 December, 2009 and consolidated, non-audited data as at 31 December, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2010	31 Dec, 2009
Real estate purchase	133,259,544	116,551,025
Real estate construction	48,234,030	50,718,100
Real estate reconstruction	4,606,701	4,240,270
Real estate extension	9,337,560	10,092,526
Other loans secured by real estate	175,859,136	136,687,174
Loans secured by non real estate	28,836,934	15,219,645
Employee loans	2,478,444	2,257,548
Leasing	2,152,692	1,206,361
Other	55,083	33
Loans, gross	404,820,125	336,972,682
from this: retail loans	359,195,095	296,540,056
other	45,625,030	40,432,626
Loan loss provision	-23,309,329	-7,393,352
Accrued interest	3,696,482	2,251,632
Amortised cost	1,419,418	1,928,517
Loans, net	386,626,696	333,759,479

Mortgage bonds

(consolidated, audited data as at 31 December, 2009 and consolidated, non-audited data as at 31 December, 2010, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	31 December, 2010		31 December, 2009	
Non-listed mortgage bonds				
Fixed	147,086,463	147,046,250	159,199,081	159,086,178
Floating	38,313,409	39,799,375	47,906,359	49,244,100
Listed mortgage bonds				
Fixed	119,206,439	118,505,000	107,897,764	107,827,420
Floating	83,835,647	83,987,328	110,230,059	110,574,826
Accrued interest	11,639,850		13,189,707	
Total	400,081,809	389,337,953	438,422,970	426,732,524

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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.)			(31.12.2010.)			(01.01.2010.)			(31.12.2010.)		
	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutional / company	36,91	64,51	41.394.763	71,12	71,27	46.939.736	62,72	64,51	41.394.763	71,12	71,27	46.939.736
Foreign institutional / company	16,47	28,79	18.473.958	20,72	20,76	13.672.542	27,99	28,79	18.473.958	20,72	20,76	13.672.542
Domestic private individuals	1,32	2,31	1.484.433	3,70	3,71	2.443.450	2,25	2,31	1.484.433	3,70	3,71	2.443.450
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	0,10	0,10	66.112	0,12	0,12	78.437	0,10	0,10	66.112
Treasury shares	1,63	0,00	1.829.864	0,21	0,00	138.401	2,77	0,00	1.829.864	0,21	0,00	138.401
State ⁴	2,42	4,23	2.714.300	4,11	4,12	2.714.300	4,11	4,23	2.714.300	4,11	4,12	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	0,00	0,00	0	0,00	0,00	0	0,00	0,00	0	0,00	0,00	0
Other ("D" special voting preference shares												
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.

⁵E.g.: EBRD, EIB, etc.

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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 (31 Dec 2010)
Bank	69	65
Consolidated	575	1,003

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	László Harmati	Member, Chief Business Executive Officer	29.04.2008.	29.04.2013.	16,192
IT	Dr. Márton Vági ²	Member	29.04.2008.	29.04.2013.	3,000
IT	Dr. Christian Riener	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:					66,112

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

² Dr. Márton Vági resigned his membership of the Board of Directors with effect from 1. January, 2011.

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INFORMATION AND DISCLOSURES IN Q1-Q4 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
- Announcement on the disclosure of the European Commission that under EU state aids rules the Commission started an investigation concerning the state capital injection provided for 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