



FHB Mortgage Bank Plc

Interim management report

for the first half of 2011

Budapest, 22nd August, 2011

Summary consolidated figures

	2011 H1 „B”	2010 H1	2011 H1 / 2010 H1	2011 Q2 „B”	2011 Q1 „B”	2010 Q2	2011 Q2 / 2011 Q1	2011 Q2 / 2010 Q2
Main balance sheet items (IFRS consolidated, million HUF)								
Total assets	839,767	829,480	1.2%	839,767	826,890	829,480	1.6%	1.2%
Refinanced loans	244,005	270,317	-9.7%	244,005	242,117	270,317	0.8%	-9.7%
Loans	391,892	363,735	7.7%	391,892	381,774	363,735	2.7%	7.7%
Provisions	25,262	12,033	109.9%	25,262	23,169	12,033	9.0%	109.9%
Mortgage bonds	359,404	428,516	-16.1%	359,404	368,255	428,516	-2.4%	-16.1%
Senior unsecured bonds	101,285	68,747	47.3%	101,285	106,238	68,747	-4.7%	47.3%
Customer deposits	127,077	66,672	90.6%	127,077	117,696	66,672	8.0%	90.6%
Shareholders' equity	59,851	49,587	20.7%	59,851	59,282	49,587	1.0%	20.7%
Main P/L items (IFRS consolidated, million HUF)								
Net interest income	11,710	13,553	-13.6%	5,604	6,106	6,715	-8.2%	-16.5%
Net fees and commission income	1,245	574	116.9%	506	739	345	-31.5%	46.7%
Gross operating income	13,222	14,624	-9.6%	6,442	6,780	6,995	-5.0%	-7.9%
Losses from lending and impairment	-2,077	-3,888	-46.6%	-621	-1,456	-1,872	-57.3%	-66.8%
Operating expenses	-9,528	-6,912	37.8%	-4,715	-4,813	-3,606	-2.0%	30.8%
Profit before taxation	1,617	3,824	-57.7%	1,106	511	1,517	116.4%	-27.1%
After tax profit	928	2,793	-66.8%	759	169	1,290	349.1%	-41.2%
Profit before taxation without special banking tax	3,233	3,824	-15.5%	1,712	1,521	1,517	12.6%	12.9%
After tax profit without special banking tax	2,544	2,793	-8.9%	1,365	1,179	1,290	15.8%	5.8%
Profitability indicators (IFRS consolidated, million HUF)								
Net interest margin (NIM)	2.82%	3.43%	-61 bp	2.70%	2.91%	3.36%	-21 bp	-67 bp
ROAA (yearly)	0.2%	0.7%	-68.3%	0.4%	0.1%	0.6%	455.2%	-30.8%
ROAE (yearly)	3.3%	11.8%	-72.3%	5.1%	1.2%	10.6%	309.8%	-51.6%
ROAA without special banking tax (yearly)	0.6%	0.7%	-13.2%	0.7%	0.6%	0.6%	16.7%	1.7%
ROAE without special banking tax (yearly)	8.9%	11.8%	-24.1%	9.2%	8.7%	10.6%	5.3%	-13.0%
Cost/income ratio	72.1%	47.3%	52.5%	73.2%	71.0%	51.6%	3.1%	42.0%
Cost/income ratio without special banking tax	64.2%	47.3%	35.9%	66.9%	61.8%	51.6%	8.3%	29.8%
Portfolio quality (IFRS consolidated, million HUF)								
Non-performing loans ¹	46,236	35,608	29.8%	46,236	42,365	35,608	9.1%	29.8%
Non-performing loans ¹ (as % of loan portfolio)	10.57%	9.53%	10.9%	10.57%	10.83%	9.53%	-2.4%	10.9%
Provision / Non-performing loans	54.6%	33.8%	61.7%	54.6%	54.7%	33.8%	-0.1%	61.7%
Losses from lending and impairment / Average book value of loans	0.8%	1.7%	-53.0%	0.6%	1.5%	2.1%	-57.0%	-70.1%
Capital adequacy (consolidated, million HUF)								
Risk weighted assets	280,762	271,135	3.6%	280,762	247,616	271,135	13.4%	3.6%
Regulatory capital (HAS)	32,408	28,657	13.1%	32,408	32,826	28,657	-1.3%	13.1%
Statutory capital adequacy ratio	9.0%	9.2%	-2.0%	9.0%	10.8%	9.2%	-16.8%	-2.0%
Regulatory capital (IFRS)	40,054	32,867	21.9%	40,054	40,907	32,867	-1.9%	21.9%
Capital adequacy ratio (IFRS)	12.3%	10.5%	17.1%	12.3%	12.6%	10.5%	-1.8%	17.1%

¹ Non-performing loans are loans with more than 90 days overdue

Interim management report of FHB Mortgage Bank for the first half of 2011

This report of FHB Mortgage Bank Public Company Limited by Shares for the first half of 2011 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 2010, and the consolidated, non-audited figures as of 30 June 2011 as of 31 March 2011 and as of 30 June 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 2010. The report was prepared according to the requirements of IAS 34 with the following differences.

The Group reports the entire amount of special banking tax prescribed for 2011 pursuant to the provisions of Act LIX of 2006 among its liabilities. The Group accepts and does not contest this amount set by law, the Group is bound to pay during the course of the year 2011 the full amount. Notwithstanding the above, in order to present the impacts of actual operation in the Group's interim reports the special banking tax is reported in the earnings for the period of reporting pro rata temporis. For the information of investors this interim report for the first half year of 2011 presents the financial statements including the special banking tax for the entire business year (under the heading "A"); however, the figures and comparative indicators in this interim report are based on the financial statements that include special banking tax pro rata (under the heading „B“).

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

The first phase of the integration of Allianz Bank has been completed by the end of the first quarter of 2011, Allianz Bank has been merged into FHB Commercial Bank. The implementation of the integration however has further continued in the second quarter, as part of this implementation existing intra-group redundancies and parallel operations are being eliminated, as well as cost control measures are introduced. These integration tasks have required significant expenditures and thus increased operating expenses. As the integration tasks will be completed the focus will be once again placed upon strengthening the business activities from the upcoming quarters. FHB Group has managed to improve its financial results despite the increasingly deteriorating external circumstances, thus profit after tax in the second quarter has more than quadrupled compared to the first quarter result.

FHB Group's **consolidated balance sheet total** calculated according to International Financial Reporting Standards grew by 1.2%, from 829.5 billion forints to 839.8 billion forints. The Allianz Bank acquisition and commencement of the repayment of the State loan were two significant factors contributing to the increase in the balance sheet total.

Consolidated shareholders' equity increased by 20.7% year-on-year primarily owing to an increase in retained earnings, and amounted to approximately 59.9 billion forints as of 30 June 2011.

Consolidated after-tax profit for the half year of 2011 was 928 million forints; adjusted by the special banking tax, this is 8.9% below the 2010 reference period figure. After-tax profit for Q2 of 2011 was 759 million forints, more than four times the Q1 amount, and adjusted by the special banking tax, 5.8% above after-tax profit for Q2 of 2010.

The **average net interest margin (NIM)** dropped by 21 basis points in Q2 of 2011. The average net interest margin slipped from 3.43% as of 30 June 2010 by 61 basis points, to 2.82 year-on-year.

In the first half of 2011 the Group's **CIR was 72.1%** compared to 47.3% in the reference half of 2010. The growth in the cost-income ratio was mainly due to the special banking tax, the costs of Allianz Bank's acquisition and dropping interest margin. Excluding the special banking tax, CIR was 64.2%.

Retail mortgage lending and the housing market

Retail customers' demand for loans was reduced throughout 2010; at the same time, the supply side was weakened by unfavourable changes in the regulatory environment and in the market. In the first half of 2011 households' demand for loans continued to be poor. FX loans continued to shrink (disregarding exchange rate volatility), while there was a slight increase in HUF loans. In Q2 the expansion in HUF loans was more prominent, however, demand did not increase substantially apart from seasonal impacts. As is the case with the loan market, the housing market as well as housing construction have hit rock bottom. According to CSO statistics, 5,585 new homes were built in the first half of 2011, 35% less than in H1 of 2010 (i.e. the rate of decline is the same as that of Q1 of 2011); the number of new housing construction permits issued was only 5,877, 36% less compared to H1 of 2010. (However, the rate of decline is less than the 51% year/year in Q1 of 2011.)

In Q2 of 2011 the retail mortgage loan portfolio (6,660 billion forints) was up by 4.0% compared to 31 March 2011; the change adjusted by exchange rate volatility was -1.5%. The portfolio of HUF loans expanded slightly (+1.9%, or +33 billion forints) at the same time, the portfolio of FX loans increased due to the weakening of the forint against the Swiss franc (however, once adjusted by the volatility of exchange rate, it shrank by -2.7% or -136 billion forints). As regards changes over the past 12 months, the portfolio of retail mortgage loans shrank by 2.8%, or by 3.9% (273 billion forints) once adjusted by exchange rate volatility. HUF loans increased by 10.4% or 165 billion forints, while FX loans dropped by 438 billion forints, or 8.2%, after exchange rate adjustment.

Housing loans increased by 3.4% in Q2 and by -1.4% after exchange rate adjustment, and amounted to 4,217 billion forints as of 30 June 2011. Year-on-year change was -3.0% and -3.9% after exchange rate adjustment. After stagnation in Q1 of 2011, HUF denominated housing loans increased slightly in Q2 (+10 billion forints); year-on-year increase was 2.9% (+43 billion forints). FX denominated housing loans were down by 2.5% (after exchange rate adjustment) in Q2 of 2011 and by 7.4% year-on-year. General-purpose mortgage loans amounted to 2,443 billion forints as of 30 June 2011; after exchange rate adjustment the portfolio shrank by 1.7% in Q2 of 2011. The change was -4.0% year-on-year. Similarly to the previous quarter, general-purpose HUF denominated mortgage loans expanded significantly, by 11.3% (or 24 billion forints) in Q2 and by 110.9% (or 122 billion forints) year-on-year. Conversely, the exchange rate adjusted change in FX denominated general-purpose loans was -2.9% in Q1 of 2011 and -9.2% year-on-year.

Managing the non-performing mortgage loan portfolio remains the main priority of the banking sector. The government and the Hungarian Banking Association has reached an agreement regarding the contents of the Home Protection Action Plan, aiming to provide a complex solution for problem loans management. The Action Plan includes the following core components (set forth in Act LXXV of 2011):

1. *Exchange rate protection*: foreign currency mortgage holders have the option of limiting their monthly debt servicing by fixing the exchange rate on euro, Swiss franc and yen denominated mortgages until 31 December 2014 (CHF/HUF: 180, EUR/HUF: 250, JPY/HUF: 200). The difference between the market exchange rates and the fixed rate is accumulated on an overflow

account and borrowers must repay the outstanding amount on the overflow account at market interest rate.

2. *Quarterly foreclosure quotas*: The blanket moratorium on eviction and foreclosures is lifted as of 1 July 2011, however, banks must comply with a quota on foreclosure of mortgage collateral properties that is eased gradually.
3. In addition to the above, EUR based mortgage lending is reintroduced, albeit the option is available only for an extremely limited group of retail customers.

Own lending

The gross portfolio of loans sold by FHB Group amounted to 391.9 billion forints as of 30 June 2011, 3.2% down from the 31 December 2010 figure (404.9 billion forints) and 2.7% up from 31 March 2011 (381.8 billion forints) primarily as a result of exchange rate volatility. Compared to 30 June 2010 (363.7 billion forints) the loan portfolio expanded by 7.8%. Year-on-year growth was contributed by the loan portfolio of Allianz Bank as well as by strengthening SME loans.

Retail loans continue to dominate within the loan portfolio with a contribution of approximately 88%, and there was no significant change in loans to corporate customers year-on-year. As of 30 June 2011, 62.4% of outstanding loans were disbursed in FX, exceeding the 60.2% H1 of 2010 due to exchange rate volatility but falling short of the 64.8% achieved as of 31 December 2010.

Loans to retail customers were 7.4% (or 25.7 billion forints) up year-on-year and were up by 2.8% compared to Q1 of 2011. In terms of structure, 47.7% of the retail loans portfolio is contributed by housing loans. The second biggest contribution is from general-purpose loans with 42.5%. As of 30 June 2010 the contribution of the two dominant items was 57.4% and 38.7% respectively. Mortgage loans extended to senior citizens achieved 3.1 billion forints as of 30 June 2011, 0.8 billion forints up year-on-year. Growth over Q1 of 2011 was 44 million forints.

The portfolio of corporate loans rose from 43.9 billion forints as of 30 June 2010 by 2.5 billion forints (or 5.4%) year-on-year, and the growth over the 31 December 2010 figure was 0.8 billion forints (1.7%). Most of the portfolio growth (72.4%) was based on the achievement of the SME lending business, which contributed 54.2% as of 31 December 2010 and 53.8% as of 30 June 2010.

Refinancing

As of 30 June 2011 the portfolio of refinanced loans dropped by 9.7% year-on-year to 244.0 billion forints. Compared to the 242.1 billion forints realized as of 31 March 2011, the portfolio expanded by 0.8% owing to the weakening of the forint.

FHB Commercial Bank Ltd.

Allianz Bank merged with FHB Commercial Bank as of 31 March 2011, thus henceforth loans and deposits are consolidated in the reporting. Excluding loans extended to other FHB Group members, net loans extended by the Commercial Bank was nearly 185.1 billion forints and the portfolio increased by 35.6% over the 30 June 2010 figure. Compared to 31 December 2010 the expansion was 34.5% and resulted from the Allianz merger. Loans to corporates grew by 7.1 billion forints and retail loans were up by 41 billion forints year-on-year. Compared to the 31 December 2010 value, the portfolio expanded by 47 billion forints due to a 37.9 billion forints rise in retail loans and a 9.1 billion forints expansion of loans to corporates.

The retail loan portfolio of the Commercial Bank amounted to 162.6 billion forints as of 30 June 2011. Loans to corporate customers amounted to 26.8 billion forints at the end of the reported period with a 14.3% contribution to total loans. Portfolio growth is mainly based on the achievement of the SME lending business.

The number of retail accounts managed by the Commercial Bank was almost 153.5 thousand as of 30 June 2011, significantly exceeding the 44.8 thousand achieved by the end of December 2010 and the 41.2 thousand as of 30 June 2010. As of 30 June 2011 the aggregate amount of retail and corporate deposits was 93.2% above the 30 June 2010 and 22.3% above the 31 December 2010 figures, and exceeded 126.2 billion forints.

FHB 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.

Two new annuity contracts were signed in Q2 of 2011 with a combined value of 39 million forints. (After temporary suspension of the product, no new contracts were concluded in Q1.) Since its foundation up until 30 June 2011 the Company transacted 716 annuity contracts; at the end of the period of reporting the portfolio contained 669 contracts with 11.1 billion forints combined property value, or total value of annuity contracts. In Q2 of 2011 9 new reverse mortgage loan contracts were signed, increasing the total number of contracts signed in 2011 to 32. From the launch of the product until the end of the reported period a total of 639 contracts were concluded. As of 30 June 2011 the number of active contracts was 581. Since the launch of the reverse mortgage loan product the aggregate value of contracts signed was 3.95 billion forints and disbursements amounted to 3.35 billion forints.

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 Lease Ltd.

Since 2011 the Company has exclusively sold real estate lease products (besides managing its existing mortgage loan portfolio). In H1 of 2011 lease financing amounted to approximately 0.6 billion forints (0.2 billion forints in Q1 and 0.4 billion forints in Q2), and as a result the lease portfolio rose to 2.3 billion forints as of 30 June 2011. A large portion of the lease portfolio, 1.8 billion forints, resulted from intra-Group restructuring.

Mortgage bond issues, funding

By the end of Q1 of 2011 the mood was positive in both the international and the Hungarian capital markets. In January investors were still holding back and wanted to find out more about the details of the Hungarian government's economic policy. The Széll Kálmán Plan was essentially well received by the markets and strengthened trust in Hungarian debt securities.

In January FHB launched the first tranche of senior unsecured bonds of the series FK13NF02 in the context of public offering. The aggregate nominal value of the bonds sold was 3.5 billion forints. In February FHB launched the ninth tranche of the series FJ15NF01 in the context of public offering with an aggregate nominal value of 100 million forints, and also launched a successful tap issue of the series FK13NF02 in February, of which 3.9 billion was realised. As investors' trust was picking up FHB's first auction seeing the launch of the tenth tranche of the five-year "benchmark" CMB series was received favourably in March. FHB received offers to a total of 2.3 billion forints out of more than 3.6 billion forints. With this, the size of the series far exceeded 49 billion forints. Even more successful was the new six-year series FJ17NF01 maturing in 2017 of which 3.8 billion forints were sold while demand exceeded 4.4 billion forints.

Q2 of 2011 was an exciting period in both the international and the Hungarian capital markets. The hassle about restructuring Greece's debts resulted in hectic international markets, which in turn had ramifications in the Hungarian capital market. On the brighter side, promulgation of the package rescuing foreign currency mortgage holders and lifting the moratorium on foreclosures had a positive impact on Hungary's sovereign risk rating.

In April FHB launched the first tranche of each of two new senior unsecured bond series, FK13NF03 and FK13NS01, in the context of public offering. A novel feature is that FK13NF03 is denominated in euro. Aimed basically at retail customers, the new bond was an instant hit and the tranche with a total nominal value of two million euros was lapped up by small investors. Also intended for retail customers, FK13NS01 is the first structured bond launched by FHB whose yield achievable during maturity depends on the HUF/EUR exchange rate movements.

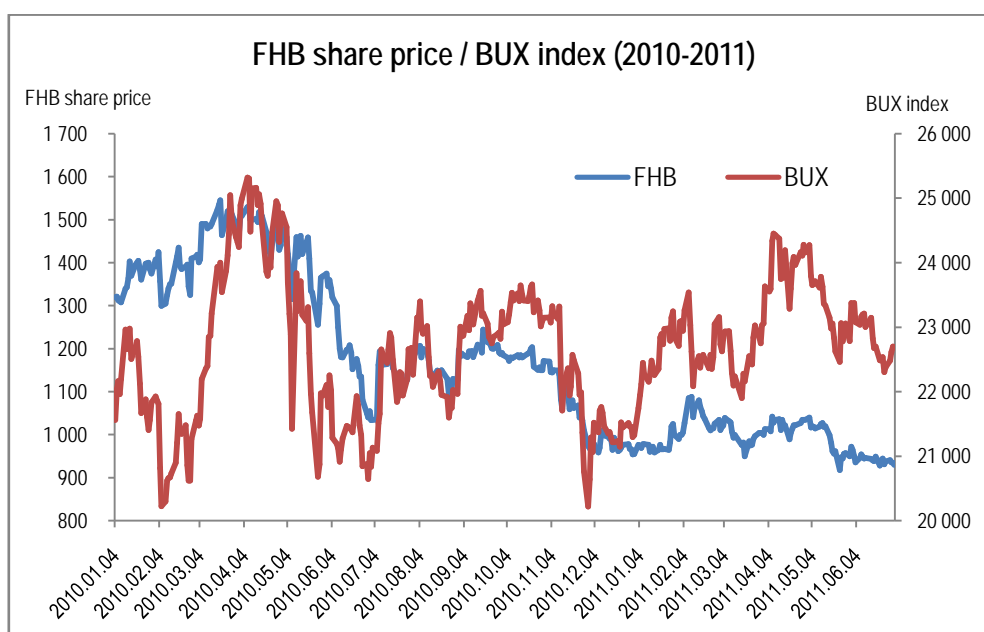
In May the Bank staged an auction as well as a placement. It launched the 11th tranche of the benchmark CMB series FJ15NF01, and the new CMB FJ13NF06, a paper with shorter maturity. The auction was proof positive of the initial expectation that investors have a keener interest in securities with a 2-year maturity as the total nominal value of the FJ13NF06 sold at a good premium price exceeded 10 billion forints. In the same month the Bank launched a tap issue on its popular euro bond in the context of public offering, thus boosting the total nominal value to reach 4 million euros.

Auctions continued in June with three series (FJ13NF06, FJ15NF01 and FJ17NF01); the aggregate nominal value sold exceeded 5 billion forints, and again, the most popular series proved to be the one with shortest maturity.

In Q1 7.4 billion forints and in Q2 1.8 billion forints senior unsecured bonds were issued; at the same time, CMB issued were over 6.2 billion and 16 billion forints respectively. Spreads slightly increased on both type of securities. Similarly to Q1, no redemption took place in Q2 of 2011 either, and the combined nominal value of CMBs that matured was 47 million euros and 5.57 billion forints. The amount of matured unsecured bonds was 11 billion forints. The aggregate value of CMBs in circulation was down by 8.3 billion forints.

Q2 of 2011 saw eight transactions involving five series compared to the reference quarter of 2010, when seven transactions involving three series took place. Funds involved by the Bank in H1 by CMB and bond issues amounted to 31.5 billion forints.

The total trading of FHB's CMBs on the stock exchange in Q2 of 2011 was somewhat below 650 million forints, slightly down from preceding quarters (trading in Q1 of 2011 was in excess of 900 million forints).



In terms of capitalisation, FHB is 6th in the rank of "A" rate listed companies and contributes 1.09% to the aggregate capitalisation of the BSE based on June 2011 data. As of 30 June 2011 FHB's weight in the BUX index was 1.17% (7th biggest in the basket), and was 3rd with a weight of 12.04% in BUMIX, the index of share prices of mid/ and smallcap companies.

The price of FHB Mortgage Bank's shares dropped by 7%, from 1,000 forints as of 31 March 2011 to 930 forints as of 30 June 2011. In Q2 of 2011 BUX, the official Budapest Stock Exchange index was down by 1.6% and BUMIX was down by 6.3% compared to Q1 of 2011.

The daily average trading of FHB Mortgage Bank's shares on the stock exchange in Q2 of 2011 was 26.3 million forints and totalled 1.7 billion forints, down from the Q1 of 2011 figures (35.1 million and 2.2 billion forints respectively).

As of 30 June 2011 Moody's rated FHB's covered mortgage bonds Baa3, and the Mortgage Bank's rating was Ba1, both with negative implications as a result of Hungary's sovereign rating. As of 31

March 2011 CMBs were rated Baa1 and the Mortgage Bank's rating was Baa3. As of 30 June 2010 CMBs were still rated A3. Conversely, the Mortgage Bank's rating was Baa3.

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

Organisational changes and headcount

Headcount

As of 30 June 2011, consolidated full-time headcount was 848.7, 77.8 persons less than the 926.5 as of 31 March 2011 and 41.8% above the 30 June 2010 headcount of 598.6. The year-on-year increase is the result of the Allianz Bank acquisition. Headcounts were as follows as of 30 June 2011: FHB Mortgage Bank Plc.: 61.6; FHB Commercial Bank Ltd.: 481.9; FHB Services Ltd.: 269.6; FHB Annuity Ltd.: 7.5; FHB Real Estate Ltd.: 10.6; FHB Real Estate Lease Ltd.: 9.6, Pomo Group: 4.0.

Changes in key positions

The Annual General Meeting of the Company resolved to elect Mr. Ákos Starcz and Mr. Miklós Szabó to serve on the Company's Supervisory Board with a mandate of five years from the date of the AGM, 20 April 2011 until 20 April 2016. In its order number EN-I-415/2011 dated 08 April 2011 the Hungarian Financial Supervisory Authority approved the appointment of Mr. Ákos Starcz and Mr. Miklós Szabó as Supervisory Board members. The mandate of Dr. Erik Landgraf and Mr. Nguyen Hoang Viet, members of the Supervisory Board expired on 2 May 2011.

Dr. Márton Vági and Dr. Károly Salamon resigned of their position of members of the Board of Directors with effect from 1 January 2011 and 21 April 2011 respectively.

II. Summary analysis of the consolidated financial statements of FHB Mortgage Bank Plc. by IFRS

P/L structure

Data in million HUF

DESCRIPTION	2010 Q2 (Apr-Jun)	2011 Q1 (Jan-March) „B”	2011 Q1 (Jan-March) „A”	2011 Q2 (Apr-Jun) „B”	2011 Q2 (Apr-Jun) „A”	Change 2011 Q2 („B”)/ 2010 Q2	Change 2011 Q2 („B”)/ 2011 Q1 („B”)
Net interest income	6,715	6,106	6,106	5,604	5,604	-16.5%	-8.2%
Net fees and commission income	345	739	739	506	506	47.1%	-31.5%
Net profit from financial transactions	-351	1,126	1,126	945	945	-	-16.1%
Other income and expenditure	286	-1,191	-3,006	-613	-8	-	-48.5%
Gross operating income	6,995	6,780	4,965	6,442	7,047	-7.9%	-5.0%
Operating expenses	-3,606	-4,813	-4,813	-4,715	-4,715	30.8%	-2.0%
Losses from lending and impairment	-1,872	-1,456	-1,456	-621	-621	-66.8%	-57.3%
Profit before taxation	1,517	511	-1,304	1,106	1,712	-27.1%	116.4%
Profit before taxation excluding special bank tax	1,517	1,521	1,521	1,712	1,712	12.9%	12.6%
Taxes	-227	-342	-101	-347	-427	52.9%	1.5%
After tax profit	1,290	169	-1,405	759	1,285	-41.2%	349.1%
After tax profit excluding special bank tax	1,290	1,179	1,179	1,365	1,365	5.8%	15.8%
EPS (yearly)	71.15	5.11	-91.77	15.46	47.37	-78.3%	202.5%
Deluted EPS (yearly)	71.15	5.11	-91.77	15.46	47.37	-78.3%	202.5%

Notes: Figures presented for 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata. The columns presenting the percentage changes always refer to column with heading "B".

The Bank's **consolidated after-tax profit by IFRS amounted to 759 billion forints** in Q2 of 2011, significantly down from the Q2 of 2010 figure but more than four times better than the Q1 of 2011 achievement.

Excluding bank tax, FHB Group's **consolidated after-tax profit by IFRS was approximately 1.4 billion forints** in Q2 of 2011, 15.8% higher than the Q1 of 2011 adjusted after-tax profit and 5.8% above the after-tax profit figure of the reference period in 2010. **Earnings before taxation** in Q2 of 2011 **was 1.7 billion forints** excluding special banking tax.

Data in million HUF

DESCRIPTION	2010 H1 (Jan-Jun)	2011 H1 (Jan-Jun) „B”	2011 H1 (Jan-Jun) „A”	Change 2011 H1 („B”)/ 2010 H1
Net interest income	13,553	11,710	11,710	-13.6%
Net fees and commission income	574	1,245	1,245	116.9%
Net profit from financial transactions	-89	2,071	2,071	-
Other income and expenditure	586	-1,804	-3,014	-
Gross operating income	14,624	13,222	12,012	-9.6%
Operating expenses	-6,912	-9,528	-9,528	37.8%
Losses from lending and impairment	-3,888	-2,077	-2,077	-46.6%
Profit before taxation	3,824	1,617	407	-57.7%
Profit before taxation excluding special bank tax	3,824	3,233	3,233	-15.5%
Taxes	-1,031	-689	-528	-33.2%
After tax profit	2,793	928	-121	-66.8%
After tax profit excluding special bank tax	2,793	2,544	2,544	-8.9%
EPS (yearly)	78.79	10.32	-21.78	-86.9%
Deluted EPS (yearly)	78.79	10.32	-21.78	-86.9%

Notes: Figures presented for 2011 in the column “A” include the special banking tax for the entire business year, while the column with heading “B” include the special banking tax for the period of reporting pro rata. The columns presenting the percentage changes always refer to column with heading “B”.

Net interest income

Net interest income was 11.7 billion forints in the first half of 2011, 13.6% down from the performance achieved in the reference period of last year (13.6 billion forints). The net figure emerged as a balance of 37.3 billion forints interest income (1.7% up from the H1 of 2010 figure) and 25.6 billion forints interest expense (10.7% higher than in H1 of 2010 figure). Net interest income was 5.6 billion forints in Q2 of 2011, 16.5% down from the performance achieved in the reference period of last year (6.7 billion forints) and 8.2% below the Q1 of 2011 figure. The net figure emerged as a balance of 18.5 billion forints interest income (3.9% up from the Q2 of 2010 figure and 1.3% below the Q1 of 2011 figure) and 12.9 billion forints interest expense (16.2% below the Q2 of 2010 and 2.0% higher than the Q1 of 2011 figure). The fall in net income interest is mainly due to narrowing interest margins resulting from rising costs of funds, and to gradual shrinking of assets.

In the second quarter of 2011, 50.3% of interest income was contributed by interest on own lending (compared to 46.7% in Q1 of 2011 and 44.6% in the reference period of 2010), and 23.4% was contributed by interest income on refinanced loans (compared to 23.2% in Q1 of 2011 and 28.8% in the reference period of 2010). The aggregate interest income on interbank loans and securities contributed 6.3% (as opposed to 9.2% in Q1 of 2011 and 9.7% in the reference period of 2010). The contribution of interest income on derivatives was 20.1% to total interest income (compared to 21.0% in Q1 of 2011 and 16.8% in Q2 of 2010).

In H1 of 2011, 48.5% of interest income was contributed by own lending (compared to 43.9% in H1 of 2010), 23.2% by interest on refinanced loans (28.4% in H1 of 2010), 7.7% by interest income on

securities and interbank loans (9.9% in H1 of 2010). Interest income from derivatives contributed 20.5% in H1 of 2011 (compared to 17.8% in H1 of 2010).

Within the line item of interest income, the contribution of interest subsidy (state subsidy on covered mortgage bonds and supplementary interest subsidy) was 19.4% in Q2 of 2011, thus the downward trend of interest subsidies continued (19.5% in Q1 of 2011, and 23.1% in Q2 of 2010). Contribution of interest subsidy to the line item of interest income was 19.4% in H1 of 2011 compared to 22.8% in H1 of 2010.

As regards interest expense in Q2 of 2011, 47.3% was incurred in conjunction with CMBs and 14.3% was contributed by expenditure on interest on bonds. Interest paid on deposits contributed approximately 11%, and interest on derivatives contributed 18.7%. Interest paid on covered mortgage bonds contributed 47.5% in Q1 of 2011 as opposed to 55.6% in Q2 of 2010. Interest paid on senior unsecured bonds contributed 15.9% in Q1 of 2011 and were 12.1% in Q2 of 2010. Interest expense on derivatives contributed 18.0% to total interest expense in Q1 of 2011 and 13.7% in the reference quarter of 2010. In Q1 of 2011, interest paid on deposits contributed 9.6% as opposed to 7.5% in Q2 of 2010. Interest paid on the state loan amounted to 954 million forints in Q2 of 2011 and contributed 7.4% to expenditure on interest. In Q1 of 2011 the figure was 7.9% and it was 9.6% in Q2 of 2010.

There was a slight change in the breakdown of interest expense in the first half of 2011 compared to H1 of 2010 in line with the change in the structure of liabilities. In H1 of 2011 47.4% of interest paid was related to CMBs, interest paid on deposits contributed 10.3%, interest expense on bonds contributed 15.1%, while the contribution of derivatives was 18.3% and that of the state loan was 7.6%. In H1 of 2010 the breakdown was 53.4% contributed by CMBs, 10.6% by senior unsecured bonds, 17.7% by derivatives, 7.9% by deposits, and 9.0% by the interest paid on the state loan.

Of the item of interest expense, in Q2 of 2011, 3.5 billion forints were related to financing own loans and 2.5 billion forints to refinanced loans. (The Q1 of 2011 contributions were 7.6 billion and 5.7 billion forints respectively.) In Q1 of 2011, 3.0 billion forints were related to financing own loans. The same item was 3.2 billion forints in Q2 of 2010. As regards expenditure on refinancing, in Q1 of 2011, the item was 2.5 billion forints and 3.0 billion forints in Q2 of 2010.

The average net interest margin (NIM) was 2.70% in Q2 of 2011 compared to 2.91% in Q1 of 2011 (the H1 of 2011 NIM being 2.82%). In Q2 of 2010 NIM was 3.36% (H1 of 2010: 3.43%). The average net interest margin dropped significantly in 2011 in terms of both Q/Q and H/H due mainly to rising costs of renewing long-term and other liabilities, and a gradual change in the structure of the loan portfolio, unfavourable in respect of interest margin.

Net fee and commission income

In Q2 of 2011, the Bank achieved a positive balance of 506 million forints of income from, and expenditures on, commissions and fees; 31.5% below the Q1 of 2011 achievement, conversely, the achievement is almost 1.5 times the Q2 of 2010 net fee and commission income. The substantial year-on-year increase is attributed to income from retail and corporate accounts and card related banking charges as well as the impact of the strategic cooperation agreement signed with Allianz Insurance Company. The Q/Q drop is the result of seasonal movements in income from account related fees (as the accounting date of most of the cards taken over in the wake of the merger with Allianz in the first quarter).

Net income from fees and commissions in Q2 of 2011 was 734 million forints, 20.1% of which was contributed by early repayment charges (15.1% in Q1 of 2011 and 37.9% in Q2 of 2010), 7.4% by

handling fees (5.4% in Q1 of 2011 and 14.9% in Q2 of 2010), and 44.0% by accounts and card related banking charges (42.0% and 16.2% respectively). Commissions resulting from the strategic cooperation agreement signed with Allianz Insurance Company contributed 24.7% to income from fees and commissions (after 19.6% in Q1 of 2011). Other line items include other service and contracting fees charged to customers.

Fees related to CMB and unsecured bond issues contributed 10.2% to expenditures on fees and commissions (compared to 13.2% in Q1 of 2011 and 66.8% in Q2 of 2010); card related fees were substantially higher in the wake of the Alliance merger and contributed 34.8% to expenditure on fees (as opposed to 43.6% and 13.8%), and agents' fees contributed 36.7% (as opposed to 30.4% and 12.2% respectively). The remaining items are typically fees paid to other financial institutions and organisations.

Net income from fees and commissions in H1 of 2011 exceeded 1.2 billion forints and was 17.1% above the H1 of 2010 achievement. Net income from fees and commissions in H1 of 2011 was 1,762 million forints, 17.1% of which was contributed by early repayment charges (41.9% in H1 of 2010), 6.2% by handling fees (16.6%), and 42.8% by accounts and card related banking charges (17.3% in H1 of 2010). Commissions resulting from the strategic cooperation agreement signed with Allianz Insurance Company contributed 21.7% to income from fees and commissions in the reported period. Fees related to CMB and unsecured bond issues contributed 11.9%, agents' fees contributed 33.2%, card related fees contributed 39.7% to expenditures on fees and commissions in H1 of 2011 (compared to 49.7%, 28.0% and 9.8% in H1 2010 respectively).

Net profit/loss of financial transactions

In H1 of 2011 the balance of financial transactions was 2.1 billion forints profit, a significant improvement over the -90 million forints in H1 of 2010. In Q2 of 2011 financial transactions resulted in a net profit of 945 million forints, 16.1% short of the profit achieved in Q1 of 2011 but almost 1.3 billion forints higher than the Q2 of 2010 figure.

Exchange rate volatility in the course of the reported quarter and the effect of short term currency swaps boosted earnings from FX transactions by 430 million forints in H1 of 2011. The overall achievement is considerably better than the H1 of 2010 reference figure (968 million forints loss). FX transactions resulted in 560 million profit in Q2 of 2011 as opposed to 130 million forints loss in Q1 of 2011 and 758 million forints loss in Q2 of 2010.

Changes in the fair value of securities reported at fair value against earnings was 496 million forints profit in H1 of 2011, 12.1% less than the 564 million forints profit achieved in H1 of 2010. A loss of 717 million forints was incurred in Q2 of 2011 as opposed to 1.2 billion forints profit in Q1 of 2011 and 959 million forints profit achieved in Q2 of 2010.

In H1 of 2011 securities related transactions generated a profit of 1.1 billion forints 96.2% of which was achieved in the second quarter. In Q1 of 2011 the same item achieved a profit of 43 million forints, and the H1 of 2010 profit amounted to 315 million forints. The figure emerged as a balance of exchange rate gains and losses on CMBs and bonds issued and repurchased during the year as well as that on bonds kept for sale.

Other operating income and expenditure

In 2010 the balance of other operating income and expenditure was 1.8 billion forints loss as a balance from 0.6 billion forints income and 2.4 million forints expenditure. The balance of other operating income and expenditure fell 2.4 billion forints short of the figure achieved in the reference period of 2010. Other operating income and expenditure reduced the Q2 of 2011 after-tax profit by 613 million forints compared to a 286 million forints positive balance of this item in the reference quarter of 2010.

In H1 of 2011 real estate related income contributed 36.7% to other operating (real estate sales, brokerage, development and revaluation). In H1 of 2010 real estate related income amounted to 1,618 million forints, including 1,535 million forints resulting from the adjustment to market value of annuity related properties passed into the ownership of FHB Annuity Ltd. Other operating income included 216 million forints from the release of provisions relating to the sales of certain receivables of Allianz Bank (contributing 34.1% to the item).

On the other operating expenditures side, 24.9% was contributed by the aggregate 605 million forints from revaluation of annuity payment liabilities (admission of new commitments and change in the fair value of existing commitments) in H1 of 2011. The same item was 90%, or 1,058 million forints, in H1 of 2010.

Special banking tax amounted to 1,616 million forints in H1 of 2011 as after the merger the entire annual banking tax payable by Allianz Bank was reported in Q1 of 2011 while only a quarter of the annual special banking tax liability is reported by the other Group members. In Q2 of 2010 606 million forints special banking tax was reported.

Operational costs

Data in million HUF

DESCRIPTION	2010 Q2 (Apr-Jun)	2011 Q1 (Jan-March)	2011 Q2 (Apr-Jun)	Change 2011 Q2 / 2010 Q2	Change 2011 Q2 / 2011 Q1
General administrative costs	2,982	4,043	3,922	31.5%	-3.0%
Personnel expenses	1,368	2,053	1,802	31.7%	-12.2%
- wages	912	1,397	1,264	38.6%	-9.5%
- other personal expenses	184	217	159	-13.6%	-26.7%
- social security expenses	272	439	379	39.3%	-13.7%
- share premium	0	0	0	-	-
Other administrative costs	1,614	1,990	2,120	31.4%	6.5%
Taxes paid	205	182	179	-12.7%	-1.6%
Depreciation	419	588	614	46.5%	4.4%
TOTAL OPERATING EXPENSES	3,606	4,813	4,715	30.8%	-2.0%

Operating costs amounted to 4.7 billion forints in Q2 of 2011, 2.0% less than the Q1 of 2011 level but 30.8% above the Q2 of 2010 figure. Operating costs in H1 of 2011 exceeded 9.5 billion forints and were 37.8% above the H1 of 2010 costs. The significant change year-on-year was caused by the Allianz Bank merger. Cost income ratio (CIR) was 47.3% in Q2 of 2010. In Q1 of 2011, CIR was 71.0% and in Q2 of 2011 it was 73.2%. Excluding the special banking tax, CIR was 66.9% in Q2 of 2011 and 61.8% in Q1 of 2011 (in Q2 of 2010 no special banking tax was levied as yet).

Data in million HUF

DESCRIPTION	2010 H1 (Jan-Jun)	2011 H1 (Jan-Jun)	Change 2011 H1 / 2010 H2
General administrative costs	5,686	7,965	40.1%
Personal expenses	2,672	3,855	44.3%
- wages	1,814	2,661	46.7%
- other personal expenses	315	376	19.4%
- social security expenses	543	818	50.6%
- share premium	0	0	-
Other administrative costs	3,014	4,110	36.4%
Taxes paid	409	361	-11.7%
Depreciation	817	1,202	47.1%
TOTAL OPERATING EXPENSES	6,912	9,528	37.8%

Reporting Allianz Bank's costs in the consolidated statements and items related to Allianz's integration also had a strong impact on the breakdown of expenditure and caused a significant shift compared to the 2010 figure. The contribution of personnel expenses in Q2 of 2011 was 38.2% compared to 42.6% in Q1 of 2011 and 37.9% in Q2 of 2010. There was a 12.2% reduction in personnel expenses compared to the previous quarter's figure and a 31.7% increase over the Q2 of 2010 figure. In Q2 of 2011 other administrative costs were 6.5% up from the Q1 of 2011 figure and were 31.4% higher than the Q2 of 2010 figure. There is a slight upward change in the contribution of this item to operating costs, from 41.4% in Q1 of 2011 to 45.0% by the end of the reported quarter, roughly the same as the Q2 of 2010 contribution (44.8%). Other administrative costs were 6.5% up from the Q1 of 2011 figure due to a large extent to rising marketing expenditure added to increasing operating and maintenance costs. The increase in marketing costs was attributed to the new image related campaign launched in Q2 of 2011. The H1 of 2011 increase in other administrative costs (+36,4%) compared to H1 of 2010 resulted from the acquisition of Allianz Bank, as well as mounting costs related to the expanding network of branches and infrastructure.

Depreciation was 614 million forints in Q2 of 2011, 4.4% above the Q1 of 2011 and 46.5% above the Q2 of 2010 amounts. In 2011 approximately three-quarters of depreciation related to intangibles.

Other taxes paid reported in the operating costs line item amounted to 179 million forints in Q2 of 2011 compared to 182 million forints in Q1 of 2011, and 205 million forints in Q2 of 2010. The drop is imputable primarily to a reduction in the special banking tax.

Portfolio quality, loss in value and provision

Compared to Q1, the rate of problem-free loans continued to decrease. As of 30 June 2011 the proportion of non-performing loans was 6.19% after 6.18% on 31 March 2011 and 5.06% on 30 June 2010. As of 30 June 2011 the share of loss in value on non-performing loans was 54.6% compared to 54.7% as of 31 March 2011 and 33.8% as of 30 June 2010. The proportion of non-performing own loans dropped to 10.57% as of 30 June 2011 as opposed to 10.83% as of 31 March 2011 and 9.53% as of 31 June 2010.

Impairment at the end of the reported period amounted to 25.3 billion forints, 2.1 billion forints higher than the 31 March 2011 amount and 13.2 billion forints in excess of the 30 June 2010 figure.

The portfolio and its breakdown are shown in the table below.

Description	Data in million HUF		
	30 June 2010	31 March 2011	30 June 2011
Losses on lending and impairment on 1 st January	7,393	23,178	23,178
Charge for the period	6,253	6,197	10,724
FX change of provisions	1,132	-1,197	-25
Release during the period	-2,745	-5,005	-8,615
Derecognition due to selling	0	-4	0
Loan loss provisions at period end	12,033	23,169	25,262
Net effect of charge and release during the period	3,122	1,192	2,108
Loans written-off	0	56	-7
Profit / Loss on loans sold	3	-2	71
Profit / Loss on terminated loans	33	50	52
Charge / Release for commitments	730	159	-148
Losses on loans / provisions	3,888	1,456	2,077

Structure of the balance sheet

Data in million HUF

DESCRIPTION	30.06.2010	31.12.2010 Modified	31.03.2011 „B”	31.03.2011 „A”	30.06.2011 „B”	30.06.2011 „A”	30.06.2011 („B”)/ 31.12.2010	30.06.2011 („B”)/ 30.06.2010	30.06.2011 („B”)/ 31.03.2011
Cash	1,085	3,186	2,895	2,895	2,458	2,458	-22.8%	126.5%	-15.1%
Receivables from NBH	3,629	3,458	1,453	1,453	810	810	-76.6%	-77.7%	-44.3%
Interbank deposits	58,688	69,463	53,564	53,564	65,635	65,635	-5.5%	11.8%	22.5%
Available for trade securities	1,010	4,758	644	644	639	639	-86.6%	-36.7%	-0.8%
Available for sale securities	101,046	101,808	114,535	114,535	105,421	105,421	3.5%	4.3%	-8.0%
Refinanced mortgage loans	270,317	260,320	242,117	242,117	244,005	244,005	-15.3%	-9.7%	0.8%
Loans	355,913	386,635	364,078	364,078	372,593	372,593	-6.3%	4.7%	2.3%
Fair value of derivatives	5,610	944	2,360	2,360	800	800	-3.6%	-85.7%	-66.1%
Property for investment	11,165	11,426	11,354	11,354	11,304	11,304	-1.1%	1.2%	-0.4%
Tangible assets	2,173	6,412	6,448	6,448	6,362	6,362	-0.8%	192.8%	-1.3%
Goodwill and intangible assets	11,803	13,650	13,775	13,775	14,308	14,308	4.8%	21.2%	3.9%
Other assets	7,041	11,377	13,667	12,048	15,432	14,383	35.6%	119.2%	12.9%
Total Assets	829,480	873,437	826,890	825,271	839,767	838,718	-3.9%	1.2%	1.6%
Liabilities total	779,893	814,473	767,608	767,562	779,916	779,917	-4.2%	0.0%	1.6%
Interbank borrowings	29,930	22,650	35,617	35,617	48,138	48,138	112.5%	60.8%	35.2%
Mortgage bonds	428,516	400,082	368,255	368,255	359,404	359,404	-10.2%	-16.1%	-2.4%
Bonds issued	68,747	97,726	106,238	106,238	101,285	101,285	3.6%	47.3%	-4.7%
Deposits	66,672	112,740	117,696	117,696	127,077	127,077	12.7%	90.6%	8.0%
State loans	115,253	112,121	93,518	93,518	80,133	80,133	-28.5%	-30.5%	-14.3%
Fair value of derivatives	60,813	59,691	34,942	34,942	50,468	50,468	-15.5%	-17.0%	44.4%
Reserves for annuity	2,439	2,380	2,434	2,434	2,463	2,463	3.5%	1.0%	1.2%
Other liabilities	7,523	7,083	8,908	8,862	10,948	10,949	54.6%	45.5%	22.9%
Shareholders' equity	49,587	58,964	59,282	57,709	59,851	58,801	1.5%	20.7%	1.0%
Subscribed capital	6,600	6,600	6,600	6,600	6,600	6,600	0.0%	0.0%	0.0%
Repurchased own shares	-1,619	-123	-123	-123	-2	-2	-98.4%	-99.9%	-98.4%
Accumulated capital	36,941	50,604	50,687	49,114	50,942	49,892	0.7%	37.9%	0.5%
Other Reserves	7,665	1,883	2,118	2,118	2,311	2,311	22.7%	-69.8%	9.1%
Total liabilities and Shareholders' equity	829,480	873,437	826,890	825,271	839,767	838,718	-3.9%	1.2%	1.6%

Notes: Figures presented for 31 March 2011 and 30 June 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata. The columns presenting the percentage changes always refer to column with heading "B".

As of 30 June 2011 the Bank's consolidated balance sheet total by IFRS amounted to 839.8 billion forints, 12.9 billion forints, or approximately 1.6%, up from 31 March 2011 and 10.3 billion forints, or 1.2%, higher than the balance sheet total as of 30 June 2010. The total amount is 3.9% or 33.7 billion forints lower than the amount of 31 December 2010. Year-on-year growth is due mainly to the Allianz Bank merger and also to a lesser extent to the weakening of the forint. Increase in the balance sheet total over the past quarter was almost exclusively due to the weakening of the forint.

The increase on the asset side over the reference figure as of 30 June 2010 was the joint result of several factors. It included a 16.7 billion forints expansion of the own loan portfolio and a 4.1 billion forints increase in interbank lending (including receivables from the NBH) and a 4.0 billion forints expansion in the portfolio of securities. The refinancing mortgage loans amount decreased the total balance sheet by 26.3 billion forints as of 30 June 2011.

On the liabilities side, commitments did not increase overall but their breakdown changed considerably. Deposits increased significantly (+60.4 billion forints), as did interbank borrowings (+18.2 billion forints) and unsecured bonds (+32.5 billion forints). State loans were 35.1 billion forints down as repayment

started in February 2011 (with 50 million EUR quarterly loan capital repayment). The CMB portfolio shrank by 69.1 billion forints. Shareholders' equity increased by approximately 10.3 billion forints year-on-year, primarily as a result of an increase in accumulated assets. Changes in repurchased treasury shares increased shareholders' equity by 1.6 billion forints.

The increase in assets compared to the balance sheet as of 31 March 2011 was caused predominantly by a 8.5 billion forints expansion of own loans and a 12.1 billion forints increase in interbank lending (excluding the receivables from the NBH). Expansion of the portfolio was primarily due to the weakening of the forint against the Swiss franc. The securities portfolio shrank by 9.1 billion forints in Q1 of 2011. The largest contributors to the change in liabilities were the 8.9 billion forints decrease of CMBs, the 13.4 billion forints decrease of the State loan and the 5.0 billion forints decrease of unsecured bonds. Interbank borrowings increased liabilities by 12.5 billion forints, the fair value of derivatives was up by 15.5 billion forints, and deposits by 9.4 billion forints compared to the Q1 of 2011 figures.

Interest earning assets

The Group's interest earning assets on the balance sheet dropped from 790.6 billion forints as of 30 June 2010 to 776.4 billion forints as of 31 March 2011, then increased to 789.1 billion forints as of 30 June 2011. As of 30 June 2011 loans disbursed by the Bank was 4.7% up year-on-year and 2.3% up from the 31 March 2011 figure due to the weakening of the forint. Impairment to cover lending losses was up from 12.0 billion forints as of 30 June 2010 to 25.3 billion forints year-on-year. The portfolio of refinanced loans shrank by 9.7% year-on-year. The 2011 Q2 decrease was 0.8%, solely as a consequence of exchange rate volatility. As of 30 June 2010 the combined contribution of refinanced loans and own lending was 79.2%. The contribution dropped to 78.1% as of 31 March 2011 and remained the same as of 30 June 2011.

The collateral value of real estate covering ordinary collateral amounted to 1,236.3 billion forints as of 30 June 2011, 4.3% down compared to 30 June 2010 (1,291.7 billion forints) and 1.3% below the 31 March 2011 value (1,252.5 billion forints). The LTV ratio applicable for ordinary collateral was 39.1% as of 30 June 2011, down from the 40.6% LTV as of 30 June 2010 but higher than the 38.9% as of 31 March 2011.

NBH and other interbank lending decreased from 62.3 billion forints as of 30 June 2010 to 55.0 billion forints as of 31 March 2011, then climbed to 66.4 billion forints as of 30 June 2011. The item contributed 8.4% to interest earning assets at the end of June 2011.

The value of Bank's securities available for sale rose from 101.0 billion forints as of 30 June 2010 to 114.5 billion forints in Q1 of 2011. As of 30 June 2011 the value of the securities portfolio amounted to 105.4 billion forints. Thus the Q2 of 2011 contribution of securities to interest earning assets was 13.4%. Securities available for trade include NBH bonds amounting to 64.9 billion forints, discount treasury bills amounting to 6.0 billion forints and government bonds amounting to 26.0 billion forints as well as 4.0 billion forints mortgage bonds and other bank and corporate bonds for sale amounting to 5.2 billion forints. The Bank's portfolio of securities held for sale serves exclusively as a liquidity reserve. As of 30 June 2011 the Bank held a very small portfolio of securities held for trading, which contributed 0.1% to interest bearing assets.

Property for investment, own and other assets

The value of real estates transferred to the Bank's possession as a result of annuity sales in the current and previous years was 11.3 billion forints as of 30 June 2011 and was 0.4% down from the Q1 of 2011 figure with a 1.2% year-on-year growth.

Tangible assets amounted to 6.4 billion forints as of 30 June 2011 and increased by 4.2 billion forints year-on-year but dropped by 86 million forints from Q1 of 2011. Merging of Allianz Bank's assets with FHB Group was the main contributor to the year-on-year increase. As of 30 June 2011 intangibles and goodwill amounted to 14.3 billion forints, with 2.5 billion forints, or 21.2%, up year-on-year. The growth over 31 March 2011 was 0.5 billion forints (+3.9%). In H1 the value of intangibles increased by 653 million forints primarily as a result of IT related purchases.

Other assets amounted to 15.4 billion forints as of 30 June 2011 as opposed to 13.7 billion forints in Q1 of 2011 and 7.0 billion forints as of 30 June 2010. The bulk of the increase resulted from growing deferred taxes, tax refunds and active accruals.

Interest bearing liabilities

CMBs issued by the Bank contributed 50.2% to the Bank's interest bearing liabilities as of 30 June 2011 and showed a downward trend. The same item contributed 51.1% as of 31 March 2011 and 60.4% as of 30 June 2010. The 359.4 billion forints book value of mortgage bonds as of 30 June 2011 was 2.4% down from the 31 March 2011 figure (368.3 billion forints), and 16.1% down from the 428.5 billion forints achieved as of 30 June 2010. Decrease in value of the CMB portfolio was 69.1 billion forints year-on-year as a result of 33.2 billion forints new issues, 80.1 billion forints repayments and 0.1 billion forints repurchase including related exchange rate adjustments and consolidation.

Bonds issued

The book value of bonds was 101.3 billion forints as of 30 June 2011, 5.0 billion forints, or 4.7%, less than the 31 March 2011 value (106.2 billion forints). On the other hand, the year-on-year increase of the item was considerable, 32.5 billion forints, or 47.3%. As of 30 June 2010 the value of the bonds portfolio amounted to 68.7 billion forints. As regards bonds issued by FHB over the past year, new issues amounted to 67.1 billion forints, repayments amounted to 48.7 billion forints and redemptions to 3.7 billion forints.

Interbank funds

As of 30 June 2011 the 48.1 billion forints value of interbank funds portfolio was 35.2% above the 31 March 2011 amount and 60.8% higher than the 30 June 2010 figure. The Bank has used the interbank facilities as supplementary funds. Their contribution to interest bearing liabilities was below 7% as of June 30 2011.

Deposits

As of 30 June 2011 deposits amounted to 127.1 billion forints in contrast to 117.7 billion forints as of 31 March 2011 and 66.7 billion forints as of 30 June 2010. Deposits collected by Allianz significantly contributed to the year-on-year increase. FHB Group's consolidated deposit portfolio is dominated by deposits from retail customers with a contribution of almost 60%. However, corporate deposits have been increasing very dynamically.

State loan received

As of 30 June 2011 approximately 80.1 billion forints of the State loan were available for the Bank (300 million EUR plus deferred interest at NBH's exchange rate of 30 June 2011). Repayment of the State loan started in Q1 of 2011: principal repayments effected in Q1 and Q2 amounted to 50 million euros.

Other liabilities

Other liabilities amounted to 10.9 billion forints, includes, among others, payables to suppliers (7.6% as of 30 June 2011, 3.8% as of 31 March 2011, and 2.0% as of 30 June 2010), passive accruals (9.8% as of 30 June 2011, 11.4% as of 31 March 2011, and 9.3% as of 30 June 2010), taxes due (21.9% as of 30 June 2011, 32.6% as of 31 March 2011, and 7.2% as of 30 June 2010), and deferred taxes (3.5% as of 30 June 2011, 5.4% as of 31 March 2011, and 22.9% as of 30 June 2010). Liabilities generated in conjunction with settlements relates to clients amounted to 1.3 billion forints and contributed 11.5% to other liabilities in the reported period (the contribution was 15.3% as of 31 March 2011 and 19.8% as of 30 June 2010).

Shareholders' equity

The year-on-year increase in shareholders' equity was 20.7% (10.3 billion forints), reaching 59.9 billion forints as of 30 June 2011. The bulk of the year-on-year increase resulted from a 14.0 billion forints increase in retained earnings. Other provisions were 5.4 billion forints below the 30 June 2010 level due primarily to the release of the general reserve. On the other hand, shareholders' equity was increased by a 1.6 billion forints reduction in repurchased treasury shares.

Shareholders' equity expanded by 0.9 billion forints in H1 and 0.6 billion forints in Q2 of 2011. The main factor contributing to the expansion was a 0.2 billion forints increase in retained earnings and a 0.2 billion forints rise in other provisions.

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.

FHB Jelzálogbank Nyrt. declares that the half year report of 2011 was not audited by independent auditor.

Budapest, 22nd August, 2011

László Harmati
CEO, Business

Gyula Köbli
CEO, Strategy and Finance

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector: Financial services
Reporting period: 01.01.2011 – 30.06.2011

Telephone: (1) 452 - 9100
Fax: (1) 452 - 9200
E-mail: Bardos.Peter@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.), Allianz Kereskedelmi Bank Zrt. (Allianz Commercial Bank Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.) and FHB Életjárdék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd), and to FHB Ingatlanlizing Zrt. (FHB Real Estate Leasing Ltd.) and its affiliates (Central European Credit d.d.; Central European Leasing d.d.; Portfolio Money Zrt.; Hitelunió Kft.; Portfolio Money FBK Kft.).

Consolidated Income Statement

(consolidated data as at 30 June, 2011 and 30 June, 2010, according to IFRS, data in million HUF)

DESCRIPTION	30 June 2011 „A”	30 June 2011 „B”	30 June 2010	Change (%)
Interest income	37,314	37,314	36,676	1.7%
Interest expense	-25,604	-25,604	-23,123	10.7%
Net interest income	11,710	11,710	13,553	-13.6%
Fees and commission income	1,762	1,762	772	128.2%
Fees and commission expense	-517	-517	-198	161.1%
Net fees and commission income	1,245	1,245	574	116.9%
Profit / Loss from FX transactions	430	430	-968	-
Change in fair value of instruments fair valued vs. P/L	496	496	564	-12.1%
Gains from securities	1,145	1,145	315	263.5%
Net trading result	2,071	2,071	-89	-
Other operating income	632	632	1,762	-64.1%
Other operating expense	-3,646	-2,436	-1,176	107.1%
Operating profit	12,012	13,222	14,624	-9.6%
Credit loss expense	-2,077	-2,077	-3,888	-46.6%
General and administrative expense	-9,528	-9,528	-6,912	37.8%
Profit before tax	407	1,617	3,824	-57.7%
Income tax expense	-528	-689	-1,031	-33.2%
After tax profit	-121	928	2,793	-66.8%
EPS (yearly)	-21.78	10.32	78.79	-86.9%
Deluted EPS (yearly)	-21.78	10.32	78.79	-86.9%

Consolidated Comprehensive Income Statement	30 June 2011 „A”	30 June 2011 „B”	30 June 2010	Change (%)
After tax profit	-121	928	2,793	-66.8%
Other comprehensive income				
Cash-flow hedge reserve	-211	-211	-7	2,914.3%
Change in fair value of financial assets available for sale	214	214	-665	-
FX reserve	12	12	-25	-
Deferred tax effect for other comprehensive income	11	11	128	-91.4%
Other comprehensive income for the period with deferred tax	26	26	-569	-
Total comprehensive income	-95	954	2,224	-57.1%

Notes: Figures presented for H1 of 2011 in the column “A” include the special banking tax for the entire business year, while the column with heading “B” include the special banking tax for the period of reporting pro rata. The columns presenting the percentage changes always refer to column with heading “B”.

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector: Financial services
Reporting period: 01.01.2011 – 30.06.2011

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

DESCRIPTION	Apr – Jun 2011 „A”	Apr – Jun 2011 „B”	Apr – Jun 2010	Change (%)
Interest income	18,531	18,531	17,840	3.9%
Interest expense	-12,927	-12,927	-11,125	16.2%
Net interest income	5,604	5,604	6,715	-16.5%
Fees and commission income	734	734	422	73.9%
Fees and commission expense	-228	-228	-78	192.3%
Net fees and commission P/L	506	506	344	47.1%
Profit / Loss from FX transactions	560	560	-758	-
Change in fair value of instruments fair valued vs. P/L	-717	-717	959	-
Gains from securities	1,102	1,102	-551	-
Net trading result	945	945	-350	-
Other operating income	354	354	892	-60.3%
Other operating expense	-967	-362	-606	59.6%
Operating profit	6,442	7,047	6,995	-7.9%
Credit loss expense	-621	-621	-1,872	-66.8%
General and administrative expense	-4,715	-4,715	-3,606	30.8%
Profit before tax	1,106	1,712	1,517	-27.1%
Income tax expense	-347	-427	-227	52.9%
After tax profit	759	1,285	1,290	-41.2%
EPS (yearly)	47.37	15.46	71.15	-78.3%
Deluted EPS (yearly)	47.37	15.46	71.15	-78.3%

Consolidated Comprehensive Income Statement	Apr – Jun 2011 „A”	Apr – Jun 2011 „B”	Apr – Jun 2010	Change (%)
After tax profit	759	1,285	1,290	-41.2%
Other comprehensive income				
Cash-flow hedge reserve	38	38	592	-93.6%
Change in fair value of financial assets available for sale	-186	-186	-671	-72.3%
FX reserve	7	7	-25	-
Deferred tax effect for other comprehensive income	17	17	14	21.4%
Other comprehensive income for the period with deferred tax	-124	-124	-90	37.8%
Total comprehensive income	635	1,161	1,200	-47.1%

Notes: Figures presented for Q2 of 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata. The columns presenting the percentage changes always refer to column with heading "B".

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector: Financial services
Reporting period: 01.01.2011 – 30.06.2011

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

Consolidated Financial Position

(consolidated non audited data as at 30 June 2011 and 30 June 2010, and audited data as at 31 December 2010 according to IFRS, data in million HUF)

DESCRIPTION	30 June 2011 „A”	30 June 2011 „B”	31 Dec 2010 Modified	30 June 2010	Change (%) 30 June 2011 („B”) / 31 Dec 2010	Change (%) 30 June 2011 („B”) / 30 June 2010
Assets						
Cash	2,458	2,458	3,186	1,085	-22.8%	126.5%
Balances with NBH	810	810	3,458	3,629	-76.6%	-77.7%
Due from banks	65,635	65,635	69,463	58,688	-5.5%	11.8%
Securities held for trade	639	639	4,758	1,010	-86.6%	-36.7%
Securities held for sale	105,421	105,421	101,808	101,046	3.5%	4.3%
Fair value of derivatives	800	800	944	5,610	-15.3%	-85.7%
Refinanced mortgage loans	244,005	244,005	260,320	270,317	-6.3%	-9.7%
Loans	372,593	372,593	386,635	355,913	-3.6%	4.7%
Property for investment	11,304	11,304	11,426	11,165	-1.1%	1.2%
Tangible assets	6,362	6,362	6,412	2,173	-0.8%	192.8%
Goodwill and other intangible assets	14,308	14,308	13,650	11,803	4.8%	21.2%
Deferred tax asset	3,205	3,044	3,303	520	-7.8%	485.4%
Other assets	11,178	12,388	8,074	6,521	53.4%	90.0%
Total assets	838,718	839,767	873,437	829,480	-3.9%	1.2%
Liabilities						
Due to banks	48,138	48,138	22,650	21,306	112.5%	125.9%
Deposits	127,077	127,077	112,740	66,672	12.7%	90.6%
Derivative financial liabilities at fair value	50,468	50,468	59,691	60,813	-15.5%	-17.0%
State loans	80,133	80,133	112,120	115,253	-28.5%	-30.5%
Issued securities	322,089	322,089	351,755	327,433	-8.4%	-1.6%
Financial liabilities at fair value through profit and loss	138,600	138,600	146,054	178,454	-5.1%	-22.3%
Reserve for annuity payments	2,463	2,463	2,380	2,439	3.5%	1.0%
Current tax liability	40	40	29	48	37.9%	-16.7%
Deferred tax liability	388	388	509	1,722	-23.8%	-77.5%
Provisions	523	523	918	1,649	-43.0%	-68.3%
Other liabilities	9,998	9,997	5,627	4,104	77.7%	143.6%
Total liabilities	779,917	779,916	814,473	779,893	-4.2%	0.0%
Subscribed capital	6,600	6,600	6,600	6,600	0.0%	0.0%
Treasury shares	-2	-2	-123	-1,619	-98.4%	-99.9%
Retained earnings	49,892	50,942	50,604	36,941	0.7%	37.9%
Other reserves	2,311	2,311	1,883	7,665	22.7%	-69.8%
Total shareholders' equity	58,801	59,851	58,964	49,587	1.5%	20.7%
Total liabilities and shareholders' equity	838,718	839,767	873,437	829,480	-3.9%	1.2%

Notes: Figures presented for H1 of 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata. The columns presenting the percentage changes always refer to column with heading "B".

Name: FHB Mortgage Bank Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector: Financial services
 Reporting period: 01.01.2011 – 30.06.2011

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

Cash Flow

(consolidated, non-audited data as at 30 June and as at 30 June 2011, according to IFRS, data in million HUF)

DESCRIPTION	30. June 2011 „A”	30. June 2011 „B”	30. June 2010
Cash Flow from operating activities			
Net profit	-121	928	2,793
Non cash adjustments to net income to net cash from operating activities:			
Depreciation	1,203	1,203	817
Change of fair value of property for investment	102	102	-693
Activated property for investment against P/L	-11	-11	0
Provision for losses and losses on loans	1,689	1,689	5,206
Loss/(profit) on sale of fixed assets	75	75	168
Loss/(profit) on derecognition of intangible assets	14	14	-152
Stock option reserve	-188	-188	0
Interest capitalized	45	45	0
Fair value of derivatives	-9,261	-9,261	33,695
Fair valueing effect of derivatives and in contrast to P/L fair valued financial liabilities	2,910	2,910	0
Fair value of annuity reserve	263	263	575
FX reserve	12	12	-25
Goodwill impairment	7	7	0
Operating profit/loss before changes in operating assets	-3,262	-2,213	42,385
<i>Increase/decrease in operating assets:</i>			
Securities available for trade	4,119	4,119	-1,010
Securities available for sale	-3,418	-3,418	29,437
Refinancing of mortgage loans	16,315	16,315	-7,302
Loans	11,913	11,913	-26,793
Other assets	-3,008	-4,057	-2,225
<i>Increase/decrease in operating liabilities:</i>			
Deposits	14,337	14,337	3,110
Interbank borrows	6,469	6,469	3,033
Other liabilities	4,260	4,260	380
Net cash used in operating activities	47,725	47,725	41,015
Cash flows from investing activities			
Proceeds from sale of tangible and intangible assets	14	14	-8
Purchase of tangible and intangible assets	-1,920	-1,920	-1,035
Purchase of investment property	9	9	-959
Proceeds from sale of investment property	22	22	48
Paid from annuity reserve due to annuity liabilities	-179	-179	0
Net cash used in investing activities	-2,054	-2,054	-1,954
Cash flows from financing activities			
Proceeds from issue of bonds	19,067	19,067	45,141
Repayment of bonds issued	-59,095	-59,095	-39,012
Sale/purchase of own shares	121	121	-73
Repayment of long term loans	-32,426	-32,426	-23,705
Long term loans	19,458	19,458	469
Net cash from financing activities	-52,875	-52,875	-17,180
Net increase in cash and cash equivalents	-7,204	-7,204	21,880
Cash and cash equivalents at beginning of year	76,107	76,107	41,522
Cash and cash equivalents at end of period	68,903	68,903	63,402
Cash and cash equivalents comprises of:			
Cash	2,458	2,458	1,085
Due from Central Bank	810	810	3,629
Interbank placements, with a maturity of less than 90 days	65,635	65,635	58,688
Cash and cash equivalents at end of period	68,903	68,903	63,402
<i>Supplemental information</i>			
Interest received	36,406	36,406	39,981
Interest paid	-23,991	-23,991	-45,743
Tax paid	-113	-113	-354

Notes: Figures presented for H1 of 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata.

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector: Financial services
Reporting period: 01.01.2011 – 30.06.2011

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

Statement of Shareholders' Equity („A”)

(consolidated, non-audited data as at 30. June 2010 and as at 30. June 2011, according to IFRS, data in million HUF)

DESCRIPTION	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Stock option reserve	Change in fair value (financial assets)	FX reserve	Retained earnings (deficit)	Shareholders' Equity
1 January 2010	6,600	-1,546	1,709	4,470	833	0	915	21	34,434	47,436
Transfer to general reserve				134					-134	0
Current year income									1,503	1,503
Other comprehensive income					-484		5		0	-479
31 March 2010	6,600	-1,546	1,709	4,604	349	0	920	21	35,803	48,460
Transfer to general reserve				152					-152	0
Current year income									1,290	1,290
Other comprehensive income					479		-544	-25	0	-90
Own shares purchase/selling		-73							0	-73
30 June 2010	6,600	-1,619	1,709	4,756	828	0	376	-4	36,941	49,587
Transfer to general reserve				-4,756					4,756	0
Current year income									8,307	8,307
Other comprehensive income					-727		-563	23	0	-1,267
Own shares purchase/selling		1,496							600	2,096
Creation of stock option reserve						241			0	241
31 December 2010	6,600	-123	1,709	0	101	241	-187	19	50,604	58,964
Transfer to general reserve				86					-86	0
Current year income									-1,405	-1,405
Other comprehensive income					-214		359	5	0	150
Shares granted			1						0	1
31 March 2011	6,600	-123	1,710	86	-113	241	172	24	49,113	57,710
Transfer to general reserve				505					-505	0
Current year income									1,284	1,284
Other comprehensive income					32		-164	7	0	125
Own shares purchase/selling		121							0	121
Shares granted						-179			0	-179
Creation of stock option reserve						-9			0	-9
30 June 2011	6,600	-2	1,710	591	-81	53	8	31	49,892	58,801

Notes: Figures presented for H1 of 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata.

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector: Financial services
Reporting period: 01.01.2011 – 30.06.2011

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

Statement of Shareholders' Equity („B”)

(consolidated, non-audited data as at 30 June 2010 and as at 30 June 2011, according to IFRS, data in million HUF)

DESCRIPTION	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Stock option reserve	Change in fair value (financial assets)	FX reserve	Retained earnings (deficit)	Shareholders' Equity
1 January 2010	6,600	-1,546	1,709	4,470	833	0	915	21	34,434	47,436
Transfer to general reserve				134					-134	0
Current year income									1,503	1,503
Other comprehensive income					-484		5		0	-479
31 March 2010	6,600	-1,546	1,709	4,604	349	0	920	21	35,803	48,460
Transfer to general reserve				152					-152	0
Current year income									1,290	1,290
Other comprehensive income					479		-544	-25	0	-90
Own shares purchase/selling		-73							0	-73
30 June 2010	6,600	-1,619	1,709	4,756	828	0	376	-4	36,941	49,587
Transfer to general reserve				-4,756					4,756	0
Current year income									8,307	8,307
Other comprehensive income					-727		-563	23	0	-1,267
Own shares purchase/selling		1,496							600	2,096
Creation of stock option reserve						241			0	241
31 December 2010	6,600	-123	1,709	0	101	241	-187	19	50,604	58,964
Transfer to general reserve				86					-86	0
Current year income									-1,405	-1,405
Other comprehensive income					-214		359	5	0	150
Shares granted			1						0	1
31 March 2011	6,600	-123	1,710	86	-113	241	172	24	49,113	57,710
Transfer to general reserve				505					-505	0
Current year income									1,284	1,284
Other comprehensive income					32		-164	7	0	125
Own shares purchase/selling		121							0	121
Shares granted						-179			0	-179
Creation of stock option reserve						-9			0	-9
30 June 2011	6,600	-2	1,710	591	-81	53	8	31	49,892	58,801

Notes: Figures presented for Q1 of 2011 in the column "A" include the special banking tax for the entire business year, while the column with heading "B" include the special banking tax for the period of reporting pro rata.

Name:	FHB Mortgage Plc.	Telephone:	(1) 452 - 9100
Address:	1082 Budapest, Üllői út 48.	Fax:	(1) 452 - 9200
Sector:	Financial services	E-mail:	Bardos.Peter@fhb.hu
Reporting period:	01.01.2011 – 30.06.2011	Investor relations:	Péter Bárdos

Loans

(consolidated, non-audited data as at 30 June 2010 and as at 30 June 2011, according to IFRS, data in million HUF)

DESCRIPTION	30 June 2011	30 June 2010
Real estate purchase loans	128,817	120,388
Real estate construction loans	45,054	49,563
Real estate reconstruction loans	4,322	4,734
Real estate extension loans	8,699	9,929
Other loans secured by real estate	166,548	156,429
Loans secured by non real estate	33,286	18,269
Employee loans	2,406	2,446
Leasing	2,654	1,970
Other	106	7
Loans, gross	391,892	363,735
from this: retail loans	345,494	319,827
other	46,398	43,908
Loan loss provision	-25,262	-12,033
Accrued interest	4,760	2,591
Amortised cost	1,203	1,620
Loans, net	372,593	355,913

Mortgage bonds

(consolidated, non-audited data as at 30 June 2010 and as at 30 June 2011, according to IFRS, data in million HUF)

DESCRIPTION	Book value	Nominal value	Book value	Nominal value
	30 June, 2011		30 June, 2010	
Non-listed mortgage bonds				
Fixed	139,183	140,203	160,688	160,450
Floating	23,626	26,356	39,677	41,455
Listed mortgage bonds				
Fixed	122,914	121,730	109,902	109,402
Floating	62,313	62,340	108,331	108,691
Total	348,036	350,628	418,598	419,998
Accrued interest	11,368		9,918	
Mortgage bonds Total	359,404	350,628	428,516	419,998
Non-listed bonds				
Fixed	25,399	25,000	26,027	26,000
Floating	0	0	0	0
Listed bonds				
Fixed	65,238	64,233	36,382	35,990
Floating	5,840	5,860	3,758	3,607
Total	96,477	95,093	66,194	65,597
Accrued interest	4,808		2,553	
Bonds Total	101,285	95,093	68,747	65,597

Name:	FHB Mortgage Plc.	Telephone:	(1) 452 - 9100
Address:	1082 Budapest, Üllői út 48.	Fax:	(1) 452 - 9200
Sector:	Financial services	E-mail:	Bardos.Peter@fhb.hu
Reporting period:	01.01.2011 – 30.06.2011	Investor relations:	Péter Bárdos

Off-balance sheet items – pending liabilities

(consolidated, non-audited data as at 30 June 2010 and as at 30 June 2011, according to IFRS, data in million HUF)

DESCRIPTION	30 June, 2010	30 June, 2011
Pending liabilities		
Guarantee	778	871
Available amount according to loan contract	15,940	17,491
Total	16,718	18,362

Mortgage bonds collateral

(non-consolidated data of FHB Mortgage Bank Plc. only, according to HAS)

The net collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank Plc. amounted to 762.4 billion forints as of 30 June 2011, 1.4% less than the 773.2 billion forints as of 31 March 2011 and 11.4% below the 30 June 2010 figure (860.4 billion forints).

The value of the group of assets involved as collateral as of 30 June 2011 (million HUF)

Outstanding mortgage bonds in circulation	
Face value	381,929
Interest	90,268
Total	472,198
Value of the regular collateral	
Principal	485,842
Interest	276,534
Total	762,376
Value of assets involved as supplementary collateral	
Balance of the separate blocked account at the NBH - principal	0
Total	0

As of 30 June 2011 the present value of ordinary collateral was 532,2 billion forints and the present value of mortgage bonds was 415 billion forints, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid. The rate of coverage was 128.2%..

As of 30 June 2011 net ordinary and supplementary collateral principal to the face value of mortgage bonds was in circulation not yet repaid was 127.2%. Net interest on ordinary and supplementary collateral to interest on mortgage bonds in circulation not yet repaid was 306.4%.

Name: FHB Mortgage Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector: Financial services
 Reporting period: 01.01.2011 – 30.06.2011

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

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

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		
	(01.01.2011)			(30.06.2011)			(01.01.2011)			(30.06.2011)		
	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic Institutional/ company	71.12	71.27	46,939,736	73.62	73.62	48,585,278	71.12	71.27	46,939,736	73.62	73.62	48,585,278
Foreign institutional/ company	20.72	20.76	13,672,542	18.1	18.51	12,216,058	20.72	20.76	13,672,542	18.51	18.51	12,216,058
Domestic private individuals	3.71	3.71	2,446,450	3.35	3.35	2,213,577	3.71	3.71	2,446,450	3.35	3.35	2,213,577
Foreign private individuals	0.04	0.04	25,469	0.03	0.03	19,884	0.04	0.04	25,469	0.03	0.03	19,884
Employees, executives	0.10	0.10	63,112	0.38	0.38	248,312	0.10	0.10	63,112	0.38	0.38	248,312
Treasury shares	0.21	0.00	138,401	0.00	0.00	2,601	0.21	0.00	138,401	0.00	0.00	2,601
State ⁴	4.11	4.12	2,714,300	4.11	4.11	2,714,300	4.11	4.12	2,714,300	4.11	4.11	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
Other	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
TOTAL	100.00	100.00	66,000,010	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!

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

⁵ E.g.: EBRD, EIB, etc.

Owners with more than 5% ownership (30.06.2011)

Name	Custodian Bank (yes/no)	Quantity (Pcs)	Share (%)	Voting rights (%) ¹
VCP Finanz Holding Kft.	no	15,970,000	24.20	24.20
A64 Vagyonkezelő Kft.	no	10,746,468	16.28	16.28
Allianz Hungária Biztosító Zrt.	no	8,176,798	12.39	12.39
Silvermist Estate SA	no	6,303,545	9.55	9.55
Összesen		41,196,811	62.42	62.42

¹ Voting rights calculated according to Tpt. 61. §

Name: FHB Mortgage Plc.
 Address: 1082 Budapest, Üllői út 48.
 Sector: Financial services
 Reporting period: 01.01.2011 – 30.06.2011

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

Data forms related to the organisation and operation of the issuer

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

	Beginning of current year (01.01.2011)	End of reporting period (30.06.2011)
Bank	65	62
Consolidated	969	849

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	16,000
IT	István Somkuti	Member	29.04.2008	29.04.2013	8,000
IT	Dr. Gábor Borsányi	Member	29.04.2008	29.04.2013	8,000
IT	László Harmati	Member, Chief Business Executive Officer	29.04.2008	29.04.2013	32,192
IT	Dr. Christian Riener	Member	29.04.2008	29.04.2013	8,000
IT	Gyula Köbli	Member, Chief Strategic and Financial Executive Officer	21.04.2010	29.04.2013	16,000
IT	Tamás Foltányi	Member, CIO	21.04.2010	29.04.2013	28,000
IT	Tamás Vojnits	Member	21.04.2010	29.04.2013	8,675
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	Miklós Szabó	Member	20.04.2011	20.04.2016	2,200
FB	Ákos Starcz	Member	20.04.2011	20.04.2016	0
Shares held (pcs) TOTAL:					132,067

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

Name:	FHB Mortgage Plc.	Telephone:	(1) 452 - 9100
Address:	1082 Budapest, Üllői út 48.	Fax:	(1) 452 - 9200
Sector:	Financial services	E-mail:	Bardos.Peter@fhb.hu
Reporting period:	01.01.2011 – 30.06.2011	Investor relations:	Péter Bárdos

INFORMATION AND DISCLOSURES IN H1 2011

Important information and disclosures issued by the 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)
- Month end information about the amount of issued capital and the voting rights
- Announcement of the Allianz Bank merge into FHB Kereskedelmi Bank
- Proposals submitted to the AGM and invitation to the AGM
- Shareholders' announcements, report FHB share transaction

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

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