



FHB Mortgage Bank Plc.

**Interim management report
for the third quarter of 2011**

Budapest, 18th November, 2011

Summary consolidated figures

in HUF million	3Q 2011	2Q 2011	3Q 2010	Q-o-Q	Y-o-Y	9M 2011	9M 2010	Y-o-Y
Main balance sheet items								
Total assets	855,966	839,767	806,268	1.9%	6.2%	855,966	806,268	6.2%
Refinanced loans	242,319	244,005	257,577	-0.7%	-5.9%	242,319	257,577	-5.9%
Loans (gross)	418,187	397,855	351,628	5.1%	18.9%	418,187	351,628	18.9%
Mortgage bonds	340,936	359,405	411,079	-5.1%	-17.1%	340,936	411,079	-17.1%
Senior unsecured bonds	102,355	101,285	86,857	1.1%	17.8%	102,355	86,857	17.8%
Customer deposits	153,690	127,077	70,973	20.9%	116.5%	153,690	70,973	116.5%
<i>Refinanced + own loans / deposits + issued securities</i>	<i>110.6%</i>	<i>109.2%</i>	<i>107.1%</i>	<i>1.4%-pt</i>	<i>3.6%-pt</i>	<i>110.6%</i>	<i>107.1%</i>	<i>3.3%-pt</i>
Shareholders' equity	57,672	59,850	51,607	-3.6%	11.8%	57,672	51,607	11.8%
Main P/L items								
Net interest income	5,705.7	5,604.4	6,322.1	1.8%	-9.8%	17,415.4	19,875.9	-12.4%
<i>Net interest margin before provision</i>	<i>2.67%</i>	<i>2.70%</i>	<i>3.07%</i>	<i>-0.03%-pt</i>	<i>-0.40%-pt</i>	<i>2.69%</i>	<i>3.31%</i>	<i>-0.61%-pt</i>
Net fees and commissions	753.7	506.0	270.8	49.0%	178.3%	1,998.8	844.4	136.7%
Total income (with net fees)	6,544.8	6,442.4	5,467.3	1.6%	19.7%	19,766.8	20,090.7	-1.6%
Losses from lending and impairment	-4,824.9	-621.1	-287.9	676.8%	1576.1%	-6,902.1	-4,176.1	65.3%
Operating cost	-4,050.9	-4,715.1	-5,364.9	-14.1%	-24.5%	-13,578.9	-12,276.7	10.6%
<i>Cost to income ratio</i>	<i>61.9%</i>	<i>73.2%</i>	<i>98.1%</i>	<i>-11.3%-pt</i>	<i>-36.2%-pt</i>	<i>68.7%</i>	<i>61.1%</i>	<i>7.6%-pt</i>
<i>Cost/income ratio without special banking tax</i>	<i>56.7%</i>	<i>66.9%</i>	<i>66.8%</i>	<i>-10.2%-pt</i>	<i>-10.2%-pt</i>	<i>61.8%</i>	<i>52.6%</i>	<i>9.2%-pt</i>
Pre-tax profits	-2,331.1	1,106.1	-185.5	-	-	-714.1	3,637.9	-
After tax profits	-2,298.4	759.3	277.5	-	-	-1,370.4	3,070.0	-
Profit before taxation without special banking tax	-1,726.2	1,711.0	1,525.7	-	-	1,506.3	5,349.1	-
After tax profit without special banking tax	-1,693.5	1,364.2	1,988.7	-	-	850.0	4,781.1	-82.2%
After tax profit w/o special banking tax and provisioning for fixed-rate repayments¹	203.1	1,364.2	1,988.7	-85.1%	-89.8%	2,746.6	4,781.1	-42.6%
EPS base (HUF)	-145.8	15.5	34.9	-	-	-42.4	64.0	-
EPS fully diluted (HUF)	-145.8	15.5	34.9	-	-	-42.4	64.0	-
Average assets	847,867	833,329	817,874	1.7%	3.7%	864,702	803,642	7.6%
<i>Return on Assets</i>	<i>-1.08%</i>	<i>0.37%</i>	<i>0.13%</i>	<i>-1.4%-pt</i>	<i>-1.2%-pt</i>	<i>-0.21%</i>	<i>0.51%</i>	<i>-0.7%-pt</i>
<i>Return on Equity</i>	<i>-15.5%</i>	<i>5.1%</i>	<i>2.2%</i>	<i>-20.6%-pt</i>	<i>-17.7%-pt</i>	<i>-3.1%</i>	<i>8.3%</i>	<i>-11.4%-pt</i>
<i>ROAA without special banking tax</i>	<i>-0.79%</i>	<i>0.66%</i>	<i>0.96%</i>	<i>-1.4%-pt</i>	<i>-1.8%-pt</i>	<i>0.13%</i>	<i>0.80%</i>	<i>-0.7%-pt</i>
<i>ROAE without special banking tax</i>	<i>-11.4%</i>	<i>9.2%</i>	<i>15.6%</i>	<i>-20.6%-pt</i>	<i>-27.0%-pt</i>	<i>1.9%</i>	<i>12.9%</i>	<i>-11.0%-pt</i>
Capital adequacy								
Regulatory capital (HAS)	31,058	25,958	23,801	19.6%	30.5%	31,058	23,801	30.5%
Statutory capital adequacy ratio	<i>8.3%</i>	<i>9.0%</i>	<i>10.6%</i>	<i>-0.7%-pt</i>	<i>-2.3%-pt</i>	<i>8.3%</i>	<i>10.6%</i>	<i>-2.3%-pt</i>
Regulatory capital (IFRS)	39,858	40,054	35,659	-0.5%	11.8%	39,858	35,659	11.8%
<i>Capital adequacy ratio (IFRS)</i>	<i>10.3%</i>	<i>12.3%</i>	<i>12.0%</i>	<i>-2.1%-pt</i>	<i>-1.7%-pt</i>	<i>10.3%</i>	<i>12.0%</i>	<i>-1.7%-pt</i>

¹ At the end of Q3 2011, FHB Group recognized 1.9 billion forints provision for expected losses of repayments at reduced exchange rate estimated on the basis of individual applications received during the period until Balance Sheet preparation date (14 October 2011)..

Interim report on the results of FHB Group in the third quarter of 2011

This report of FHB Mortgage Bank Public Company Limited by Shares for the third quarter 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 September 2011 as of 30 June 2011 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 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, appendix of this interim report presents the financial statements including the special banking tax for the entire business year (under the heading "A"); however, the analysis and comparative indicators of this interim report are based on the financial statements that include special banking tax pro rata (in appendix under the heading „B”).

I. Summary of the achievements 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 and third quarter, as part of this implementation existing intra-group redundancies and parallel operations are being eliminated, as well as cost control measures are introduced. As the integration tasks will be completed, in the third quarter, the Group could reduce its operational cost, however the unfavourable external circumstances – especially significant weakening of Forint – have negative impact on results, so FHB Group realized losses in the third quarter of 2011.

FHB Group's **consolidated balance sheet total** calculated according to International Financial Reporting Standards grew by 6.2%, from 806.3 billion forints to 856,0 billion forints in one year. 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 11.8% year-on-year primarily owing to an increase in retained earnings, and amounted to approximately 57.7 billion forints as of 30 September 2011.

Consolidated after-tax profit for the first nine months of 2011 was 1,370 million forints loss – adjusted by the special banking tax 850 million forints profit – compared to the profit of 3,070 million forints – adjusted by the special banking tax 4,782 million forints – in the same period of 2010. After-tax result for Q3 of 2011 was 2,298 million forints loss.

The **average net interest margin (NIM)** in Q3 2011 was on the same level as in previous quarter and reaches 2.67%. The average net interest margin for 1-9 months slipped by 61 basis points, to 2.69%.

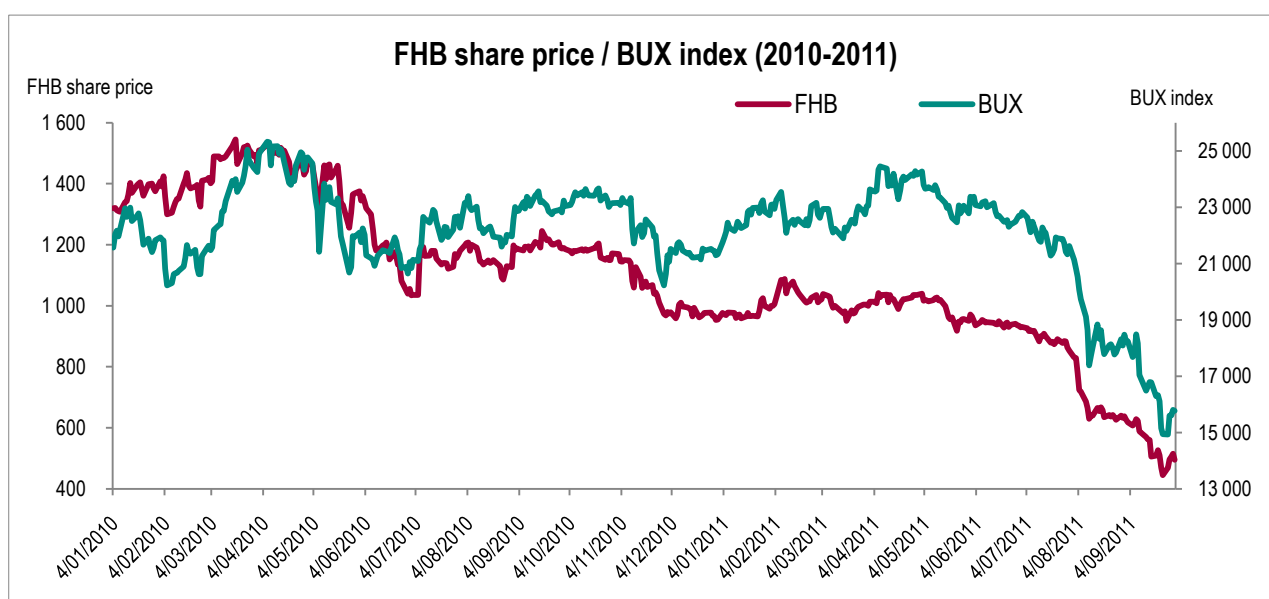
Net fee and commission income grew by close to 50% compared to previous quarter and by 137% year-on-year, compensating the decline in net interest income. Growth of net fees and commissions based on the

increased business volumes because of acquisition of Allianz Bank. In 1-9 month of 2011, fee income related to bank accounts and card services were almost six-times higher than a year before and fee and commission income related to strategic cooperation agreement with Allianz Insurance Company were also significant.

In the first nine months of 2011 the Group's **CIR was 68.7%** showing 7.6%-points increase compared to the reference period 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 56.7%. In the third quarter, the cost cutting measures carried into effect after integration project already had impact: operation cost were by 14.1% lower than in Q2 2011.

Performance of FHB shares

In terms of capitalization, FHB is currently 7th in the rank of "A" rate listed companies and contributes 0.84% to the aggregate capitalization of the BSE based on September 2011 data. As of 30 September 2011 FHB's weight in the BUX index was 0.90% (7th biggest in the basket), and was 4th with a weight of 8.59% in BUMIX, the index of share prices of mid/ and smallcap companies.



The price of FHB Mortgage Bank's shares dropped by 50%, compared to Q2 and closed the third quarter at 495 forints.

The daily average trading of FHB Mortgage Bank's shares on the stock exchange in Q3 of 2011 was 30.4 million forints and totaled 2.0 billion forints, down from the Q2 of 2011 figures (4.1 million and 317.3 billion forints respectively).

II. Summary of the activities and main events of the past period

Retail mortgage lending and the housing market

Retail customers' demand for loans dropped significantly throughout 2010; at the same time, the supply side was weakened by unfavourable changes in the regulatory environment and in the market. In Q1-Q3 of 2011 households' demand for loans continued to be poor. In the absence of demand FX loans stagnated (not considering exchange rate changes), as did HUF lending. As is the case with the loan market, the housing market as well as housing construction have hit rock bottom. According to CSO statistics, 8,147 new homes

were built in Q1-Q3 of 2011, 38% less than in Q1-Q3 of 2010 (i.e. the rate of decline is higher than that of Q1-Q3 of 2011); the number of new housing construction permits issued was only 8,869, 35% less compared to the same period of 2010. (The rate of decline is somewhat less than the 36% in H1 of 2011.)

In Q1-Q3 of 2011 the retail mortgage loans portfolio (7,059 billion forints) was up by 6.0% compared to 30 June 2011; the change adjusted by exchange rate volatility was -0.5%. 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 -1.3% or -68 billion forints). As regards changes over the past 12 months, the portfolio of retail mortgage loans shrank by 6.6%, or by 4.2% (309 billion forints) once adjusted by exchange rate volatility. HUF loans increased by 8.5% or 140 billion forints, while FX loans dropped by 449 billion forints, or 7.8%, after exchange rate adjustment.

Housing loans increased by 5.1% in Q3 and by -0.2% after exchange rate adjustment, and amounted to 4,430 billion forints as of 30 September 2011. Year-on-year change was -5.1% and -4.2% after exchange rate adjustment. Similarly to Q2, HUF denominated housing loans slightly increased in Q3 of 2011 (+13 billion forints); year-on-year increase was 2.4% (+36 billion forints). FX denominated housing loans was down by 1.3% (after exchange rate adjustment) in Q3 of 2011 and by 7.3% year-on-year. General-purpose mortgage loans amounted to 2,629 billion forints as of 30 September 2011; after exchange rate adjustment the portfolio shrank by 0.4% in Q3 of 2011. The change was -4.0% year-on-year. Similarly to the previous quarter, general-purpose HUF denominated mortgage loans expanded significantly, by 8.7% (or 20 billion forints) in Q3 and by 70.2% (or 104 billion forints) year-on-year. Conversely, the exchange rate adjusted change in FX denominated general-purpose loans was -1.3% in Q1-Q3 of 2011 and -8.5% year-on-year.

Managing the non-performing mortgage loans portfolio remains the main priority of the banking sector. The Home Protection Action Plan of the government is aiming to provide a complex solution of 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 are imposed a limit on foreclosing mortgage collateral properties. The limit is 2% in 2011, 3% in 2012, 4% in 2013 and 5% in 2014, and then from 1 January 2015 the limitation on the foreclosure system will be removed.
3. *Full repayment at reduced exchange rates*: For a limited period the law allows debtors to repay the balance of their outstanding FX loans at a fixed reduced exchange rate and backed by real estate cover. In addition, the program grants a tax and duty break. The exchange rate for debtors who fully repay EUR-denominated loans is HUF 250, of CHF loans HUF 180, and of JPY loans HUF 2. Applications for reduced rate full repayment must be submitted until 31 December 2011 and debtors have 60 days to pay up.

Own lending

The gross portfolio of loans sold by FHB Group amounted to 418.2 billion forints as of 30 September 2011, 2.0% up from the 31 December 2010 figure (409.8 billion forints) and 5.1% up from 30 June 2010 (397.9 billion forints) primarily as a result of exchange rate volatility. Compared to 30 September 2010 (351.7 billion forints)

the loans portfolio expanded by 18.9%. Year-on-year growth was contributed by loans disbursed by Allianz Bank as well as by strengthening SME loans.

HUF mn	30/09/2011	30/06/2011	31/12/2010	30/09/2010	Q-o-Q	Y-o-Y
Housing loans	192,614	190,045	198,105	182,127	1.4%	5.8%
Other mortgage loans	180,778	169,358	178,185	151,049	6.7%	19.7%
Corporate and consumer loans	39,084	33,286	28,837	13,958	17.4%	180.0%
Loans for employees	2,417	2,406	2,478	2,419	0.5%	-0.1%
Leasing	3,183	2,654	2,153	2,013	19.9%	58.1%
Other loans	111	106	55	62	4.7%	79.0%
Loans, gross	418,187	397,855	409,813	351,628	5.1%	18.9%
Provisions	-31,548	-25,262	-23,178	-12,057	24.9%	161.7%
Loans, net	386,639	372,593	386,635	339,571	3.8%	13.9%

Retail loans continue to dominate within the loans portfolio with a contribution of over 87%, and there was no significant change in loans to corporate customers year-on-year. As of 30 September 2011, 64.4% of outstanding loans were disbursed in FX, exceeding the 59.4% Q1-Q3 of 2010 but falling short of the 64.8% achieved as of 31 December 2010 due to exchange rate volatility.

Loans to retail customers were 16.8% (or 52.3 billion forints) up year-on-year and were up by 3.9% compared to Q2 of 2011. In terms of structure, 46.1% of the retail loans portfolio is contributed by housing loans. Other loans extended against real estate collateral contribute 43.2% to the loan portfolio. As of 30 September 2010 the contribution of the two dominant items was 51.8% and 43.0% respectively. Mortgage loans extended to senior citizens achieved 3.1 billion forints as of 30 September 2011, 0.6 billion forints up year-on-year. Growth over Q2 of 2011 was 41 million forints.

The portfolio of corporate loans rose from 39.3 billion forints as of 30 September 2010 by 14.2 billion forints (or 36.2%) year-on-year, and the growth over the 31 December 2010 figure was 7.6 billion forints (16.5%). Most of the portfolio growth (65.4%) was based on the achievement of the SME lending business, which contributed 54.2% as of 31 December 2010 and 40.6% as of 30 September 2011.

HUF mn	30/09/2011	30/06/2011	31/12/2010	30/09/2010	Q-o-Q	Y-o-Y
Retail loans	364,707	350,879	363,891	312,358	3.9%	16.8%
Corporate loans	53,480	46,976	45,922	39,270	13.8%	36.2%
Total own lending, gross	418,187	397,855	409,813	351,628	5.1%	18.9%
Refinanced loans	242,319	244,005	260,320	257,577	-0.7%	-5.9%

Refinancing

As of 30 September 2011 the portfolio of refinanced loans dropped by 5.9% year-on-year to 242.3 billion forints. Compared to the 244.0 billion forints realized as of 30 June 2010, the portfolio shrank by 0.7%.

Business activity of 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 235.4 billion forints and the portfolio increased by 45.7% over the 30 September 2010 figure. Compared to 31 December 2010 the expansion was 52.3% and resulted from the Allianz merger. Loans to corporates amounted to 59.8 billion forints at the end of the reported period with a 25.9% contribution to total loans. Portfolio growth is mainly based on the achievement of the SME lending.

The number of retail accounts managed by the Commercial Bank was almost 159 thousands as of 30 September 2011, significantly exceeding the 44.8 thousand achieved by the end of December 2010 and the 43.1 thousand as of 30 September 2010. As of 30 September 2011 the aggregate amount of retail and corporate deposits was 119.7% above the 30 September 2010 and 37.5% above the 31 December 2010 figures, and exceeded 153.2 billion forints.

In the third quarter of 2011, Commercial Bank implemented the online process of opening bank accounts for further growth of account numbers. In this period, FHB launched the new product called Lottery deposit, which resulted in 12.405 new accounts and 438 million forints deposit for the end of September 2011.

FHB Annuity Ltd.

FHB Annuity Ltd. sells two products: an annuity product that is sold directly to senior citizens, and a reverse mortgage product. The reverse mortgage product is offered through FHB Annuity Ltd. as an agent of the Mortgage Bank. The reverse mortgage scheme is a product of FHB Mortgage Bank Plc.; consequently, the contracts concluded through FHB Annuity are reported in the balance sheet of FHB Mortgage Bank Plc.

One new annuity contracts were signed in Q3 of 2011 with a combined value of 8.3 million forints compared to two contracts achieved in Q2. Since its foundation up until 30 September 2011 the Company transacted 717 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 Q3 of 2011 nine new reverse mortgage loan contracts were signed, increasing the total number of contracts signed in 2011 to 41. From the launch of the product until the end of the reported period a total of 648 contracts were concluded. As of 30 September 2011 the number of running contracts was 582. Since the launch of the reverse mortgage loan product the aggregate value of contracts signed was 4.1 billion forints and disbursements amounted to 3.4 billion forints.

FHB Real Estate Ltd.

The main business of FHB Real Estate Ltd. is to provide cover valuation, real estate investment, sales and management services, and as a real estate valuation services for FHB Group, and to extend valuation services to external customers.

Besides real estate sales and purchase and lending, both significantly reduced in the wake of the crisis, the valuation business generated 156 million forints income as of 30 September 2011, 65 million forints higher than the 91 million forints achieved as of 30 June 2011. Up to 30 June 2011 the total number of valuations was 2,312 and included 1,802 (78%) Group transactions. The same figure as of 30 September 2011 reached 3,739 and included 2,767 (or 74%) Group transactions.

The real estate brokerage business generated 20 million forints in H1 of 2011; the achievement as of 30 September 2011 was net 24 million forints (+20%). A total of 43 properties were brokered in Q1-Q3 of 2011.

FHB Real Estate Lease Ltd.

Since 2011 the Company has exclusively sold real estate lease products (besides managing its existing mortgage loan portfolio). In Q1-Q3 of 2011 lease financing amounted to approximately 0.84 billion forints with 90 million forints were disbursed to existing clients (0.2 billion forints in Q1, 0.4 billion forints in Q2 and 0.3 billion forints in Q3); and as a result the lease portfolio rose to 3.18 billion forints as of 30 September 2011. A large portion of the lease portfolio, two billion forints, resulted from intra-Group restructuring.

CMB issues, funding

In July and August of 2011 the exchange rate of the Swiss franc to the dollar and the euro broke historical records. In the international capital markets positive news about the restructuring of the Greek sovereign debts were overshadowed by the increasingly aggravating position of other Southern EMU countries (Portugal and Italy). It resulted in another wave of downgrading (Moody's warning to the U.S.) as well as a fall in the willingness of global risk taking, which reverberated in the Hungarian money market as well.

July was very active for FHB with one auction and two offerings. At the auction series FJ13NF06 and FJ17NF01 were offered to investors; aggregate sales value was approximately 3.9 billion forints. Series FK12NF03 was intended to retail investors. With maturity in December 2012 the bond will pay 11% non-annualized interest upon maturity. Tap issue on the FJ15NF01 bond series was launched in July, the 13th tranche somewhat exceeded one billion forints and brought FHB's benchmark series closer to 52 billion. Premiums were between 135-158 bp depending on maturity.

In August the Bank launched two public offerings: FJ17NF01 with an aggregate nominal value of 20 billion forints, and a tap of 70 million euros on FJ14ZV03. In September the mortgage bond series FJ14NF02 and FJ14NF03 were launched in the context of an auction and a public offering respectively, with aggregate nominal values of 1.3 and 0.5 billion forints.

In Q1-Q3 9.7 billion forints senior unsecured bonds were issued; at the same time, CMB issued were over 68 billion, of which 45.7 billion forints were realized in Q3.

The combined nominal value of CMBs that matured in Q3 was 116.4 million euros and the Bank repurchased eight million euros CMBs. No redemption took place in Q1 and Q2 of 2011; the combined nominal value of CMBs that matured in Q1 was 43 million euros and 18.4 billion forints; and Q2 47 million euros and 6.1 billion forints CMBs and 11 billion forints bonds matured.

Q3 of 2011 saw eight transactions involving seven series compared to the reference quarter of 2010, when seven transactions involving four series took place. Funds involved by the Bank in Q1-Q3 through CMB and bond issues amounted to 77.7 billion forints.

The total trading of FHB's CMBs on the stock exchange in Q3 of 2011 amounted to 32 million forints, significantly down from the previous quarters (trading in Q1 and Q2 of 2011 was over 900 million forints and somewhat below 650 million forints respectively).

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

Organizational changes and headcount

As of 30 September 2011, consolidated full-time headcount was 865.7, 17 persons more than the 848.7 as of 30 June 2011 and 44.7% above the 30 September 2010 headcount of 598. Headcounts were as follows as of 30 September 2011: FHB Mortgage Bank Plc.: 61.5; FHB Commercial Bank Ltd.: 498.1; FHB Services Ltd.: 276.2; FHB Annuity Ltd.: 7.6; FHB Real Estate Ltd.: 8.6; FHB Real Estate Lease Ltd.: 10.9, Pomo Group: 2.8.

Changes in key position

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.

There were no further changes in key positions in Q3 of 2011.

Post-balance sheet events

The amendment of Act LXXXV of 2009 on Provision of Payment Services referred to above opened the possibility of full repayment of loans at reduced exchange rates from 29 September 2011. Until 14 November 2011, approximately 3,500 of FHB clients applied for this early repayment, of which approximately 1,300 repayments materialized with total amount of 5.5 billion forints and the Group realized some 1.8 billion forints loss on such early repayments. At this stage the Bank cannot assess accurately the further possible early repayments during the favourable FX rate application period.

In October the Board of Directors of the Bank made a decision on the sale of shares of FHB Szolgáltató Ltd. to a non-banking group member buyer. The transaction is expected to be finalized before the end of this year. As an effect of such sale the intangible assets held by FHB Szolgáltató Ltd. will be derecognized from the consolidated balance sheet and the consolidated solvency capital is expected to increase accordingly. The details of this transaction will be disclosed by the Bank after the accomplishment.

III. Analysis of FHB Mortgage Bank Plc.'s consolidated financial statements according to IFRS²

P&L structure

HUF mn	3Q 2011	2Q 2011	3Q 2010	Q-o-Q	Y-o-Y	9M 2011	9M 2010	Y-o-Y
Interest income	20,250	18,531	19,373	9.3%	4.5%	57,564	56,049	2.7%
Interest expense	-14,544	-12,926	-13,051	12.5%	11.4%	-40,148	-36,173	11.0%
Net interest income	5,706	5,604	6,322	1.8%	-9.8%	17,415	19,876	-12.4%
Fees and commissions income	914	734	373	24.5%	144.8%	2,676	1,145	133.7%
Fees and commissions expense	-160	-228	-103	-29.6%	56.5%	-677	-301	125.2%
Net fees and commissions	754	506	270	49.0%	178.3%	1,999	844	136.7%
Foreign exchange gains, net	356	560	-664	-36.4%	-153.6%	786	-1,633	-148.1%
Fair value adjustment	-935	-718	-1,002	30.4%	-6.6%	-440	-438	0.3%
Gain on securities, net	1,400	1,102	471	27.0%	197.3%	2,545	785	224.0%
Net trading result	821	945	-1,195	-13.1%	-168.6%	2,891	-1,286	-324.8%
Other non-interest income	157	354	384	-55.5%	-59.0%	789	2,146	-63.2%
Other non-interest expenses	-892	-966	-314	-7.6%	184.3%	-3,328	-1,490	123.4%
o/w special banking tax	-605	-605	0	0.0%	-	-2,220	0	-
Other results	-735	-613	70	20.0%	-	-2,539	656	-486.8%
Total non-interest income (with net fees)	839	838	-855	0.1%	-198.2%	2,351	215	994.7%
Total income (with net fees)	6,545	6,442	5,467	1.6%	19.7%	19,767	20,091	-1.6%
Provision for possible loan losses	-4,825	-621	-288	676.8%	-	-6,902	-4,176	65.3%
Personnel expenses	-1,201	-1,802	-1,407	-33.4%	-14.7%	-5,055	-4,080	23.9%
Depreciation	-618	-614	-413	0.7%	49.5%	-1,820	-1,230	48.0%
Banking operation cost	-1,738	-1,898	-1,412	-8.4%	23.1%	-5,574	-3,948	41.2%
Cost of business activity	-315	-222	-230	42.2%	36.9%	-590	-709	-16.8%
Other tax payable	-179	-179	-1,902	-0.2%	-90.6%	-540	-2,310	-76.6%
o/w special banking tax	0	0	-1,711	-	-	0	-1,711	-
Operating cost	-4,051	-4,715	-5,365	-14.1%	-24.5%	-13,579	-12,277	10.6%
Operating cost w/o special banking tax	-4,051	-4,715	-3,654	-14.1%	10.9%	-13,579	-10,566	28.5%
Income before income taxes	-2,331	1,106	-185	-	-	-714	3,638	-
Income taxes	33	-347	463	-	-	-656	-568	15.6%
After tax profit	-2,298	759	278	-	-	-1,370	3,070	-
After tax profit w/o special banking tax	-1,694	1,364	1,989	-	-	850	4,781	-82.2%
After tax profit w/o special banking tax and provisioning for fixed-rate repayments	203	1,364	1,989	-85.1%	-89.8%	2,747	4,781	-42.6%
EPS (yearly, HUF)	-145.8	15.5	34.9	-	-	-42.4	64.0	-
Diluted EPS (yearly, HUF)	-145.8	15.5	34.9	-	-	-42.4	64.	-
				%-point	%-point			%-point
Cost/income ratio	61.9%	73.2%	98.1%	-11.3%	-36.2%	68.7%	61.1%	7.6%
ROAA	-1.08%	0.37%	0.13%	-1.44%	-1.21%	-0.21%	0.51%	-0.72%
ROAE	-15.5%	5.1%	2.2%	-20.6%	-17.7%	-3.1%	8.3%	-11.4%
ROAA w/o special banking tax	-0.79%	0.66%	0.96%	-1.45%	-1.76%	0.13%	0.80%	-0.66%
ROAE w/o special banking tax	-11.4%	9.2%	15.6%	-20.6%	-27.0%	1.9%	12.9%	-11.0%

In Q3 2011, Bank realized -2.3 billion forints consolidated after-tax result according to IFRS, by 3.1 billion less than Q2 2011 and by 2.6 billion less than in Q3 2010.

² The tables and analyses presented in this chapter of the Management's report are based on the statements including the banking tax calculated for the period of reporting. These data are indicated in columns "B" in the annex to the report. The total amount of banking tax for 2011 is included in columns "A".

Excluding special banking tax, FHB Group's consolidated after-tax profit by IFRS was -1.7 billion forints in Q3 2011, facing the positive results of Q2 2011 and Q3 2010.

For the nine months period, after-tax profit was -1,370 million forints and 850 million forints adjusted by the special banking tax.

Net interest income

Net income from interest was 17.4 billion forints in Q1-Q3 of 2011, 12.4% down from the performance achieved in the reference period of last year (19.9 billion forints). The drop is caused primarily by rising cost of funds and the ensuing narrowing of margin. The balance is the result of 57.6 billion forints income from interest (2.7% above the Q1-Q3 of 2010 figure) and 40.1 billion forints expenditure on interest (a 11.0% above the Q1-Q3 of 2010 figure). The 5.7 billion forints net income from interest achieved in Q3 of 2011 fell 9.8% short of the achievement of the reference quarter (6.3 billion forints) but was 1.8% higher than the net income from interest realised in Q2. The net figure emerged as a balance of 20.3 billion forints income from interest (4.5% up from the Q2 of 2011 figure and 14.5 billion forints expenditures on interest (11.4% below the Q3 of 2010 and 12.5% higher than the Q2 of 2011 figure).

In Q3 of 2011, 47.4% of income from interest was contributed by interest on own lending (compared to 50.3% in Q2 of 2011 and 42.9% in the reference period of 2010), and 21.6% was contributed by interest on refinanced loans (compared to 23.4% in Q2 of 2011 and 25.5% in the reference period of 2010). The aggregate interest on interbank loans and securities contributed 7.0% (as opposed to 6.3% in Q2 of 2011 and 9.5% in the reference period of 2010). The contribution of income from interest on derivatives was 24.0% to total income from interest (compared to 20.1% in Q2 of 2011 and 22.1% in Q3 of 2010).

In Q1-Q3 of 2011, 48.1% of income from interest was contributed by own lending (compared to 43.6% in Q1-Q3 of 2010), 22.6% by interest on refinanced loans (27.4% in Q1-Q3 of 2010), 7.5% by interest on securities and interbank loans (9.7% in Q1-Q3 of 2010). Income from interest on derivatives contributed 21.7% in Q1-Q3 of 2011 (compared to 19.2% in Q1-Q3 of 2010).

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 17.1% in Q3 of 2011, thus the downward trend of interest subsidies continued (19.4% in Q2 of 2011, and 20.8% in Q3 of 2010). Contribution of interest subsidy to the line item of income from interest was 18.6% in Q1-Q3 of 2011 compared to 22.1% in Q1-Q3 of 2010.

As regards expenditure on interest in Q3 of 2011, 43.4% was incurred in conjunction with CMBs and 15.0% was contributed by expenditure on interest on bonds. Interest paid on deposits contributed approximately 12.5%, and interest on derivatives contributed 19.5%. Interest paid on covered mortgage bonds contributed 47.3% in Q2 of 2011 as opposed to 56.9% in Q3 of 2010. Interest paid on senior unsecured bonds contributed 14.3% in Q2 of 2011 and were 16.1% in Q3 of 2010. Interest on derivatives contributed 18.7% to expenditure on interest in Q2 of 2011 and 22.1% in the reference quarter of 2010. In Q2 of 2011, interest paid on deposits contributed 10.9% as opposed to 5.5% in Q3 of 2010. Interest paid on the State loan amounted to 1,077 million forints in Q3 of 2011 and contributed 7.4% to expenditure on interest. In Q2 of 2011 the figure was 7.4% and it was 8.4% in Q3 of 2010.

There was a slight change in the breakdown of expenditure on interest in Q1-Q3 of 2011 compared to Q1-Q3 of 2010 in line with the change in the structure of assets. In Q1-Q3 of 2011 45.9% of interest paid was related to CMBs, interest paid on deposits contributed 11.1%, interest on bonds contributed 15.1%, while the contribution of derivatives was 18.8% and that of the State loan was 7.6%. In Q1-Q3 of 2010 the breakdown

was 51.4% contributed by CMBs, 11.3% by senior unsecured bonds, 19.3% by derivatives, 7.0% by deposits, and 8.8% by the interest paid on the State loan.

The average net interest margin (NIM) was 2.67% in Q3 of 2011 compared to 2.70% in Q2 of 2011 and 3.31% in Q3 of 2010. The decrease of NIM was due mainly to rising costs of long-term liabilities and a gradual change in the breakdown of loan portfolio, the latter being a negative trend in terms of NIM.

Net fee and commission income

In Q3 of 2011, the Bank achieved a positive balance of 754 million forints of income from, and expenditures on, commissions and fees; 49.0% above the Q2 of 2011 achievement and almost triple the Q3 of 2010 net income from fees and commissions. The substantial increase is attributed to income from accounts and card related banking charges as well as the impact of the strategic cooperation agreement signed with Allianz Insurance Company.

Net income from fees and commissions in Q3 of 2011 was 914 million forints, 27.2% of which was contributed by early repayment charges (20.1% in Q2 of 2011 and 40.1% in Q3 of 2010), 5.7% by handling fees (7.4% in Q2 of 2011 and 16.5% in Q3 of 2010), and 40.0% by accounts and card related banking charges (44.0% and 21.5% respectively). Commissions resulting from the strategic cooperation agreement signed with Allianz Insurance Company contributed 24.3% to income from fees and commissions (after 24.7% in Q2 of 2011). Other line items include other service and contracting fees charged to customers.

Agents' fees contributed 39.3% to the Q3 of 2011 expenditures on fees and commissions (Q3 of 2011: 36.7%), fees related to card services grew significantly after the acquisition of Allianz Bank and its share reached 50.1% (34.8% in Q2 2011 and 12.5% in Q3 2010). The remaining items are typically fees paid to other financial institutions and organizations.

The Q1-Q3 of 2011 net income from fees and commissions was almost two billion forints; more than double the Q1-Q3 of 2010 figure. Net income from fees and commissions in Q1-Q3 of 2011 was 2,676 million forints, 20.6% of which was contributed by early repayment charges (41.3% in Q1-Q3 of 2010), 6.1% by handling fees (16.6%), and 41.9% by accounts and card related banking charges (18.7% in 2010). Income from fees related to the strategic cooperation agreement signed with Allianz Insurance Company contributed 22.6% to the Q1-Q3 of 2011 figure. In the same period agents' fees contributed 34.6% to expenditure on fees and commission (Q1-Q3 of 2010: 32.7%); the contribution of fees related to CMB and unsecured bond issues was 10.2% (Q1-Q3 of 2010: 42.7%), and card related fees contributed 42.1% (10.7%).

Net result of financial transactions

In Q1-Q3 of 2011 the balance of financial transactions was 2.9 billion forints profit, a significant improvement over the 1.3 million forints loss in Q1-Q3 of 2010. In Q3 of 2011 financial transactions resulted in a net profit of 820.6 million forints, 13.1% short of the profit achieved in Q2 of 2011 but almost 2.0 billion forints higher than the Q3 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 786 million forints in Q1-Q3 of 2011. The overall achievement is considerably better than the Q1-Q3 of 2010 reference figure (1.6 billion forints loss). FX transactions resulted in 356 million profit in Q3 of 2011 as opposed to 560 million forints loss in Q2 of 2011 and 664 million forints loss in Q3 of 2010.

Changes in the fair value of securities reported at fair value against earnings was 440 million forints profit in Q1-Q3 of 2011, almost the same as the 438 million forints profit achieved in Q1-Q3 of 2010. A loss of 936 million was incurred in Q3 of 2011 as opposed to 718 million forints loss in Q2 of 2011 and one million forints profit achieved in Q3 of 2010.

In Q1-Q3 of 2011 securities related transactions generated a profit of 2.5 billion forints more than half of which was achieved in the third quarter. In H1 of 2011 the same item achieved a profit of 1.1 billion forints, and the Q1-Q3 of 2010 profit amounted to 785 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 Q1-Q3 of 2011 the balance of other operating income and expenditure was -2.5 billion forints arising from 789 billion forints income net of 3.3 billion forints expenditure. The balance of other operating income and expenditure was -3.2 billion forints less than the figure achieved in the same period of the reference year. In Q3 of 2011 net other operating profit reduced after-tax profit by 735.2 million forints in contrast to the 69.8 million forints positive result achieved in the reference quarter.

In Q1-Q3 of 2011 real estate related income contributed 36.9%, or 291.2 million forints, to other operating income (real estate sales, brokerage, development and revaluation). In Q1-Q3 of 2010 real estate related income amounted to 1,944 million forints, including 1,803 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 Allianz Bank's receivables (contributing 27.3% to the item).

The biggest item under other expenditures was special banking tax amounting to 2,220 million forints in Q1-Q3 of 2011. 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. In Q3 of 2011 605 million forints special banking tax was reported. In the reference period of 2010 this item with an amount of 1.7 billion forints was reported in operating cost as other dues and was only transferred to other expenditure at year-end.

On the other expenditures side, 269.0 million forints annuity payment and 162.0 million forints scrapping were reported for Q1-Q3 of 2011.

Operating cost

Operating costs amounted to 4.1 billion forints in Q3 of 2011, 14.1% less than the Q2 of 2010 level but 10.9% above the Q3 of 2010 figure. In Q1-Q3 of 2011 operating costs amounted to approximately 13.6 billion forints, 28.5% above the reference period of 2010 figure. The significant change was caused by the Allianz Bank merger.

Cost-to-income ratio (CIR) was 68.7% in Q1-Q3 of 2011 as opposed to 61.1% in the reference period of 2010. CIR was 73.2% in Q2 and 61.9% in Q3 of 2011.

Excluding the banking tax, CIR was 61.8% in Q1-Q3 of 2011 and 56.7% in Q3 of 2011 and 66.9% in Q2 of 2011. CIR excluding the banking tax was 52.6% in Q1-Q3 of 2010.

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 nine months of 2011 was 29.7%; the contribution in Q1 was 42.6%, in Q2 38.2%, and the same in Q3 of 2010 was 26.5%. There was a 33.4% drop in personnel expenses compared to the previous quarter's figure and a 14.7% decrease over the Q3 of 2010 figure. In Q3 of 2011 other administrative costs were 3.2% down from the Q2 of 2011 figure and were 25.0% higher than the Q3 of 2010 figure. There is a significant change in the contribution of this item to operating costs, from 45.0% in Q2 of 2011 to 50.7% by the end of the reported quarter, and the upward change was of a similar magnitude compared to the Q3 of 2010 contribution (44.9% excluding banking tax). The 3.2% drop in other administrative costs compared to the previous quarter was mainly caused by a drastic decrease of personnel expenses and maintenance costs offset by increasing marketing costs, operating costs, office expenses and lease paid. The increase in marketing costs was attributed to the intensive media campaign launched in Q3 of 2011. The Q1-Q3 of 2011 increase in other administrative costs (+32.4%) compared to Q1-Q3 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 618 million forints in Q3 of 2011, 0.7% above the Q2 of 2011 and 49.6 above the Q3 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 Q3 of 2011, as well as 179 million forints in Q2 of 2011, and 191 million forints in Q3 of 2010. (In Q3 of 2010 the special banking tax had been reported in costs but it was taken out for this line item sake of comparability).

Balance Sheet structure

HUF mn	30/09/2011	30/06/2011	31/12/2010	30/09/2010	Q-o-Q	Y-o-Y
Cash	2,811	2,458	3,186	1,075	14.4%	161.6%
Receivables from NBH	4,527	810	3,458	1,244	458.9%	263.9%
Interbank deposits	64,230	65,635	69,463	69,180	-2.1%	-7.2%
Available for trade securities	876	639	4,758	1,241	37.1%	-29.4%
Available for sale securities	106,414	105,421	101,808	97,311	0.9%	9.4%
Fair value of derivatives	3,063	800	944	2,672	282.9%	14.6%
Refinancing	242,319	244,005	260,320	257,577	-0.7%	-5.9%
Own loans	418,187	397,855	409,813	351,628	5.1%	18.9%
Impairment and provision	-31,548	-25,262	-23,178	-12,057	24.9%	161.7%
Property for investment	11,274	11,304	11,426	11,510	-0.3%	-2.0%
Tangible assets	6,140	6,362	6,412	2,196	-3.5%	179.6%
Goodwill and intangible assets	14,391	14,308	13,650	11,904	0.6%	20.9%
Other assets	13,281	15,432	11,377	10,786	-13.9%	23.1%
Total Assets	855,966	839,767	873,437	806,268	1.9%	6.2%
Liabilities total	798,294	779,917	814,473	754,661	2.4%	5.8%
Interbank borrowings	59,953	48,138	22,650	19,676	24.5%	204.7%
Mortgage bonds	340,936	359,405	400,082	411,079	-5.1%	-17.1%
Bonds issued	102,355	101,285	97,726	86,857	1.1%	17.8%
Deposits	153,690	127,077	112,740	70,973	20.9%	116.5%
State loans	73,588	80,133	112,120	111,587	-8.2%	-34.1%
Fair value of derivatives	51,819	50,468	59,691	44,682	2.7%	16.0%
Reserves for annuity	2,352	2,463	2,380	2,524	-4.5%	-6.8%
Other liabilities	13,601	10,948	7,084	7,283	24.2%	86.7%
Shareholders' equity	57,672	59,850	58,964	51,607	-3.6%	11.8%
Total liabilities and shareholders' equity	855,966	839,767	873,437	806,268	1.9%	6.2%

As of 30 September 2011 the Bank's consolidated balance sheet total by IFRS amounted to 856.0 billion forints, 16.2 billion forints, or approximately 1.9%, up from 30 June 2011 and 49.7 billion forints, or 6.2%, higher than the balance sheet total as of 30 September 2010. Compared to the 2010 year-end status, assets

were down by 2.0% of 17.5 billion forints. 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.

Compared to the 30 September 2010 reference period, the increase in assets was the joint impact of different factors. It included a 47.1 billion forints expansion of the loan portfolio and an 8.7 billion forints increase in the securities portfolio, and decrease of refinancing loans of 15.3 billion forints as of 30 September 2011.

On liabilities side, commitments increased significantly (+43.6 billion forints). Deposits increased significantly (+82.7 billion forints), as did interbank borrowings (+40.3 billion forints). State loans were 38.0 billion forints down as repayment started in February 2011 (with 50 million euros quarterly loan capital repayment). The portfolio of securities issued by the Bank shrank by 54.6 billion forints; CMBs dropped by 70.1 billion forints, while the book value of senior unsecured bonds was up by 15.5 billion forints.

Shareholders' equity increased by approximately 6.1 billion forints year-on-year, primarily as a result of an increase in accumulated assets.

The increase in assets compared to the balance sheet as of 30 June 2011 was caused predominantly by a 14.0 billion forints expansion of own loans and a 2.3 billion forints increase in interbank lending including receivables from the NBH. Expansion of the portfolio was primarily due to the weakening of the forint against the CHF. The securities portfolio shrank by 1.2 billion forints in Q3 of 2011. The largest contributors to the change in liabilities were the 26.6 billion forints decrease of deposits and 11.8 billion forints decrease of interbank borrowings, the 17.4 billion forints decrease in the value of securities, as well as the 6.6 billion forints drop of the State loan.

Interest earning assets

The Group's interest earning assets on the balance sheet rose from 782.3 billion forints as of 30 September 2010 to 823.3 billion forints as of 30 September 2011. Interest earning assets contribute approximately 96% to the balance sheet total.

NBH and other interbank lending decreased from 70.4 billion forints as of 30 September 2010 to 66.4 billion forints as of 30 June 2011, and then climbed to 68.8 billion forints as of 30 September 2011. The item contributed 8.4% to interest earning assets as of 30 September 2011.

The value of Bank's securities held for sale rose from 97.3 billion forints as of 30 September 2010 to 105.4 billion forints in H1 of 2011. As of 30 September 2011 the value of the securities portfolio amounted to 106.4 billion forints. Thus the Q3 of 2011 contribution of securities to interest earning assets was 12.9%. Securities held for sale include NBH bonds amounting to 86.9 billion forints, discount treasury bills amounting to 2.8 billion forints and government bonds amounting to 10.4 billion forints as well as 5.9 billion forints mortgage bonds and other bank and corporate bonds for sale amounting to 0.4 billion forints. The Bank's portfolio of securities held for sale serves exclusively as a liquidity reserve. As of 30 September 2011 the Bank held a very small portfolio of securities held for trading, which contributed 0.1% to interest bearing assets.

Loans

As of 30 September 2011 loans disbursed by the Bank was 13.9% up year-on-year and 3.8% up from the end of June 2011 figure due to the weakening of the forint. Impairment to cover lending losses was up from 12.1 billion forints as of 30 September 2010 to 31.5 billion forints year-on-year. The year-on-year decline in refinanced loans was 5.9%, however, there was a 0.7% drop in this item over the last quarter. As of 30 September 2011 the combined contribution of refinanced loans and own lending was 80.3%.

The collateral value of real estate covering ordinary collateral amounted to 1,206 billion forints as of 30 September 2011, 5.8% down compared to 30 September 2010 (1,280 billion forints) and 2.5% below the 30 June 2011 value (1,236 billion forints). The LTV ratio applicable for ordinary collateral was 39.1% as of 30 September 2011, down from the 39.9% LTV as of 30 September 2010 and the same as the 39.1% as of 30 June 2011.

Portfolio quality, loss in value and provision

In Q3 2011, the rate of problem-free loans continued to moderate. Share of non-performing loans were 12.5% on 30 September 2011; 11.5% on 30 June 2011, while 8.8% at the end of September 2010. As of 30 September 2011, the share of impairment on non-performing loans was 57.8% compared to 54.7% as of 30 June 2011 and 37.4% as of 30 September 2010.

Impairment at the end of the reported period amounted to 31.5 billion forints, including 1.9 billion forints provision for expected loss on repayments on reduced exchange rate. Impairment volume was close to 25%, or 6.3 billion forints higher than at the end of Q2 2011, while 19.5 billion forints higher than a year before.

HUF mn	30/09/2011	30/06/2011	31/12/2010	30/09/2010	Q-o-Q	Y-o-Y
NPL ratio	12.5%	11.5%	10.1%	8.8%	1.0%-pt	3.6%-pt
NPL coverage	57.8%	54.7%	50.3%	37.4%	3.1%-pt	20.4%-pt
Risk cost / avg. loans (ytd)	-2.22%	-1.04%	-1.37%	-1.64%	-1.2%-pt	-0.6%-pt

Property for investment, own and other assets

The value of real estate transferred to the Bank's possession as a result of annuity sales in the course of the year was 11.3 billion forints as of 30 September 2011 and was 0.3% down from the Q2 of 2011 figure with a 2.0% year-on-year decrease.

Tangible assets amounted to 6.1 billion forints as of 30 September 2011 and increased by 3.9 billion forints year-on-year but dropped by 222 million forints Q/Q. Merging of Allianz Bank's assets with FHB Group was the main contributor to the increase. As of 30 September 2011 intangibles and goodwill amounted to 14.4 billion forints, 2.5 billion forints, or 20.9%, up year-on-year. The growth over 30 June 2011 was 83 million forints (+0.6%). In Q1-Q3 the value of intangibles increased by 741 million forints primarily as a result if IT related purchases.

Other assets amounted to 13.3 billion forints as of 30 September 2011 as opposed to 15.4 billion forints in Q2 of 2011 and 10.8 billion forints as of 30 September 2010. The bulk of the increase resulted from changes in deferred taxes, tax refunds and active accruals.

Interest bearing liabilities

Interest bearing liabilities increased from 700.2 billion forints as of 30 September 2010 to 716.0 billion forints as of 30 June 2011, and reached 730.5 billion forints as of 30 September 2011, contributing approximately 85% to the balance sheet total. The bulk of interest bearing liabilities was contributed by securities issued and deposits from clients.

Bonds issued

The book value of bonds was 102.4 billion forints as of 30 September 2011, 1.1 billion forints, or 1.1%, higher than the 30 June 2011 value (101.3 billion forints). On the other hand, the year-on-year increase of the item was considerable, 15.5 billion forints, or 17.8%. As of 30 September 2010 the value of the bonds portfolio amounted to 86.9 billion forints. As regards bonds issued by FHB over the past year, new issues amounted to 38.0 billion forints; repayments amounted to 37.0 billion forints and redemptions to 3.7 billion forints.

HUF mn	Book value 30/09/2011	Face value	Book value 30/09/2010	Face value
Non-listed mortgage bonds				
Fixed interest rate	142,242	143,665	159,265	158,866
Variable interest rate	23,789	26,683	38,530	40,155
Listed mortgage bonds				
Fixed interest rate	130,756	129,807	118,428	117,523
Variable interest rate	33,993	33,995	83,478	83,688
Total	330,779	334,150	399,700	400,231
Accrued interest	10,156	0	11,378	0
Mortgage bonds	340,935	334,150	411,079	400,231
Non-listed bonds				
Fixed interest rate	25,126	25,000	26,007	26,000
Variable interest rate	0	0	0	0
Listed bonds				
Fixed interest rate	66,472	66,028	52,568	51,503
Variable interest rate	5,876	5,888	4,659	4,613
Total	97,474	96,915	83,233	82,116
Accrued interest	4,883	0	3,624	0
Bonds	102,357	96,915	86,857	82,116

Mortgage bonds

CMBs issued by the Bank contributed 46.7% to the Bank's interest bearing liabilities as of 30 September 2011 and showed a downward trend. The same item contributed 50.2% as of 30 June 2011 and 58.7% as of 30 September 2010. The 340.9 billion forints book value of mortgage bonds as of 30 September 2011 was 5.1% down from the 30 June of 2011 figure (359.4 billion forints), and was 17.1% down from the 411.1 billion forints achieved as of 30 September 2010. Decrease in the value of the CMB portfolio was 70.1 billion forints year-on-year as a result of 68.5 billion forints new issues, 92.4 billion forints repayments and 2.4 billion forints repurchase including related exchange rate adjustments and consolidation.

Mortgage bonds collateral³

The net collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank Plc. amounted to 740.5 billion forints as of 30 September 2011, 2.9% less than the 762.4 billion forints as of 30 June 2011 and 10.0% below the 30 September 2010 figure (822.9 billion forints).

³ HAR based data for FHB Mortgage Bank Plc.

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

Outstanding mortgage bonds in circulation	
Face value	406,066
Interest	99,478
Total	505,544
Value of the regular collateral	
Principal	474,447
Interest	266,126
Total	740,543
Value of assets involved as supplementary collateral	
Balance of the separate blocked account at the NBH - principal	0
Total	0

As of 30 September 2011 the present value of ordinary collateral was 514.4 billion forints and the present value of mortgage bonds was 440.6 billion forints, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid. As of 30 September 2011 net ordinary and supplementary collateral principal to the face value of mortgage bonds was in circulation not yet repaid was 116.8%. Net interest on ordinary and supplementary collateral to interest on mortgage bonds in circulation not yet repaid was 267.5%.

Interbank funds

As of 30 September 2011 the 60.0 billion forints value of interbank funds portfolio was 24.5% above the 30 June 2011 amount and 204.7% higher than the 30 September 2010 figure. The Bank has used the interbank facilities as supplementary funds. Their contribution to interest bearing liabilities was 8.2% in Q3 of 2011.

Deposits

As of 30 September 2011 deposits amounted to 153.7 billion forints in contrast to 127.1 billion forints as of 30 June 2011 and 71.0 billion forints as of 30 September 2010. Deposits collected by Allianz significantly contributed to the YY 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 September 2011 approximately 73.6 billion forints of the State loan were available for the Bank (250 million EUR plus deferred interest at NBH's exchange rate of 30 September 2011). Repayment of the State loan started in Q1 of 2011: capital repayment effected in Q1 amounted to 50 million euros.

Other liabilities

Other liabilities amounted to 13.6 billion forints. The Bank reports accounts payable (4.1% as of 30 September 2011), passive accruals (3.3%), taxes due (12.3%), and deferred taxes (2.8%). Liabilities generated in conjunction with settlements relates to clients amounted to 1.8 billion forints and contributed 13.2% to other liabilities in the reported period.

Shareholders' equity

The year-on-year increase in shareholders' equity was 11.8% (6.1 billion forints), reaching 57.7 billion forints as of 30 September 2011. The bulk of the year-on-year increase resulted from a 9.9 billion forints increase in retained earnings. Other provisions were 3.9 billion forints below the 30 September 2010 level due primarily to the release of the general reserve. On the other hand, shareholders' equity was increased by a 69 million forints reduction in repurchased treasury shares.

Shareholders' equity decreased by 1.3 billion forints overall in Q1-Q3 of 2011 and by 2.2 billion forints in Q3 as a result of the loss incurred in the period.

Capital position

Risk-weighted assets amounted to 293.4 billion forints on 30 September 2011 (according to HAS), 4.5% higher than the Q2 RWA and 17.8% higher year-on-year.

In Q3 2011 the statutory capital adequacy ratio was 8.3%; CAR by IFRS was 10.3% (respectively 9.0% and 12.3% on 30 June 2011 and 10.6% and 12.0% on 30 September 2010.).

Declaration

This Interim management report of FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) is based on consolidated, non-audited IFRS financial statements.

FHB Jelzálogbank Nyrt. 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 judgment 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, 18th November, 2011

László Harmati
CEO, Business

Gyula Köbli
CEO, Strategy and Finance

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Sector: Financial services
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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.) and its affiliates (Central European Credit d.d.; Central European Leasing d.d.; WODOMUS 54 Ingatlanfejlesztő Kft. (WODOMUS 54 Property Development Ltd.), Káry-Villa Ingatlanfejlesztő Kft., Portfolio Money Zrt.; Hitelunió Kft.; Portfolio Money FBK Kft.).

Consolidated Income Statement

(consolidated non-audited data as at 30 September, 2011 and 30 September, 2010, according to IFRS)

in HUF million	2011 1-9M „A”	2011 1-9M „B”	2010 1-9M	Change 30.09.2011“B” / 30.09.2010
Interest income	57,564	57,564	56,049	2.7%
Interest expense	-40,148	-40,148	-36,174	11.0%
Net interest income	17,416	17,415	19,876	-12.4%
Fees and commission income	2,676	2,676	1,145	133.7%
Fees and commission expense	-677	-677	-301	125.2%
Net fees and commission P/L	1,999	1,999	844	136.7%
Profit / Loss from FX transactions	786	786	-1,633	-
Change in fair value of instruments fair valued vs. P/L	-440	-440	-438	0.3%
Gains from securities	2,545	2,545	786	223.7%
Net trading result	2,891	2,891	-1,285	-
Other operating income	789	789	2,145	-63.2%
Other operating expense	-3,933	-3,328	-1,490	123.4%
Operating profit	19,162	19,767	20,091	-1.6%
Credit loss expense	-6,902	-6,902	-4,176	65.3%
General and administrative expense	-13,579	-13,579	-12,277	10.6%
Profit before tax	-1,319	-714	3,638	-
Income tax expense	-576	-656	-568	15.6%
After tax profit	-1,895	-1,370	3,070	-
EPS (yearly)	-52.99	-42.34	64.00	-
Diluted EPS (yearly)	-52.99	-42.34	64.00	-
Consolidated Comprehensive Income Statement	2011 1-9M „A”	2011 1-9M „B”	2010 1-9M	Change 30.09.2011“B” / 30.09.2010
After tax profit	-1,895	-1,370	3,070	-
Other comprehensive income				-
Cash-flow hedge reserve	9	9	-705	-
Change in fair value of financial assets available for sale	156	156	-1,101	-
FX reserve	-7	-7	-3	125.4%
Deferred tax effect for other comprehensive income	-12	-12	343	-
Other comprehensive income for the period with deferred tax	146	146	-1,465	-
Total comprehensive income	-1,749	-1,224	1,605	-

Notes: Figures presented for Q3 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”.

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Consolidated Income Statement (for quarters)

(consolidated non-audited data as at 30 September, 2011 and 30 September, 2010, according to IFRS)

in HUF million	Q3 2011 „A”	Q3 2011 „B”	Q3 2011	Change 30.09.2011“B” / 30.09.2010
Interest income	20,250	20,250	19,373	4.5%
Interest expense	-14,544	-14,544	-13,051	11.4%
Net interest income	5,706	5,705	6,322	-9.8%
Fees and commission income	914	914	373	144.8%
Fees and commission expense	-160	-160	-103	56.2%
Net fees and commission P/L	754	754	271	178.3%
Profit / Loss from FX transactions	356	356	-664	-
Change in fair value of instruments fair valued vs. P/L	-936	-936	-1,002	-6.6%
Gains from securities	1,400	1,400	471	197.3%
Net trading result	820	820	-1,195	-
Other operating income	157	157	383	-59.0%
Other operating expense	-287	-892	-314	184.1%
Operating profit	7,150	6,545	5,467	19.7%
Credit loss expense	-4,825	-4,825	-288	1576.2%
General and administrative expense	-4,051	-4,051	-5,365	-24.5%
Profit before tax	-1,726	-2,331	-186	-
Income tax expense	-48	33	463	-92.9%
After tax profit	-1,774	-2,298	277	-
Consolidated Comprehensive Income Statement	Q3 2011 „A”	Q3 2011 „B”	Q3 2011	Change 30.09.2011“B” / 30.09.2010
After tax profit	-1,774	-2,298	277	-
Other comprehensive income				-
Cash-flow hedge reserve	220	220	-698	-
Change in fair value of financial assets available for sale	-58	-58	-435	-
FX reserve	-19	-19	22	-
Deferred tax effect for other comprehensive income	-23	-23	215	-
Other comprehensive income for the period with deferred tax	120	120	-896	-
Total comprehensive income	-1,654	-2,178	-619	-

Notes: Figures presented for Q3 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”.

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Consolidated Financial Position

(consolidated non-audited data as at 30 September 2011 and 30 September 2010, and audited data as at 31 December 2010 according to IFRS)

in HUF million	Sep 30, 2011	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010	Change	Change
	„A”	„B”	Modified		30.09.2011”B” / 30.09.2010	30.09.2011”B” / 30.09.2010
Assets						
Cash	2,811	2,811	3,186	1,075	-11.8%	161.6%
Balances with NBH	4,527	4,527	3,458	1,244	30.9%	263.9%
Due from banks	64,230	64,230	69,463	69,180	-7.5%	-7.2%
Securities held for trade	876	876	4,758	1,241	-81.6%	-29.4%
Securities held for sale	106,414	106,414	101,808	97,311	4.5%	9.4%
Fair value of derivatives	3,063	3,063	944	2,672	224.5%	14.6%
Refinanced mortgage loans	242,319	242,319	260,320	257,577	-6.9%	-5.9%
Loans	386,640	386,640	386,635	339,572	0.0%	13.9%
Property for investment	11,274	11,274	11,426	11,510	-1.3%	-2.0%
Tangible assets	6,140	6,140	6,412	2,196	-4.2%	179.6%
Goodwill and other intangible assets	14,391	14,391	13,650	11,904	5.4%	20.9%
Deferred tax asset	3,351	3,271	3,303	251	-1.0%	1201.3%
Other assets	9,406	10,010	8,074	10,535	24.0%	-5.0%
Total assets	855,442	855,966	873,437	806,268	-2.0%	6.2%
Liabilities						
Due to banks	59,953	59,953	22,650	19,676	164.7%	204.7%
Deposits	153,690	153,690	112,740	70,973	36.3%	116.5%
Derivative financial liabilities at fair value	51,819	51,819	59,691	44,682	-13.2%	16.0%
State loans	73,588	73,588	112,120	111,587	-34.4%	-34.1%
Issued securities	339,371	339,371	351,755	348,372	-3.5%	-2.6%
Financial liabilities at fair value through profit and loss	103,920	103,920	146,054	149,564	-28.8%	-30.5%
Reserve for annuity payments	2,352	2,352	2,380	2,524	-1.2%	-6.8%
Current tax liability	33	33	29	50	13.8%	-34.4%
Deferred tax liability	383	383	509	943	-24.8%	-59.4%
Provisions	354	354	918	1,432	-61.4%	-75.3%
Other liabilities	12,831	12,831	5,627	4,858	128.0%	164.1%
Total liabilities	798,294	798,294	814,473	754,661	-2.0%	5.8%
Subscribed capital	6,600	6,600	6,600	6,600	0.0%	0.0%
Treasury shares	-29	-29	-123	-98	-76.4%	-70.3%
Retained earnings	47,991	48,515	50,604	38,622	-4.1%	25.6%
Other reserves	2,586	2,586	1,883	6,482	37.3%	-60.1%
Total shareholders' equity	57,148	57,672	58,964	51,607	-2.2%	11.8%
Total liabilities and shareholders' equity	855,442	855,966	873,437	806,268	-2.0%	6.2%

Notes: Figures presented for Q3 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”.

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Cash Flow Statement

(consolidated, non-audited data as at 30 September 2011 and 30 September 2010 and audited data as at 31 December 2010, according to IFRS)

in HUF million	Sep 30, 2011 „A”	Sep 30, 2011 „B”	Dec 31, 2010	Sep 30, 2010
Cash Flow from operating activities				
Net profit	-1,895	-1,371	11,100	3,070
Non cash adjustments to net income to net cash from operating activities:				
Depreciation	1,820	1,820	1,753	1,230
Change of fair value of property for investment	121	121	-750	-776
Activated property for investment against P/L	-13	-13	-1,045	-776
Provision for losses and losses on loans	7,806	7,806	6,044	5,013
Loss/(profit) on sale of fixed assets	198	198	366	50
Loss/(profit) on derecognition of intangible assets	14	14	221	-16
Stock option reserve	-162	-162	241	0
Interest capitalized	55	55	226	
Fair value of derivatives	-9,984	-9,984	36,318	19,936
Fair value effect of derivatives and in contrast to P/L fair valued fin. liabilities	4,444	4,444	1,507	776
Fair value of annuity reserve	242	242	1,283	661
FX reserve	-7	-7	-1	-3
Goodwill impairment	7	7	120	0
Operating profit/loss before changes in operating assets	2,646	3,170	56,783	29,164
<i>Increase/decrease in operating assets:</i>				
Securities available for trade	3,882	3,882	15,314	-1,241
Securities available for sale	-4,461	-4,461	30,035	32,819
Refinancing of mortgage loans	18,001	18,001	2,695	5,438
Loans	-8,430	-8,430	-23,310	-10,476
Other assets	-1,381	-1,905	-2,842	-4,853
<i>Increase/decrease in operating liabilities:</i>	0	0		
Deposits	40,950	40,950	18,495	7,411
Interbank borrows	37,531	37,531	11,761	1,372
Other liabilities	7,083	7,083	-2,485	358
Net cash used in operating activities	95,821	95,821	106,446	59,993
Cash flows from investing activities				
Proceeds from sale of tangible and intangible assets	28	28	-47	-17
Purchase of tangible and intangible assets	-2,536	-2,536	-3,171	-1,582
Purchase of investment property	0	0	-220	-1,260
Proceeds from sale of investment property	44	44	150	87
Paid from annuity reserve due to annuity liabilities	-269	-269	-767	
Net cash flow of subsidiary acquired	0	0	5,372	0
Net cash used in investing activities	-2,733	-2,733	1,317	-2,772
Cash flows from financing activities				
Proceeds from issue of bonds	33,788	33,788	107,654	45,141
Repayment of bonds issued	-92,748	-92,748	-114,707	-38,338
Sale/purchase of own shares	94	94	-154	1,448
Repayment of long term loans	-38,993	-38,993	-65,968	-27,371
Long term loans	233	233	0	-8,125
Net cash from financing activities	-97,626	-97,626	-73,175	-27,244
Net increase in cash and cash equivalents	-4,538	-4,538	34,585	29,977
Cash and cash equivalents at beginning of year	76,107	76,107	41,522	41,522
Cash and cash equivalents at end of period	71,569	71,568	76,107	71,499
Cash and cash equivalents comprises of:				
Cash	2,811	2,811	3,186	1,075
Due from Central Bank	4,527	4,527	3,458	1,244
Interbank placements, with a maturity of less than 90 days	64,230	64,230	69,463	69,180
Cash and cash equivalents at end of period	71,568	71,568	76,107	71,499
<i>Supplemental information</i>				
Interest received	57,045	57,045	76,206	57,701
Interest paid	-35,604	-35,604	-51,693	-37,285
Tax paid	-113	-113	-1,369	-354

Notes: Figures presented for Q3 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.

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Statement of Shareholders' Equity („A”)

(consolidated, non-audited data as at 30 September 2010 and as at 30 September 2011, according to IFRS)

in HUF million	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									0	0
Current year income									3,070	3,070
Other comprehensive income					-571		-892	-3	0	-1,465
Own shares purchase/selling		1,448							1,118	2,566
Creation of stock option reserve									0	0
31 December 2010	6,600	-98	1,709	4,470	262	0	23	18	38,622	51,607
Transfer to general reserve				-4,470					4,470	0
Current year income									8,031	8,031
Other comprehensive income					-161		-210	1		-370
Own shares purchase/selling		-25							-518	-543
Creation of stock option reserve						241				241
31 December 2010	6,600	-123	1,709	0	101	241	-187	19	50,604	58,964
Transfer to general reserve				718					-718	0
Current year income									-1,895	-1,895
Other comprehensive income					7		145	-7	0	145
Own shares purchase/selling		94							0	94
Shares granted						-179			0	-179
Creation of stock option reserve						17			0	17
30 September 2011	6,600	-29	1,709	718	108	79	-42	12	47,991	57,146

Notes: Figures presented for Q3 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.

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Statement of Shareholders' Equity („B”)

(consolidated, non-audited data as at 30 September 2010 and as at 30 September 2011, according to IFRS)

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									0	0
Current year income									3,070	3,070
Other comprehensive income					-571		-892	-3	0	-1,465
Own shares purchase/selling		1,448							1,118	2,566
Creation of stock option reserve									0	0
31 December 2010	6,600	-98	1,709	4,470	262	0	23	18	38,622	51,607
Transfer to general reserve				-4,470					4,470	0
Current year income									8,031	8,031
Other comprehensive income					-161		-210	1	0	-370
Own shares purchase/selling		-25							-518	-543
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				718					-718	0
Current year income									-1,370	-1,370
Other comprehensive income					7		145	-7		145
Own shares purchase/selling		94								94
Shares granted						-179				-179
Creation of stock option reserve						17				17
30 September 2011	6,600	-29	1,709	718	108	79	-42	12	48,516	57,671

Notes: Figures presented for Q3 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.

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Off-balance Sheet items – Pending liabilities

(consolidated, non-audited data as at 30 September 2011 and as at 30 September 2010, according to IFRS)

in HUF million	30 September 2011	30 June 2011	31 December 2010	30 September 2010
Pending liabilities				
Guarantee	819	871	1,175	1,042
Available amount according to loan contract	16,814	17,491	17,626	11,311
Total	17,633	18,362	18,801	12,353

Transactions with related parties

(non-audited data as at 30 September 2011, as at 31 December 2010 and as at 30 September 2010)

in HUF millions	Transactions between Mortgage Bank and subsidiaries			Transactions between Mortgage Bank and owners with influential share		
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Due from banks	59,656.0	61,081.9	36,369.1			
Refinanced mortgage loans	106,837.7	103,131.8	96,690.9			
Fair value of derivatives	0.0	282.7	0.0			
Other assets	1,418.5	11,256.3	490.2		10.3	
Total assets	167,912.3	175,752.8	133,550.1	0.0	10.3	0.0
Due to banks	-88,731.2	-53,545.5	-29,936.5			
Issued securities	-69,261.4	-31,286.7	-33,879.4			
Financial liabilities at fair value through profit and loss	-19,931.5	-15,020.2	-14,579.3			
Other liabilities	-346.7	-324.9	-504.7			
Total liabilities	-178,270.9	-100,177.4	-78,899.9	0.0	0.0	0.0
Interest income	4,991.2	5,808.9	3,942.4			
Interest expense	-6,299.4	-6,010.0	-4,578.7			
Net interest income	-1,308.2	-201.1	-636.2	0.0	0.0	0.0
Fees and commission income	80.0	189.5	117.2			
Fees and commission expense	-1,690.7	-2,560.3	-1,977.3			
Net fees and commissions	-1,610.7	-2,370.8	-1,860.1	0.0	0.0	0.0
Gains from securities	0.0	279.4	116.8			
Net trading result	208.8	279.4	116.8	0.0	0.0	0.0
Other operating income	14.8	32.4	13.2		18.9	
Other operating expense	-14.8	-18.0	-13.2			
Operating profit	-2,710.1	-2,278.1	-2,379.6	0.0	18.9	0.0
Credit loss expense	0.0	-0.3	-0.3			
General and administrative expense	-1,431.2	-1,972.0	-1,332.8	-144.1	-216.7	-153.9
Profit for the year	-4,141.3	-4,250.3	-3,712.7	-144.1	-197.8	-153.9

For the purpose of the financial statements, related parties include all the enterprises that directly or indirectly through one or more intermediaries are controlled by the reporting enterprise (this includes parents and subsidiaries) and key management personnel, including the member of the Board and Supervisory Board. For the purposes of this Report, related parties also include shareholders whose holding in the Bank exceeds 10% (VCP Finanz Holding Ltd., A64 Trustee Ltd. and from 2010 also Allianz Hungary Insurance Ltd). Related parties have the power of control over or have a significant influence in, decisions relating to the finances and operation of another enterprise. The Group enters into transactions with associated parties under market conditions.

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 Sector: Financial services
 Reporting period: 01.01.2011 – 30.09.2011

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 E-mail: Lendvai.Beata@fhb.hu
 Investor relations: Beáta Lendvai

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

Ownership structure, participation and voting rates

(The listed series is the same as the entire share capital.)

Description of owner	Total equity					
	January 1, 2011			September 30, 2011		
	%	%	Qty	%	%	Qty
Domestic institution/company	71.1%	71.3%	46,939,736	73.6%	73.6%	48,585,278
Foreign institution/company	20.7%	20.8%	13,672,542	18.5%	18.5%	12,216,058
Domestic individual	3.7%	3.7%	2,446,450	3.3%	3.4%	2,162,577
Foreign individual	0.0%	0.0%	25,469	0.0%	0.0%	19,884
Employees, senior officers	0.1%	0.1%	63,112	0.4%	0.4%	248,312
Treasury shares	0.2%	0.0%	138,401	0.1%	0.0%	53,601
Government held owner ⁴	4.1%	4.1%	2,714,300	4.1%	4.1%	2,714,300
International Development Institutions ⁵	0.0%	0.0%	0	0.0%	0.0%	0
Other	0.0%	0.0%	0	0.0%	0.0%	0
TOTAL	100.0%	100.0%	66,000,010	100.0%	100.0%	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.

Number of treasury shares held in the year under review

	01 January 2011	31 March 2011	30 June 2011	30 September 2011	31 December 2011
FHB Mortgage Bank	138,401	138,401	2,601	53,601	

Owners with more than 5% ownership (as at 30 September 2011)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)	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%
Total		41,196,811	62.42%	62.42%

¹ Voting rights calculated according to Tpt. 61. §.

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
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Data forms related to the organisation and operation of the issuer

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

	End of reference period	Current period opening	Current period closing
Bank	67	65	61
Consolidated	598	969	851

Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 30 September 2011)

Type ¹	Name	Position	Beginning of mandate	End/ termination of mandate	No. of shares held
BoD	Dr. Zoltán Spéder	Chairman	2008.04.29	2013.04.29	16,000
BoD	István Somkuti	Member	2008.04.29	2013.04.29	8,000
BoD	Dr. Gábor Borsányi	Member	2008.04.29	2013.04.29	8,000
BoD	László Harmati	Member, CEO	2008.04.29	2013.04.29	32,192
BoD	Dr. Christian Riener	Member	2008.04.29	2013.04.29	8,000
BoD	Gyula Köbli	Member, CEO	2010.04.21	2013.04.29	16,000
BoD	Tamás Foltányi	Member, Deputy CEO	2010.04.21	2013.04.29	28,000
BoD	Tamás Vojnits	Member	2010.04.21	2013.04.29	8,675
SB	Csaba Lantos	Chairman	2009.04.29	2014.04.29	0
SB	Róbert Somfai	Member	2008.04.29	2013.04.29	5,000
SB	Enikő Mártonné Uhrin	Member	2010.04.21	2015.04.21	0
SB	Ákos Starcz	Member	2011.04.20	2016.04.20	2,200
SB	Miklós Szabó	Member	2011.04.20	2016.04.20	0
TOTAL No. of shares held by management:					132,067

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

Information and disclosures in 1-9 months 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 program, 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