



**FHB Mortgage Bank Plc.**

**Summary of the full year 2012 results**

Budapest, 14<sup>th</sup> March, 2013

## I. SUMMARY CONSOLIDATED FIGURES

in HUF million	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
<b>Main balance sheet items</b>					
Total assets	816,114	751,450	752,625	0.2%	-7.8%
Refinanced loans	226,890	170,202	164,990	-3.1%	-27.3%
Loans (gross)	420,260	371,667	371,931	0.1%	-11.5%
Mortgage bonds	337,965	232,789	231,848	-0.4%	-31.4%
Senior unsecured bonds	100,558	120,350	107,905	-10.3%	7.3%
Customer deposits	161,105	151,314	152,206	0.6%	-5.5%
Shareholders' equity	53,382	51,227	77,541	51.4%	45.3%

in HUF million	Q4 2011	Q3 2012	Q4 2012	Q-o-Q	Y-o-Y	Y 2011	Y 2012	Y-o-Y
<b>Main P/L items</b>								
Net interest income	4,083	4,244	3,884	-8.5%	-4.9%	21,498	18,545	-13.7%
<i>Net interest margin</i>	<i>1.94%</i>	<i>2.16%</i>	<i>2.05%</i>	<i>-0.11%-pt</i>	<i>0.12%-pt</i>	<i>2.54%</i>	<i>2.36%</i>	<i>-0.18%-pt</i>
Net fees and commissions	714	610	450	-26.2%	-37.0%	2,713	2,592	-4.5%
Total income (with net fees)	11,693	3,682	6,141	66.8%	-47.5%	31,460	23,235	-26.1%
Credit loss expense	-13,042	-2,444	-2,889	18.2%	-77.8%	-19,944	-9,756	-51.1%
Operating cost	-5,252	-4,196	-4,469	6.5%	-14.9%	-18,831	-16,893	-10.3%
<i>Cost to income ratio</i>	<i>44.9%</i>	<i>114.0%</i>	<i>72.8%</i>	<i>-41.18%-pt</i>	<i>27.86%-pt</i>	<i>59.9%</i>	<i>72.7%</i>	<i>12.85%-pt</i>
<i>Cost/income ratio without special banking tax</i>	<i>55.4%</i>	<i>95.6%</i>	<i>73.4%</i>	<i>-22.24%-pt</i>	<i>17.94%-pt</i>	<i>59.9%</i>	<i>66.8%</i>	<i>6.91%-pt</i>
<b>Profit before tax</b>	<b>-6,600</b>	<b>-2,958</b>	<b>-1,217</b>	<b>-58.9%</b>	<b>-81.6%</b>	<b>-7,314</b>	<b>-3,415</b>	<b>-53.3%</b>
<b>Profit after tax</b>	<b>-4,248</b>	<b>-2,624</b>	<b>-1,908</b>	<b>-27.3%</b>	<b>-55.1%</b>	<b>-5,618</b>	<b>-4,464</b>	<b>-20.5%</b>
<b>Profit before tax without special banking tax</b>	<b>-6,468</b>	<b>-1,917</b>	<b>-1,959</b>	<b>2.2%</b>	<b>-69.7%</b>	<b>-5,618</b>	<b>-2,396</b>	<b>-57.4%</b>
Basic EPS (HUF)	-212.3	-157.8	-126.1	-20.1%	-40.6%	-85.2	-70.4	-17.3%
<i>Return on Assets</i>	<i>-2.02%</i>	<i>-1.34%</i>	<i>-1.01%</i>	<i>0.33%-pt</i>	<i>1.01%-pt</i>	<i>-0.67%</i>	<i>-0.57%</i>	<i>0.10%-pt</i>
<i>Return on Equity</i>	<i>-30.4%</i>	<i>-19.9%</i>	<i>-11.8%</i>	<i>8.09%-pt</i>	<i>18.56%-pt</i>	<i>-10.0%</i>	<i>-6.8%</i>	<i>3.18%-pt</i>
<i>ROAA without special banking tax</i>	<i>-3.07%</i>	<i>-0.98%</i>	<i>-1.04%</i>	<i>-0.06%-pt</i>	<i>2.03%-pt</i>	<i>-0.67%</i>	<i>-0.31%</i>	<i>0.36%-pt</i>
<i>ROAE without special banking tax</i>	<i>-46.2%</i>	<i>-14.5%</i>	<i>-12.1%</i>	<i>2.43%-pt</i>	<i>34.11%-pt</i>	<i>-10.0%</i>	<i>-3.7%</i>	<i>6.34%-pt</i>

in HUF million	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
<b>Capital adequacy</b>					
Risk weighted assets	323,363	304,325	310,888	2.2%	-3.9%
Regulatory capital (IFRS)	41,159	56,081	94,104	67.8%	128.6%
<i>Capital adequacy ratio (IFRS)</i>	<i>10.4%</i>	<i>13.6%</i>	<i>22.6%</i>	<i>8.9%-pt</i>	<i>12.1%-pt</i>
<i>Adjusted Capital adequacy ratio (IFRS)*</i>	<i>10.4%</i>	<i>13.6%</i>	<i>15.5%</i>	<i>1.8%-pt</i>	<i>5.0%-pt</i>

\* As at 31 December 2012 calculated excluding Tier 2 subordinated bonds repurchased in February 2013

## II. REPORT ON FULL YEAR AND FOURTH QUARTER OF 2012 RESULTS OF FHB GROUP

This report of FHB Mortgage Bank Public Company Limited by Shares for the full year and the fourth quarter of 2012 are 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 2011, and the consolidated, non-audited figures as of 30 September 2012 and 31 December 2012. The same accounting policy has been applied by this report and consolidated balance sheet and profit and loss account according to the International Financial Reporting Standards (IFRS) as of 31 December 2011, however calculation method of several IFRS items' has been reviewed in 2012. These modifications and its effect on the results is presented in the related parts of this report.

### 1. Summary of the achievements of the past period

FHB Group's **consolidated balance sheet total** calculated according to International Financial Reporting Standards was 752.6 billion forints as of 31 December 2012, which was 7.8% and 63.5 billion forints less year-on-year; and 1.2 billion HUF or 0.2% up to the previous quarter. Primarily the volume changes of refinanced and own loans generated the decline of balance sheet total as new disbursements could not compensate the repayments. Net amount of loans decreased by 108.5 billion HUF or 17.8% in one year, of which decline in refinanced loans was over 27%. On the liability side volume of issued mortgage bonds decreased significantly in line with loan volume, but deposits were also lower than a year before.

Consolidated profit after tax for 2012 was 4.5 billion HUF losses, net interest income amounted to 18.5 billion HUF. The **average net interest margin (NIM)** was 2.36%, by 18 basis points down year-on-year.

The Group's **cost to income ratio (CIR)** was 72.7% (or 66.8% calculated without special banking tax) compared to 59.9% in the reference period of 2011 (when special banking tax had no impact on the results). The decline of CIR was generated by decrease of incomes: operating costs declined by nearly 2 billion HUF year-on-year, but drop of incomes were higher.

Despite losses, capital position of FHB Group improved significantly in 2012 due to two subordinated bond issues in private placements. HUF denominated bonds of 15 billion HUF and EUR denominated bonds of 50 million EUR issued in June 2012 shall represent so-called subordinated loan capital (Tier 2 (alárendelt kölcsöntőke)); while EUR denominated bonds with face value of 102 million EUR issued in December constitutes subordinated (Tier 1) capital (alapvető kölcsöntőke). Capital adequacy ratio was 22.56% at the end of the year. With the permission of the Hungarian Financial Supervisory Authority, in February series of Tier 2 subordinated bonds were repurchased and each of these series was cancelled with an effective date of 21 February 2013.

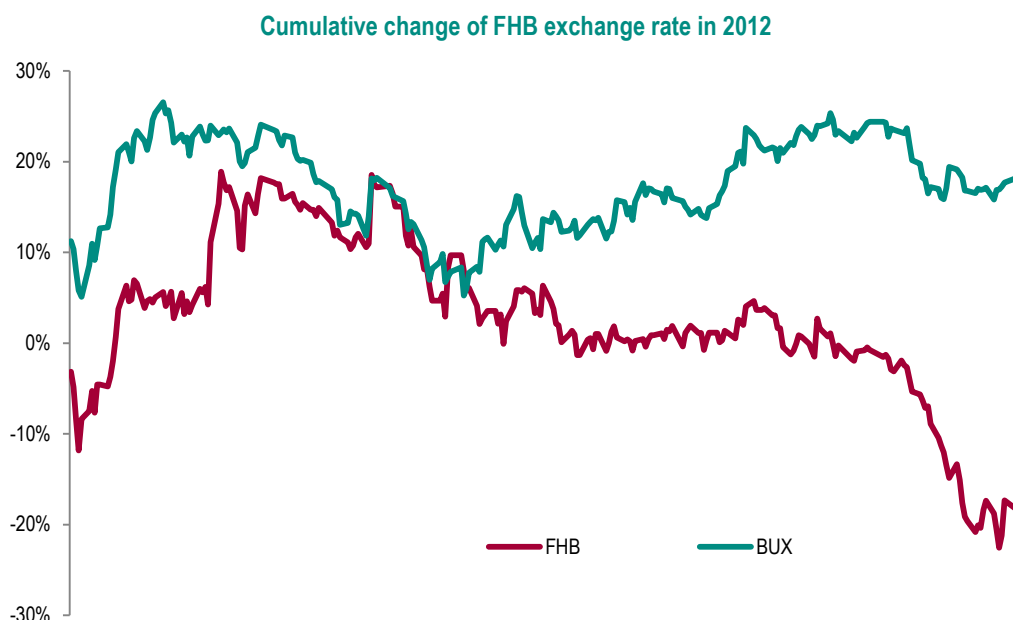
#### *Performance of FHB shares*

In terms of capitalisation, FHB is invariably 7th in the rank of "A" rate listed companies and contributes 0.59% to the aggregate capitalisation of the BSE based on 31 December 2012 data.

As of 31 December 2012, FHB's weight in the BUX index was 0.67% (7th biggest weight in the basket), and was 3rd with a weight of 10.95% in BUMIX, the index of share prices of mid- and small-cap companies.

The price of FHB Mortgage Bank's shares decreased by 17.9%, compared to Q3 and closed the fourth quarter at 390 forints.

The total turnover of mortgage bonds and senior bonds issued by FHB, amounted to 493.5 million forints in Q4 of 2012, increasing by 491.2 million forints compared to Q3 2012 (during the third quarter, turnover of bonds amounted to 2.3 million).



## 2. Main activities and subsidiaries' performance

### *CMB issues, funding*

In the fourth quarter, European capital market showed a state of calm. After ECB announced its bonds-buying program (Outright Monetary Transactions, OTM) at the end of the summer 2012 to ensure peripheral countries' financial state and in the latest months of the year, key macroeconomic figures of EU indicated stabilization, confidence gradually returned to the markets and risk premiums started to increasing. General positive mood of the market gathered as performance of China as one of the main world market player had no setback and USA published better GDP figures than expected.

In Hungary, after market players gave up their expectations related to the IMF deal and management changes in NBH in March 2013 approximated; HUF to EUR exchange rate started to weaken significantly from 285 to 296 in December. On the other hand, yields haven't been increased significantly, neither the country risk premium (5 year CDS premium decreased from 400 in October to 280 bp in December).

FHB Mortgage Bank issued altogether HUF 40.5 billion and EUR 255 million of unsecured bonds (including subordinated bonds), and HUF 67.6 billion of CMBs in 2012. In 2012 total new funding was over HUF 181.5 billion, in Q4 it was HUF 46 billion uncovered bonds and HUF 12.3 billion CMBs.

In 2012 mortgage bonds of 45.7 billion HUF and 72.2 million EUR, and senior unsecured bonds of 11.8 billion HUF and state loan of 200 million EUR matured. In Q4 of 2012, it was CMBs with value of 500 million HUF and uncovered bonds with value of 2.5 billion HUF, and 50 million EUR of state loans. State loan was fully repaid according to the contract. In 2012 CMBs of 13.3 billion HUF and 211.3 million EUR, and senior unsecured bonds of 20 billion HUF and 50 million EUR were repurchased.

### *Retail mortgage lending and the housing market*

Retail customers' demand for loans remained very low in 2012. Like the loan market, the housing market and the housing construction have hit rock bottom. According to CSO statistics, 10,560 new homes were built in 2012, by 17% less than in 2011; the number of new housing construction permits issued was only 10,600, 15% less compared to the 2011 data.

As of 31 December 2012, the volume of retail mortgage loans (5,842 billion forints) was down by 15.3% compared to 31 December 2011; the volume growth adjusted by exchange rate volatility was -10.2%. Volume of HUF loans (2,142 billion forints) increased by 11.3% year-on-year; at the same time the FX loan portfolio (3,700 billion HUF) shrank because of fixed rate final repayments (-19.2% y/y adjusted by the volatility of exchange rate).

Retail housing loans declined by 0.2% in Q4, change adjusted by exchange rate volatility was -0.3%. At the end of December 2012, housing loans amounted to 3,535 billion forints representing decline of 16.7% year-on-year, adjusted by exchange rate volatility -12.3%. Volume of loans denominated in HUF was 1,627 billion forints, showing a 1.3% decrease during the last quarter, while share of FX loans decreased from 53.4% to 54.0% in Q4.

General-purpose mortgage loans amounted to 2,307 billion forints as of 31 December 2012; after exchange rate adjustment the portfolio shrank by 2.2% in the last quarter, and by 6.7% year-on-year. HUF denominated general-purpose mortgage loans (515 billion forints) decreased by 0.9% quarter-on-quarter and expanded by 53.2% year-on-year. As opposed, the exchange rate adjusted change in FX denominated general-purpose mortgage loans was 0.3% in Q4 of 2012 and -16.2% year-on-year.

### *Own lending*

The volume of gross loans of FHB Group amounted to 371.9 billion forints as of 31 December 2012, by 11.5% down to the 31 December 2011 figure (420.3 billion forints). Year-on-year decline is attributed mainly to fixed rate final repayments, that couldn't have been compensated by 11.0% increase of corporate loans. Compared to 30 September 2012 (371.1 billion forints) volume didn't change.

Retail loans continued to dominate within the loan portfolio with a contribution of 81.5% (85.2% on 31 December 2011). As of 31 December 2012, 57.3% of outstanding loans were denominated in FX, 90 bp up to Q3 of 2012, and as a result of fixed rate final repayments significantly lower than 62.7% share a year before. Retail loans were by 15.4% (or 55.2 billion forints) down to the figures of 30 September 2012.

in HUF million	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
<b>Retail loans</b>	<b>358,192</b>	<b>306,444</b>	<b>303,042</b>	<b>-1.1%</b>	<b>-15.4%</b>
Housing loans	181,924	155,112	152,348	-1.8%	-16.3%
Other mortgage loans	163,543	139,619	139,618	0.0%	-14.6%
Consumer loans and overdrafts	7,728	6,826	6,348	-7.0%	-17.9%
Loans for employees	2,244	1,929	1,935	0.3%	-13.8%
Retail leasing	2,753	2,959	2,793	-5.6%	1.5%

in HUF million	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
<b>Corporate loans</b>	<b>62,068</b>	<b>65,223</b>	<b>68,889</b>	<b>5.6%</b>	<b>11.0%</b>
Corporate loans	61,217	64,353	67,962	5.6%	11.0%
Corporate leasing	851	870	927	6.6%	8.9%
<b>Total own lending, gross</b>	<b>420,260</b>	<b>371,667</b>	<b>371,931</b>	<b>0.1%</b>	<b>-11.5%</b>
Impairment	-39,033	-34,987	-37,348	6.7%	-4.3%
<b>Loans, net</b>	<b>381,227</b>	<b>336,681</b>	<b>334,583</b>	<b>-0.6%</b>	<b>-12.2%</b>
Refinanced loans	226,890	170,202	164,990	-3.1%	-27.3%

In terms of structure, housing loans as the largest volume contributed 41.0% and other mortgage loans contributed 37.5% to the loan portfolio. As of 31 December 2011, the contribution of the two dominant items was 43.3% and 38.9%, respectively. Reverse mortgages achieved 3.1 billion forints as of 31 December 2012, while volume of consumer loans amounted to 6.3 billion forints.

Volume of corporate loans rose from 62.1 billion forints as of 31 December 2011 by 11.0% year-on-year to 68.9 billion forints; quarterly volume growth was 5.6% generating 18.5% contribution of corporate loans to the total loans.

In 2012, 12.5 billion HUF of retail and more than 18 billion HUF of corporate loans have been disbursed, 40% of corporate loan disbursement occurred in Q4. Among retail loans, share of subsidized loans is growing, but since subsidised lending started, demand for non-subsidized housing loans increased, as well. In corporate segment, over the above mentioned loan disbursement FHB provided more than 11 billion HUF overdrafts and revolving credit line to its customers.

Since 1 April 2012, FHB Group has been collecting and managing the applications for the new buffer account scheme. Until the end of the year, 7,665 clients (40% of entitled ones) applied for the program and 4,251 contracts were already signed. Deadline for application was extended until 29 March 2013.

### *Refinancing*

In Q4 2012, the non-consolidated volume of newly refinanced mortgage loans was 706.6 million forints (including also FHB Commercial Bank's portfolio). This volume was similar to the previous quarter, but significantly lower than the volume in the first and the second quarter. (In Q1 2012: 3.7 billion forints; in Q2 2012 5.1 billion forints; in Q3 787.3 million HUF was the volume of newly refinanced loans.) Decline was caused mainly by refinanced redemption loans in Q1, generated by the fixed rate final repayments. During the fourth quarter, the newly offered and refinanced mortgage loans were HUF denominated loans, no CHF and EUR loans has been offered for refinancing.

At the end of Q4 2012, volume of own FHB Mortgage Bank's refinanced loan was 255.6 billion forints (in Q3 2012: 260.5 billion forints). The number of refinanced loans shrank from 58.2 thousand to 56.4 thousand units to the end of December 2012.

The total volume of refinanced loans (denominated in HUF and other currencies) are divided among 8 banks. Share of FHB Commercial Bank's refinanced portfolio was over 35%.

Consolidated volume of refinanced loans of FHB Group was 165.0 billion HUF at the end of 2012.

### *FHB Commercial Bank Ltd.*

According to Hungarian Accounting Standards, total assets of FHB Commercial Bank were 433.6 billion HUF in 31 December 2012 showing 8.6% growth compared to 2011, loan portfolio contributed to its 50.4%.

In 2012, volume of gross loans according to Hungarian Accounting Standards was 218.5 billion HUF declining by 4.5% compared to 2011. Corporate loans amounted to 55.7 billion HUF having 25.5% share among total loan portfolio.

In 2012, interest earning assets grew by 8.2% primarily due to the growth of interbank liabilities including refinanced loans from FHB Mortgage Bank and two year maturity liabilities covered by CMBs offered by NBH to stimulate corporate lending. By this measure volume doubled owning 35.2% ratio among interest earning assets.

Deposits represent 38.2% among interest earning assets (43.4% in 2011). Decline of volume and ratio is a result of falling interest rates according to FHB Bank's diversified liability management policy.

The number of retail and corporate accounts managed by the Commercial Bank was 162.4 and 7.6 thousand as of 31 December 2012 and 121.3 thousands retail and 4.5 thousands corporate banking cards related to these accounts. Both number of accounts and cards represented significant growth in 2012. Volume of retail deposits decreased by 24.6%, while corporate deposits grew by 14.5% compared to 2011. Total volume of deposits decreased by 3.9% year-on-year and amounted to 152.3 billion HUF as at 31 December 2012.

According to Hungarian Accounting Standards, loss for the year was 3.8 billion HUF in 2012, 44.4% better than a year before. Despite of 27% growth in interest income, decrease in net interest income was higher due to increasing interest expenses as a result of profit split between Commercial Bank and Mortgage Bank. Net fee and commission income was 35% higher than a year before. Operating costs were only 6.3% up to 2011 despite of higher headcount due to reorganizations at the end of 2011.

Shareholder's equity grew by 7.5% year-on-year. In September 2012, FHB Mortgage Bank increased the equity of the Bank by 6 billion HUF, and balance sheet loss consolidated also. At the end of the year, share capital amounted to 5.2 billion HUF, share premium was 5.1 billion HUF and retained earnings were 24.8 billion HUF.

#### *FHB Annuity Ltd.*

FHB Annuity Ltd. offers two kinds of products to senior customers. FHB Annuity product is sold directly by FHB Annuity Ltd. FHB Mortgage Annuity product is a reverse mortgage loan, which means the contracts being reported in the balance sheet of FHB Mortgage Bank Plc.

In 2012 11 new annuity contracts were signed with a total value of 174 million forints. Since its foundation up until 31 December 2012, the Company acquired 734 annuity contracts; at the end of the reported period, after the withdrawal of 86 properties with a value of 1,172 million forints, the portfolio contained 648 contracts with 10.9 billion forints combined property value (which is the same as total value of annuity contracts).

In 2012, 19 new reverse mortgage contracts were signed. Thus the number of contracts signed grew to 671 by 31 December 2012. At the end of December, number of ceased contracts was 100, while the number of running contracts was 568.

#### *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 real estate valuation services for FHB Group, in addition provide valuation services to external customers and – since the end of 2011 – services related to energy certification.

Besides significantly low level of real estate transactions and lending due to the crisis, the valuation business generated 129 million forints revenue in Q4 2012, 101 million forints above than in Q3 of 2012 and 69 million

forints lower than the Q4 2011 performance. Up to 31 December 2012, the total number of valuations reached 8,858, of which 1,834 (20.7%) was intra-group transactions. In 2011, the total number of valuation was 8,883 (without Basel II revaluation), of which intra-group transactions reached 4,549 (51.2%).)

The real estate brokerage business generated 64 million forints revenue in 2012; revenue of 35 million forints in Q4 2012 was approximately three times higher as a quarter before (12 million HUF). Compared to the same period of 2011 (4 million forints), the increase was nine times higher.

#### *FHB Real Estate Lease Ltd.*

Since 2011, the Company has exclusively sold real estate lease products (besides managing its existing mortgage loan portfolio).

As at 31 December 2012, the consolidated loan volume of FHB Real Estate Lease Ltd. reached 8.3 billion forints. In 2012, lease financing disbursement amounted to 1,002 million forints (411 million forints in Q1 and Q2 2012, as well and 131 million forints in Q3, 49 million in Q4). Leasing portfolio reached 3.3 billion forints as of 31 December 2012. The quarterly change was 17.6% decrease (from 4.0 billion forints as of 30 September 2012), while the year-on-year fall was 8.9% (from 3.6 billion forints as of 31 December 2011).

#### *Organisational changes and headcount*

As of 31 December 2012, the consolidated full-time headcount was 770.1, by 18.6 persons less than the 788.7 figure as of 30 September 2012 and 7.8% below the 31 December 2011 headcount of 835.6.

Headcounts of the Group members were as follows:

Divisions	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
FHB Mortgage Bank Plc.	178.1	174.7	170.3	-2.5%	-4.4%
FHB Commercial Bank Ltd.	627.5	589.3	575.2	-2.4%	-8.3%
FHB Life Annuity Ltd.	6.7	6.6	7.3	11.4%	9.4%
FHB Real Estate Ltd.	9.6	8.1	8.1	0.0%	-15.5%
FHB Real Estate Leasing Ltd.	11.0	10.1	9.2	-8.7%	-16.0%
FHB Others*	2.8	0.0	0.0	-	-
<b>FHB Consolidated</b>	<b>835.6</b>	<b>788.7</b>	<b>770.1</b>	<b>-2.4%</b>	<b>-7.8%</b>

\*Portfolio Money Ltd. 2.8 TMD

#### *Changes in key position*

The Annual General Meeting of the Company elected Deloitte Hungary Audit and Consulting Ltd. as the auditor for 2012 (location: 1068 Budapest, Dózsa György str. 84/C; reg. number: 01-09-071057; chamber membership number: 000083; HFSA number: T-000083/94). The appointed auditor as responsible is Tamás Horváth (mother's name: Veronika Grósz; birth place, date: Budapest, 08/03/1969; location: 1029 Budapest, Ördögárok str. 100; chamber membership number: 003449; HFSA number: E003449).

Mr. Tamás Vojnits, with reference to other activities, resigned from his office of member of the Board of directors of the Company, effective from 14 December 2012.



*Post-balance sheet date events*

From January 31, 2013, Mr. László Harmati, CEO of FHB Group resigned from all his positions in all member companies, furthermore his employment as Chief Executive Officer of FHB Mortgage Bank terminated by mutual agreement. From February 1, 2013, the position of the CEO shall be held by the current CEO Mr. Gyula Köbli alone. Position of the CEO of FHB Commercial Bank Ltd. shall be provided by Mr. Gábor Gergő Soltész, the appointment has been approved by the Hungarian Financial Supervisory Authority. From February 4, 2013, Mr. György Walter is employed as the Deputy General Manager of FHB Commercial Bank.

The Moody's Investor Service published on 14 February 2013, that it takes rating actions on 3 Hungarian Banks, included the ratings of the FHB Mortgage Bank Co. Plc. The local and foreign currency long terms deposit rating of FHB Mortgage Bank changes from "Ba3/Not-Prime" to "B2/Not-Prime", and the standalone bank financial strength (BFSR) rating of "E+/b1" was downgraded to "E+/b3". All the above ratings remain on negative outlook. According to Moody's, the drivers of the lower rating were the increasingly weak economic and operating environment in Hungary, even though Moody's affirmed Hungary's government bond rating on February 8, 2013.

On 15 February 2013, Moody's Investor Service announced the change of the rating of the mortgage covered bonds issued by FHB Plc.'s. The rating of the mortgage covered bonds issued by FHB has been changed from „Ba1” to „Ba3”.

With the permission of the Hungarian Financial Supervisory Authority, the Company repurchased in full prior to maturity the following privately issued series of Tier 2 subordinated bonds (alárárendelt kölcsöntőke) on 20 February 2013: FA22ZV01 (ISIN: HU0000350038) HUF - denominated series with a total face value of HUF 15 billion and FA22ZV02 (ISIN: HU0000350046) EUR - denominated series with a total face value of EUR 50 million. Each of these series was cancelled with an effective date of 21 February 2013.

### III. ANALYSIS OF FHB MORTGAGE BANK PLC.'S CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

#### 1. P&L structure

in HUF million	Q4 2011	Q3 2012	Q4 2012	Q-o-Q	Y-o-Y	Y 2011	Y 2012	Y-o-Y
Interest income	20,870	18,850	17,974	-4.6%	-13.9%	78,433	76,670	-2.2%
Interest expense	-16,787	-14,606	-14,090	-3.5%	-16.1%	-56,935	-58,124	2.1%
<b>Net interest income</b>	<b>4,083</b>	<b>4,244</b>	<b>3,884</b>	<b>-8.5%</b>	<b>-4.9%</b>	<b>21,498</b>	<b>18,545</b>	<b>-13.7%</b>
Fee and commission income	985	883	883	0.0%	-10.3%	3,661	3,795	3.7%
Fee and commission expense	-270	-273	-433	58.6%	60.2%	-948	-1,203	27.0%
<b>Net fee and commission income</b>	<b>714</b>	<b>610</b>	<b>450</b>	<b>-26.2%</b>	<b>-37.0%</b>	<b>2,713</b>	<b>2,592</b>	<b>-4.5%</b>
Profit / (Loss) from foreign exchange transactions	1,679	-554	930	-	-44.6%	2,465	-1,392	-
Change in fair value of financial instruments	3,427	-922	-738	-19.9%	-	2,987	1,339	-55.2%
Gains from securities	1,103	1,348	1,513	12.3%	37.2%	3,648	4,802	31.6%
<b>Net trading result</b>	<b>6,209</b>	<b>-128</b>	<b>1,705</b>	<b>-</b>	<b>-</b>	<b>9,100</b>	<b>4,749</b>	<b>-47.8%</b>
Other operating income	241	-37	549	-	127.7%	1,030	852	-17.3%
Other operating expenses	446	-1,006	-446	-55.6%	-	-2,882	-3,503	21.5%
o/w special banking tax	2,220	-706	51	-	-97.7%	0	-2,068	-
<b>Other results</b>	<b>687</b>	<b>-1,043</b>	<b>102</b>	<b>-</b>	<b>-85.1%</b>	<b>-1,852</b>	<b>-2,651</b>	<b>43.2%</b>
<b>Total non-interest income (with net fees)</b>	<b>7,611</b>	<b>-561</b>	<b>2,257</b>	<b>-</b>	<b>-70.3%</b>	<b>9,962</b>	<b>4,689</b>	<b>-52.9%</b>
<b>Operating income</b>	<b>11,693</b>	<b>3,682</b>	<b>6,141</b>	<b>66.8%</b>	<b>-47.5%</b>	<b>31,460</b>	<b>23,235</b>	<b>-26.1%</b>
<b>Credit loss expense</b>	<b>-13,042</b>	<b>-2,444</b>	<b>-2,889</b>	<b>18.2%</b>	<b>-77.8%</b>	<b>-19,944</b>	<b>-9,756</b>	<b>-51.1%</b>
<b>General and administrative expense</b>	<b>-5,252</b>	<b>-4,196</b>	<b>-4,469</b>	<b>6.5%</b>	<b>-14.9%</b>	<b>-18,831</b>	<b>-16,893</b>	<b>-10.3%</b>
<b>Profit / (Loss) before tax</b>	<b>-6,600</b>	<b>-2,958</b>	<b>-1,217</b>	<b>-58.9%</b>	<b>-81.6%</b>	<b>-7,314</b>	<b>-3,415</b>	<b>-53.3%</b>
Income tax benefit / (expense)	2,352	334	-691	-	-	1,696	-1,050	-
<b>Profit / (Loss) for the year</b>	<b>-4,248</b>	<b>-2,624</b>	<b>-1,908</b>	<b>-27.3%</b>	<b>-55.1%</b>	<b>-5,618</b>	<b>-4,464</b>	<b>-20.5%</b>
<b>Profit / (Loss) for the year w/o special banking tax</b>	<b>-6,468</b>	<b>-1,917</b>	<b>-1,959</b>	<b>2.2%</b>	<b>-69.7%</b>	<b>-5,618</b>	<b>-2,396</b>	<b>-57.4%</b>
<b>Profit / (Loss) for the year w/o special banking tax and provisioning for fixed-rate repayments</b>	<b>4,545</b>	<b>-1,917</b>	<b>-1,959</b>	<b>2.2%</b>	<b>-</b>	<b>7,292</b>	<b>-2,396</b>	<b>-</b>

in HUF million	Q4 2011	Q3 2012	Q4 2012	Q-o-Q	Y-o-Y	Y 2011	Y 2012	Y-o-Y
<i>Basic EPS (yearly, HUF)</i>	<i>-212.3</i>	<i>-157.8</i>	<i>-126.1</i>	<i>-20.1%</i>	<i>-40.6%</i>	<i>-85.2</i>	<i>-70.4</i>	<i>-17.3%</i>
<i>Diluted EPS (yearly, HUF)</i>	<i>-212.3</i>	<i>-157.8</i>	<i>-126.1</i>	<i>-20.1%</i>	<i>-40.6%</i>	<i>-85.2</i>	<i>-70.4</i>	<i>-17.3%</i>
<i>Net interest margin</i>	<i>1.94%</i>	<i>2.16%</i>	<i>2.05%</i>	<i>-0.11%-pt</i>	<i>0.12%-pt</i>	<i>2.54%</i>	<i>2.36%</i>	<i>-0.18%-pt</i>
<i>ROAA</i>	<i>-2.02%</i>	<i>-1.34%</i>	<i>-1.01%</i>	<i>0.33%-pt</i>	<i>1.01%-pt</i>	<i>-0.67%</i>	<i>-0.57%</i>	<i>0.10%-pt</i>
<i>ROAE</i>	<i>-30.4%</i>	<i>-19.9%</i>	<i>-11.8%</i>	<i>8.09%-pt</i>	<i>18.56%-pt</i>	<i>-10.0%</i>	<i>-6.8%</i>	<i>3.18%-pt</i>
<i>ROAA w/o special banking tax</i>	<i>-3.07%</i>	<i>-0.98%</i>	<i>-1.04%</i>	<i>-0.06%-pt</i>	<i>2.03%-pt</i>	<i>-0.67%</i>	<i>-0.31%</i>	<i>0.36%-pt</i>
<i>ROAE w/o special banking tax</i>	<i>-46.2%</i>	<i>-14.5%</i>	<i>-12.1%</i>	<i>2.43%-pt</i>	<i>34.11%-pt</i>	<i>-10.0%</i>	<i>-3.7%</i>	<i>6.34%-pt</i>

The Bank's consolidated loss for the year by IFRS amounted to 4.5 billion forints in 2012 showing 20.5% improvement compared to 2011. 1.9 billion forints loss was realised in Q4.

Without the special banking tax, FHB Group's consolidated loss for the year by IFRS would have been 2.4 billion forints, significantly lower than the adjusted loss in 2011. After the corrections the quarterly data shows 2.0 billion forints loss.

Concerning the main P&L items, both the quarterly and cumulated figures of net interest income show a decrease, however also changes in calculation methods had an impact on that. Net fees decreased by 4.5% compared to the last year and results of financial transactions halved in 2012. Loss of other results grew further, while on the other hand, operating costs decreased by 10.3% year-on-year.

### Net interest income

Net interest income was 18.5 billion forints in 2012, 13.7% down to the result achieved in the reference period. The net figure emerged as a balance of 76.7 billion forints interest income (2.2% down from the figure of 2011) and 58.1 billion forints interest expense (2.1% higher than in the same period of 2011). Fall of interest income is due to drop of interest income from loans, and incomes from increasing securities couldn't offset this reduce. Higher interest expenses compared to 2011 were generated by higher interests paid for deposits in H1 and by interest expenses for subordinated bonds in H2.

In Q4 2012, net interest income was 3.9 billion forints, 8.5% below the figure of Q3 2012. The net figure emerged as a balance of 18.0 billion forints interest income (4.6% down to Q3 2012 figure) and 14.1 billion forints interest expense (3.5% higher than Q3 figures).

Decline of interest income in H1 was due to lower interest income from decreasing loan portfolio as a result of fixed-rate final repayments, while in H2 newly applied methods of IFRS estimations had negative impact on it. In 2012, FHB Bank reviewed the methods of effective interest calculations, modified its estimations for so far accounted effective interest rate based on the remaining cash-flows of loans and considering wider range of initial loan costs. New estimations reduced interest income by 550 million forints in 2012. Impact of modified cash-flow estimation for 2012 was accounted in December 2012.

Interest expenses had no remarkable changes compared to previous quarter. As of the components, positive impact of declining interest expenses on deposits were deteriorated by higher interest expenses of swap transactions.

Distribution of interest income and expenses shows the following table:

Consolidated data according to IFRS (million HUF)	Q4 2011	Q3 2012	Q4 2012	Q-o-Q	Y-o-Y	Y 2011	Y 2012	Y-o-Y
<b>Interest income</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			<b>100.0%</b>	<b>100.0%</b>	
Loans	38.1%	37.0%	39.7%	2.7%-pt	1.6%-pt	39.3%	37.6%	-1.8%-pt
Refinancing	11.4%	10.8%	11.9%	1.1%-pt	0.5%-pt	12.1%	10.7%	-1.4%-pt
Mortgage bond interest subsidy	14.8%	13.7%	13.9%	0.1%-pt	-0.9%-pt	16.6%	13.9%	-2.7%-pt
Supplementary interest subsidy	1.2%	1.2%	1.3%	0.1%-pt	0.1%-pt	1.3%	1.2%	-0.1%-pt
Securities and interbank activities	7.0%	15.9%	13.8%	-2.1%-pt	6.8%-pt	7.3%	15.0%	7.6%-pt
Swap transactions	27.5%	21.3%	19.4%	-1.9%-pt	-8.1%-pt	23.3%	21.6%	-1.6%-pt
Other interest income	0.0%	0.0%	0.0%	0.0%-pt	0.0%-pt	0.0%	0.0%	0.0%-pt
<b>Interest expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			<b>100.0%</b>	<b>100.0%</b>	
Bonds issued	49.7%	48.4%	50.2%	1.8%-pt	-48.4%-pt	57.7%	51.2%	0.0%-pt
Interbank activities	3.0%	19.4%	17.0%	-2.4%-pt	-19.4%-pt	1.9%	12.8%	1.5%-pt
State loan	4.3%	1.2%	0.2%	-1.0%-pt	-1.2%-pt	6.6%	1.7%	0.0%-pt
State loan interest expenses	10.4%	0.0%	0.0%	0.0%-pt	0.0%-pt	3.1%	0.0%	0.0%-pt
Customer deposits	13.0%	15.4%	13.7%	-1.6%-pt	-15.4%-pt	11.7%	16.0%	-0.1%-pt
Derivatives	19.0%	13.9%	16.9%	3.0%-pt	-13.9%-pt	18.8%	16.5%	-1.9%-pt
Other interest expense	0.5%	1.8%	2.0%	0.2%-pt	-1.8%-pt	0.2%	1.8%	0.4%-pt

The average net interest margin (NIM) was 2.05% in Q4 of 2012 compared to 2.16% in Q3 of 2012 and 1.94% in Q4 of 2011. The NIM dropped by 11 bps compared to Q3 of 2012. In 2012 net interest margin was 2.36%.

Without the effects of above mentioned changes in methods, net interest income would have been 19.1 billion forints in 2012 and 4.4 billion forints in Q4 2012. Lower interest income compared to previous year – also adjusted by the one-off interest payment related to previous state capital increase – was due to declining loan portfolio. Adjusted net interest income in Q4 was 4.5% higher than Q3 data.

Net interest margin on average assets calculated with the adjusted figures would have been 2.43% in 2012, and 2.35% in Q4, 18 bps up to Q3 2012.

#### *Net fee and commission income*

In Q4 of 2012, the Bank achieved a positive balance of 450.2 million forints of income and expenditures on commissions and fees; 26.2% below the Q3 of 2012 achievement and 37.0% down from net fees and commissions in Q4 of 2011. Compared to previous year, fees from account management, card services and insurances decreased, while fee and commission income related to mortgage loans increased.

Income from fees and commissions in Q4 2012 was 883.0 million forints, of which 28.0% was contributed by charges related to loans (21.6% in Q3 2012), and 45.8% by accounts and card related banking charges (49.2% in Q3 2012). Commissions resulting from the strategic cooperation agreement signed with Allianz Insurance Company contributed 13.1% to fee income in the reported quarter (after 17.8% in Q3 2012).

To the 432.8 million forints of fee and commission expenses in Q4 2012, agents' fees contributed 28.6% (in Q3 2012: 23.9%); card related fees contributed 21.2% (as opposed to 33.7% in Q3 2012). The notable elements of the remaining items are the 42 million forints of payment commissions and the 201 million forints commission related to bond repurchase and issuance.

In full year 2012, net fee and commission income amounted to 2.6 billion forints, by 4.5% down to 2011.

#### *Net result of financial transactions*

In 2012, the net result of financial transactions was 4.8 billion forints profit, which is 4.4 billion forints weaker than in the same period of 2011. In Q4 of 2012, the balance of financial transactions was 1.7 billion forints gain, with a significant increase compared to the Q3 of 2012 figure as a result of repurchase of securities.

Exchange rate volatility in the reported period and the effect of short term currency swaps reduced earnings from FX transactions by 1.4 billion forints in 2012. The overall achievement was considerably worse than the reference figure (2.5 billion forints profit). In Q4 of 2012 the result from FX transactions was 930 million forints gains, compared to 554.3 million forints loss in Q3 of 2012.

Changes in the fair value of securities reported at fair value against earnings was 1,339.2 million forints profit in 2012, as opposed to the 2,987.2 million forints gains achieved in the reference period of 2011. The realised 738.2 million forints loss in Q4 due to the quarterly exchange and interest rate movements is quite the same as 922.0 million loss reported in Q3 2012. There was a change in the fair value of derivatives due to the fact that the Bank introduced a new model, which one is able to calculate the hedge effectiveness from July 1, 2012.

In 2012, transactions of securities resulted in 4.8 billion forints profit. In Q4 of 2012 it was 1,513.3 million forints compared to the 1,348.0 million forints achieved in Q3 of 2012.

#### *Other operating income and expenditure*

In 2012, the balance of other operating income and expenditure was 2,651.0 million forints loss, arising from 851.5 million forints income and 3,502.5 million forints expense. The balance of other operating income and

expenditure was by 799.4 million forints worse than the figure achieved in the reference period of 2011. In Q4 of 2012, net operating results increased net profit by 102.2 million forints, as opposed to the 1,042.9 million forints loss in Q3 of 2012 mainly because of refund of special banking tax for 2012 in Q4.

In 2012, real estate related revenues contributed 19.9% or 185.5 million forints to other operating income (real estate rent, evaluation).

59.1% of other expenditure was contributed by the special banking tax (2,068.3 million forints). Within other operating expenditures, 395 million forints was accounted for life annuity payments, and impairment of sold real estates amounted to 192 million forints. In 2012, amount of special banking tax could be reduced due to losses realised on Home Protection Schemes (release of FX housing loans converted to HUF) and yearly growth of mortgage loans and real estate leasing portfolio.

### *Operating expenses*

Operating costs amounted to 16.9 billion forints in 1-12M of 2012 (4.2 billion forints in Q1 2012, 4.0 billion forints in Q2 2012, 4.2 billion forints in Q3 and 4.5 billion forints in Q4 2012), which is 10.3% lower than the same period in 2011. The Q4 2012 operating cost was 14.9% below the figure of Q4 2011 and 6.5% higher than in Q3 2012. Year-on-year decrease (2012 Q4 compared to 2011 Q4) appears primarily on personnel expenses and on bank operating costs (328 million and 351 million forints, respectively). Business related costs were significantly lower in Q4 2012, by 112 million forints and 28.7% below the Q4 2011 figure in line with the lower business activity level.

Cost-to-income ratio (CIR) was 72.8% in Q4 of 2012 (as opposed to 44.9% in Q4 2011). Adjusting special banking tax, CIR was 73.4% in Q4 2012 while 95.6% in Q3 2012, and 55.4% in Q4 2011.

In 2012 CIR was 72.7% (without special banking tax 66.8%) compared to 59.9% in 2011. Weaker figures are because of lower incomes – operating expenses declined year-on-year.

The contribution of personnel expenses to total operating costs was 31.3% in Q4 2012, lower than 35.6% in Q3 2012 and 32.8% of Q4 2011. There was a 6.6% decrease in personnel expenses compared to the previous quarter's figure and 19.0% decrease year-on-year. Considering 2012, personnel expenses decreased by 14.5% year-on-year.

In Q4 2012, material costs were 20.6% higher than the Q3 2012 figure and was 16.9% less year-on-year. The contribution of this item to total costs was 50.6% in Q4 2012 lower than 52.0% in Q4 2011.

Material costs in full year of 2012 were 7.9 billion forints (1.9 billion forints in Q1, Q2 and Q3, as well and 2.1 billion forints in Q4). The breakdown of material costs in Q4 2012 includes 24.0% administrative and general costs, 31.5% maintenance costs, 11.0% real estate and other lease paid, 12.1% consultancy fees, 10.0% advertising and marketing costs, 1.9% insurance, 1.4% information related expenses, and 8.1% other costs.

Depreciation was 625 million forints in Q4 of 2012, by 0.5% lower than Q3 2012 and by 1.4% below the figures of Q4 of 2011. Approximately three-quarters of depreciation related to intangibles.

Other taxes paid reported in the operating costs line amounted to 193 million forints in Q4 2012, 189 million forints in Q3 2012, 146 million forints in Q2 2012, 163 million forints of Q1 2012, and 160 million forints in Q4 2011.

## 2. Balance Sheet

HUF million	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
Cash	2,554	2,283	2,164	-5.2%	-15.3%
Due from banks & NBH	65,046	33,400	33,981	1.7%	-47.8%
Financial assets available for sale and held for trading at fair value	87,723	159,256	166,663	4.7%	90.0%
Derivative financial assets	2,695	4,085	4,344	6.3%	61.2%
Refinanced mortgage loans	226,890	170,202	164,990	-3.1%	-27.3%
Loans and advances to consumers	420,260	371,667	371,931	0.1%	-11.5%
Impairment and provision	-39,033	-34,987	-37,348	6.7%	-4.3%
Tangible assets	6,299	6,098	5,961	-2.2%	-5.4%
Goodwill and other intangible assets	14,174	13,005	12,753	-1.9%	-10.0%
Other assets	29,506	26,440	27,185	2.8%	-7.9%
<b>Total Assets</b>	<b>816,114</b>	<b>751,450</b>	<b>752,625</b>	<b>0.2%</b>	<b>-7.8%</b>
Liabilities total	762,733	700,223	675,084	-3.6%	-11.5%
Due to banks	20,992	109,671	110,597	0.8%	426.8%
Mortgage bonds	337,965	232,789	231,848	-0.4%	-31.4%
Senior unsecured bonds	100,558	120,350	107,905	-10.3%	7.3%
Deposits	161,105	151,314	152,206	0.6%	-5.5%
State loans	62,694	14,296	0	-	-
Derivative financial liabilities at fair value	60,511	23,396	23,184	-0.9%	-61.7%
Leasing liability	10,060	10,775	11,029	2.4%	9.6%
Reserves for annuity payments	2,265	2,316	2,410	4.1%	6.4%
Other liabilities	6,582	5,294	4,779	-9.7%	-27.4%
Subordinated debt	0	30,023	31,126	3.7%	-
<b>Total shareholders' equity</b>	<b>53,382</b>	<b>51,227</b>	<b>77,541</b>	<b>51.4%</b>	<b>45.3%</b>
Share capital	6,600	6,600	6,600	0.0%	0.0%
Share premium	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-29	-29	-29	0.0%	0.0%
Cash-flow hedge reserve	201	72	0	-	-
Tier 1 subordinated capital	0	0	28,923	-	-
Other reserves	-86	444	-2	-	-97.2%
Retained earnings	50,604	44,986	44,986	0.0%	-11.1%
Balance sheet profit	-5,618	-2,556	-4,646	81.7%	-17.3%
<b>Total liabilities and shareholders' equity</b>	<b>816,114</b>	<b>751,450</b>	<b>752,625</b>	<b>0.2%</b>	<b>-7.8%</b>

As of 31 December 2012, the Bank's consolidated balance sheet total by IFRS amounted to 752.6 billion forints, nearly the same as at the end of previous period, and by 63.5 billion forints, or 7.8%, below the balance sheet total as of 31 December 2011.

The decline on the assets side, compared to the reference figures as of 31 December 2011, was the joint result of several factors. Interbank deposits dropped by 47.8% and refinanced loans by 27.3% that could be partly compensated by growth in securities held for sale and trading of 90.0%.

Liabilities decreased by 11.5% compared to the reference figures of 2011. Significant decrease was generated primarily by repayment of state loan, fair value of derivatives (-61.7%), and mortgage bonds (-31.4%), meanwhile interbank borrowings showed fourfold increase.

Shareholders' equity grew by 24.2 billion forint year-on-year as Tier 1 subordinated bonds are reported as part of shareholder's equity.

### ***Interest earning assets***

The Group's interest earning assets decreased from 799.9 billion forints as of 31 December 2011 to 737.6 billion forints as of 31 December 2012. Interest earning assets contributed 102.0% to the balance sheet total.

NBH and other interbank lending decreased from 65.0 billion forints as of 31 December 2011 to 34.0 billion forints as of 31 December 2012. The item contributed 4.6% to interest earning assets as of 31 December 2012.

The value of Bank's securities held for sale increased from 85.9 billion forints as of 31 December 2011 to 158.8 billion forints as of 31 December 2012; while the value of securities amounted to 153.2 billion forints as of 30 September 2012. Contribution of securities held for sale to interest earning assets was 21.5% in Q4 2012. Securities include NBH bonds amounting to 71.9 billion forints, discount treasury bills amounting to 31.5 billion forints and government bonds amounting to 28.9 billion forints and other bank and corporate bonds for sale amounting to 26.6 billion forints. As of 31 December 2012, the Bank held a portfolio of securities held for trading (7.8 billion forints), which contributed 1.1% to interest earning assets.

### ***Loans***

As of 31 December 2012, the volume of loans was 11.5% down year-on-year, quarterly no significant change was realised. Impairment to cover loan losses was down from 39.0 billion forints as of 31 December 2011 to 37.3 billion forints as of 31 December 2012; because of impairments for losses of fixed rate final repayments. Volume of provisions related to NPL increased by 5.1 billion forints compared to the end of previous year.

The year-on-year decline in refinanced loans was 27.3% and there was also a 3.1% drop in this item over the last quarter. As of 31 December 2012, the contribution of refinanced loans and gross own lending was 72.8% in total assets.

The collateral value of real estate covering ordinary collaterals amounted to 977.3 billion forints as of 31 December 2012, 3% down compared to 30 September 2011 (1,007 billion forints) and 13.5% below the 31 December 2012 value (1,130 billion forints). The LTV ratio applicable for ordinary collateral was 36.3% as of 31 December 2012, lower than the 38.6% LTV as of 31 December 2011.

### ***Portfolio quality***

The ratio of non-performing loans continued increasing in the last quarter, however, the growth rate decreased such as in the third quarter. NPL ratio has been growing to 19.5% by 31 December 2012 from 19.1% as of 30 September 2012. Coverage of non-performing loans was 51.6%, showing growth compared to Q3 2012.

In 2012, FHB Group paid special attention to prevent further deterioration of the loan portfolio. This meant, in one hand, actions to boost lending activity, and in other hand, a more intensive collection of claims, and participation in the Government's home protection programs.

After legislative changes in July, the Bank re-evaluated the non-performing portfolio to record real estate collaterals suitable for offering to National Asset Management Company (NET) and started to contact to these clients through the branches and call centre. Offering real estates to NET is in progress. Until 31 December 2012 410 properties were offered by the Group for the Hungarian Property Management Ltd. There are 655 loan contracts and HUF 2.5 billion outstanding loan amount in connection with these properties in the books of the Group. From these amounts until the year-end 171 properties were purchased by the Hungarian Property

Management Ltd. and 260 loan contracts were closed. As the Government accepted the modification of regulation of social conditions of NET program, the range of entitled clients is wider since 1 January 2013.

#### *Other assets*

Tangible assets amounted to 6.3 billion forints as of 31 December 2011 and decreased by 338 million forints year-on-year and by 136 million forints quarter-on-quarter. As of 31 December 2012, intangibles amounted to 12.8 billion forints, by 1.4 billion forints or 10.0% down year-on-year and 252 million forints (-10.0%) below the 30 September 2012 figure.

Other assets amounted to 27.2 billion forints as of 31 December 2012, decreasing by 7.9% (2.3 billion forints). Deferred tax assets reached 6.4 billion forints. Real estates displayed among inventories contributed to other assets 26.8%.

#### ***Interest bearing liabilities***

Interest bearing liabilities dropped from 683.3 billion forints as of 31 December 2011 to 633.7 billion forints as of 30 December 2012 representing approximately 84.2% to the balance sheet total. The majority of interest bearing liabilities was contributed by securities issued and deposits from clients, furthermore interbank borrowings grown significantly in the year.

#### *Interbank funds*

As of 31 December 2012, interbank funds amounted to 110.6 billion forints showing nearly no change compared to previous quarter, but volume became four times higher than a year before containing also 2 years covered loan facility issued by Hungarian National Bank to stimulate corporate lending. Contribution of interbank borrowings to interest bearing liabilities was 17.5% as of 31 December 2012.

#### *CMBs issued*

The contribution of covered mortgage bonds to the Bank's interest bearing liabilities was 36.6% as of 31 December 2012. 231.8 billion forints book value of mortgage bonds as of 31 December 2012 was 31.4% down from figures of 31 December 2011 (338.0 billion forints). Decrease in the value of the CMB portfolio was 106.1 billion forints year-on-year.

in HUF million	31/12/2011		31/12/2012	
	Book value	Nominal value	Book value	Nominal value
<b>Non-listed mortgage bonds</b>				
Fixed	105,800	105,599	66,038	65,868
Floating	567	567	291	291
<b>Listed mortgage bonds</b>				
Fixed	166,381	168,763	147,387	147,794
Floating	54,445	57,698	11,417	12,263
<b>Total</b>	<b>327,193</b>	<b>332,626</b>	<b>225,134</b>	<b>226,216</b>
<b>Accrued interest</b>	10,772		6,715	
<b>Mortgage bonds Total</b>	<b>337,965</b>	<b>332,626</b>	<b>231,849</b>	<b>226,216</b>



in HUF million	31/12/2011		31/12/2012	
	Book value	Nominal value	Book value	Nominal value
<b>Non-listed bonds</b>				
Fixed	37,987	38,690	54,158	53,774
Floating	0	0	5,208	5,162
<b>Subordinated loan</b>				
Subordinated loan	0	0	29,565	29,565
<b>Listed bonds</b>				
Fixed	54,354	55,870	42,999	44,081
Floating	5,728	5,740	1,399	1,396
<b>Total</b>	<b>98,069</b>	<b>100,300</b>	<b>133,329</b>	<b>133,979</b>
<b>Accrued interest</b>	2,489		5,702	
<b>Bonds Total</b>	<b>100,558</b>	<b>100,300</b>	<b>139,031</b>	<b>133,979</b>

### *Mortgage bonds collateral<sup>1</sup>*

The net collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank Plc. amounted to 566.6 billion forints as of 31 December 2012 (356.3 billion forints of capital and 210.3 billion forints of interests), 17.4% less than the 685.8 billion forints as of 31 December 2011 and 3.3% below the figure of 30 September 2012 (586.1 billion forints).

### *The value of the group of assets involved as collateral as of 31 December 2012*

<b>Outstanding mortgage bonds in circulation</b>			
in HUF million	31/12/2011	30/09/2012	31/12/2012
Face value	386,418	298,622	304,041
Interest	83,595	75,534	74,691
<b>Total</b>	<b>470,013</b>	<b>347,156</b>	<b>378,733</b>
<b>Value of the regular collateral</b>			
Principal	438,811	367,087	356,290
Interest	246,940	218,972	210,290
<b>Total</b>	<b>685,751</b>	<b>586,059</b>	<b>566,580</b>
<b>Value of assets involved as supplementary collateral</b>			
Balance of the separate blocked account at the NBH - principal	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

As of 31 December 2012, the present value of ordinary collateral was 400.2 billion forints and the present value of mortgage bonds was 342.5 billion forints, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid. The combined present value of collateral to the combined value of mortgage bonds in circulation was 116.9% in the same period. As of 31 December 2012 net value of ordinary and supplementary collateral principal to the unpaid face value of mortgage bonds in circulation was 117.2%, and the net ordinary and supplementary collateral principal to the unpaid interest on mortgage bonds in circulation was 281.6%.

<sup>1</sup> Non-consolidated data of FHB Mortgage Bank Plc. only, according to HAS

### *Bonds issued*

The book value of bonds was 139.0 billion forints as of 31 December 2012, compared to 30 September 2012 (150.4 billion forints) decreasing by 11.3 billion or 7.5%. The year-on-year increase was 38.3% or 38.5 billion forints.

### *Deposits*

As of 31 December 2012, deposits amounted to 152.2 billion forints dropping by 5.5% year-on-year, but quarterly no substantial change was realised. Decline ratio of retail and corporate deposits was the same.

Corporate deposit portfolio increased by 8.4% compared to Q3 of 2012. FHB Group's consolidated deposit portfolio is dominated by retail deposits with a contribution of approximately 61.4%. Sight deposits amounted to 42.0 billion forints, representing 27.6% of deposits.

### *State loan received*

State loan was fully repaid in Q4 2012 according to the contract.

### *Other liabilities*

Other liabilities amounted to 4.9 billion forints, within that liabilities generated in conjunction with settlements related to clients amounted to 908.7 million forints. The Bank reported accounts payable (269.4 million forints as of 31 December 2012), accruals (403.2 million forints) and deferred taxes (642.5 million forints).

### *Shareholders' equity*

Within one year, shareholders' equity increased by 45.3% to 77.5 billion forints as of 31 December 2012. In line with IFRS, the Bank reported the EUR 102 million Tier 1 subordinated bond issued in December as part of shareholder's equity, which is the main driver of the growth. Balance sheet profit was -4.6 billion forints.

### *Capital position*

Risk-weighted assets amounted to 310.9 billion forints on 31 December 2012 (according to HAS), 2.2% higher than RWA in Q3 2012 and 3.9% lower year-on-year. FHB Group's capital requirement amounted to 33.4 billion forints as of 31 December 2012.

At the end of Q4 2012, guarantee capital according to IFRS amounted to 94.2 billion forints and capital adequacy ratio by IFRS was 22.6% (10.4% and 13.6% on 31 December 2011 and 30 September 2012, respectively).

Year-end guarantee capital includes both Tier 2 and Tier 1 subordinated bonds issued. In February, with the permission of the HFSA, series of Tier 2 subordinated bonds were repurchased and each of these series was cancelled with an effective date of 21 February 2013. Excluding these capital elements, guarantee capital would have been 64.6 billion forints, capital adequacy ratio calculated on that basis would have reached 15.5%.

## DECLARATION

This 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 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, 14<sup>th</sup> March, 2013

Mr. Gyula Köbli  
Chief Executive Officer

Mr. Gergő Soltész  
Deputy-CEO, Business

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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 Kereskedelmi Bank Zrt. (FHB Commercial Bank Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.) and FHB Életjáradék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd), to FHB Ingatlanlizing Zrt. (FHB Real Estate Leasing Ltd.) and its Croatian affiliate (Central European Credit d.d.); and to "WODOMUS 54" Ingatlanfejlesztő Kft. (WODOMUS 54 Property Development Ltd.); Káry-Villa Ingatlanfejlesztő Kft (Káry-Villa Property Development Ltd.); FHB DWH Ltd. (formerly known as Portfolio Money cPlc.); Hitelunió Kft. (Creditunion Ltd.).

### Consolidated Income Statement

(consolidated audited data as of 31 December 2011 and non-audited data as of 31 December 2012 according to IFRS)

in HUF million	2011	2012	Y-o-Y
Interest income	78,433	76,670	-2.2%
Interest expense	-56,935	-58,124	2.1%
<b>Net interest income</b>	<b>21,498</b>	<b>18,545</b>	<b>-13.7%</b>
Fee and commission income	3,661	3,795	3.7%
Fee and commission expense	-948	-1,203	27.0%
<b>Net fee and commission income</b>	<b>2,713</b>	<b>2,592</b>	<b>-4.5%</b>
Profit/(Loss) from FX transactions	2,465	-1,392	-
Change in fair value of financial instruments	2,987	1,339	-55.2%
Gains from securities	3,648	4,802	31.6%
<b>Net trading result</b>	<b>9,100</b>	<b>4,749</b>	<b>-47.8%</b>
Other operating income	1,030	852	-17.3%
Other operating expense	-2,882	-3,503	21.5%
<b>Operating income</b>	<b>31,460</b>	<b>23,235</b>	<b>-26.1%</b>
Credit loss expense	-19,944	-9,756	-51.1%
General and administrative expense	-18,831	-16,893	-10.3%
<b>Profit/(Loss) before tax</b>	<b>-7,314</b>	<b>-3,415</b>	<b>-53.3%</b>
Income tax benefit/(expense)	1,696	-1,050	-
<b>Profit/(Loss) for the period</b>	<b>-5,618</b>	<b>-4,464</b>	<b>-20.5%</b>
Basic EPS (yearly)	-85.21 Ft	-70.45 Ft	-0.17 Ft
Diluted EPS (yearly)	-85.21 Ft	-70.45 Ft	-0.17 Ft

Comprehensive income statement	2011	2012	Y-o-Y
Profit/(Loss) for the period	-5,618	-4,464	-20.5%
Revaluation reserve	0	0	-
Change in cash-flow hedge reserve	131	-249	-
Change in fair value of financial assets available for sale	-62	-3	-95.2%
FX reserve	1	10	900.0%
Deferred tax effect for other comprehensive income	7	48	585.7%
Other comprehensive income/(loss) for the period net of taxes	77	-194	-
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>-5,541</b>	<b>-4,658</b>	<b>-15.9%</b>

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## Consolidated Income Statement (quarterly)

(consolidated audited data as of 31 December 2011 and non-audited data as of 30 September 2012 and 31 December 2012 according to IFRS)

in HUF million	4Q 2011	3Q 2012	4Q 2012	Q-o-Q	Y-o-Y
Interest income	20,870	18,850	17,974	-4.6%	-13.9%
Interest expense	-16,787	-14,606	-14,090	-3.5%	-16.1%
<b>Net interest income</b>	<b>4,083</b>	<b>4,244</b>	<b>3,884</b>	<b>-8.5%</b>	<b>-4.9%</b>
Fee and commission income	985	883	883	0.0%	-10.3%
Fee and commission expense	-270	-273	-433	58.6%	60.2%
<b>Net fee and commission income</b>	<b>714</b>	<b>610</b>	<b>450</b>	<b>-26.2%</b>	<b>-37.0%</b>
Profit/(Loss) from FX transactions	1,679	-554	930	-	-44.6%
Change in fair value of financial instruments	3,427	-922	-738	-19.9%	-
Gains from securities	1,103	1,348	1,513	12.3%	37.2%
<b>Net trading result</b>	<b>6,209</b>	<b>-128</b>	<b>1,705</b>	<b>-</b>	<b>-72.5%</b>
Other operating income	241	-37	549	-	127.7%
Other operating expense	446	-1,006	-446	-55.6%	-
<b>Operating income</b>	<b>11,693</b>	<b>3,682</b>	<b>6,141</b>	<b>66.8%</b>	<b>-47.5%</b>
Credit loss expense	-13,042	-2,444	-2,889	18.2%	-77.8%
General and administrative expense	-5,252	-4,196	-4,469	6.5%	-14.9%
<b>Profit/(Loss) before tax</b>	<b>-6,600</b>	<b>-2,958</b>	<b>-1,217</b>	<b>-58.9%</b>	<b>-81.6%</b>
Income tax benefit/(expense)	2,352	334	-691	-	-
<b>Profit/(Loss) for the period</b>	<b>-4,248</b>	<b>-2,624</b>	<b>-1,908</b>	<b>-27.3%</b>	<b>-55.1%</b>

Basic EPS (yearly)	-212.34 Ft	-157.85 Ft	-126.06 Ft	-20.1%	-40.6%
Diluted EPS (yearly)	-212.34 Ft	-157.85 Ft	-126.06 Ft	-20.1%	-40.6%

Comprehensive income statement	4Q 2011	3Q 2012	4Q 2012	Q-o-Q	Y-o-Y
Profit/(Loss) for the period	-4,248	-2,624	-1,908	-27.3%	-55.1%
Revaluation reserve	0	0	0	-	-
Change in cash-flow hedge reserve	122	98	-90	-	-
Change in fair value of financial assets available for sale	-218	-14	-675	-	209.6%
FX reserve	8	-2	-3	50.0%	-
Deferred tax effect for other comprehensive income	19	-16	145	-	663.2%
Other comprehensive income/(loss) for the period net of taxes	-69	66	-623	-	802.9%
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>-4,317</b>	<b>-2,558</b>	<b>-2,531</b>	<b>-1.0%</b>	<b>-41.4%</b>

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## Consolidated Financial Position

(consolidated audited data as of 31 December 2011 and non-audited data as of 30 September 2012 and 31 December 2012 according to IFRS)

in HUF million	31/12/2011	30/09/2012	31/12/2012	Q-o-Q	Y-o-Y
Cash	2,554	2,283	2,164	-5.2%	-15.3%
Due from banks & NBH	65,046	33,400	33,981	1.7%	-47.8%
Financial assets held for trading at fair value	1,832	6,036	7,815	29.5%	-
Financial assets available for sale at fair value	85,891	153,220	158,848	3.7%	84.9%
Fair value of derivative financial assets	2,695	4,085	4,344	6.3%	61.2%
Refinanced mortgage loans	226,890	170,202	164,990	-3.1%	-27.3%
Loans and advances to consumers	420,260	371,667	371,931	0.1%	-11.5%
Impairment and provision	-39,033	-34,987	-37,348	6.7%	-4.3%
Investment property	11,311	11,222	11,463	2.1%	1.3%
Tangible assets	6,299	6,098	5,961	-2.2%	-5.4%
Goodwill and other intangible assets	14,174	13,005	12,753	-1.9%	-10.0%
Deferred tax asset	6,345	6,567	6,396	-2.6%	0.8%
Other assets	11,849	8,651	9,326	7.8%	-21.3%
<b>Total assets</b>	<b>816,114</b>	<b>751,450</b>	<b>752,625</b>	<b>0.2%</b>	<b>-7.8%</b>
Due to banks	20,992	91,792	92,781	1.1%	342.0%
Issued securities	341,181	258,173	252,681	-2.1%	-25.9%
Mortgage bonds	290,423	190,332	191,897	0.8%	-33.9%
Bonds	50,758	67,840	60,784	-10.4%	19.8%
Deposits	161,105	151,314	152,206	0.6%	-5.5%
State loans	62,694	14,296	0	-	-
Derivative financial liabilities at fair value	60,511	23,396	23,184	-0.9%	-61.7%
Financial liabilities at fair value through profit and loss	97,342	112,844	104,888	-7.1%	7.8%
Leasing liability	10,060	10,775	11,029	2.4%	9.6%
Reserve for annuity payments	2,265	2,316	2,410	4.1%	6.4%
Current tax liability	6	41	42	1.8%	-
Deferred tax liability	710	625	643	2.8%	-9.5%
Provisions	267	212	173	-18.3%	-35.4%
Other liabilities	5,600	4,416	3,922	-11.2%	-30.0%
Subordinated debt		30,023	31,126	3.7%	
<b>Total liabilities</b>	<b>762,733</b>	<b>700,223</b>	<b>675,084</b>	<b>-3.6%</b>	<b>-11.5%</b>
Share capital	6,600	6,600	6,600	0.0%	0.0%
Share premium	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-29	-29	-29	0.0%	0.0%
Subordinated Tier 1 capital	0	0	28,923	-	-
Cash-flow hedge reserve	201	72	0	-	-
Other reserves	-86	444	-2	-	-
Retained earnings	50,604	44,986	44,986	0.0%	-11.1%
Balance sheet profit	-5,618	-2,556	-4,646	81.7%	-17.3%
<b>Total shareholders' equity</b>	<b>53,382</b>	<b>51,227</b>	<b>77,541</b>	<b>51.4%</b>	<b>45.3%</b>
<b>Total liabilities and shareholders' equity</b>	<b>816,114</b>	<b>751,450</b>	<b>752,625</b>	<b>0.2%</b>	<b>-7.8%</b>

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## Cash Flow Statement

(consolidated audited data as of 31 December 2011 and non-audited data as of 31 December 2012 according to IFRS)

in HUF million	31/12/2011	31/12/2012
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>-5,618</b>	<b>-4,464</b>
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	2,454	2,496
(Increase)/Decrease in fair value of Investment property	106	80
Recognition of investment property through income statement	-46	-60
Provision for losses	15,204	-1,779
(Gain)/Loss on tangible assets derecognized	1,410	29
(Gain)/Loss on intangible assets derecognized	-2,332	0
Share option reserve	-135	-106
Share option	163	0
Capitalized interest	-1,672	-994
Fair value of derivatives	-831	-39,177
Fair value adjustment on financial liabilities through profit and loss	9,433	1,329
Change in fair value of annuity reserve	263	540
Change in foreign currency translation reserve	1	11
Impairment of goodwill and intangible assets	1,126	0
Leasing liabilities	0	0
<b>Operating profit before change in operating assets</b>	<b>19,526</b>	<b>-42,094</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	2,926	-5,983
Financial assets available for sale	17,362	-72,960
Refinanced mortgage loans	33,430	61,900
Loans and advances to customers	1,552	49,323
Other assets	-6,999	2,473
<i>Increase/(Decrease) in operating liabilities:</i>	0	
Deposits	48,365	-8,899
Due to banks	-1,149	90,389
Other liabilities	868	-1,708
<b>Net cash flow from operating activities</b>	<b>115,881</b>	<b>72,440</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	60	33
Purchase of tangible and intangible assets	-1,260	-800
Purchase of investment property	-10	-313
Sale of investment property	65	141
Paid from reserves on annuity business	-377	-395
Net cash flow from acquisition of subsidiary	0	0
Net cash flow from disposal of subsidiaries	-6	0
<b>Net cash flow from investing activities</b>	<b>-1,528</b>	<b>-1,334</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	26,201	125,221
Principal repayment on issued securities	-94,919	-193,993
Treasury shares purchased	-69	0
Long term loans repayment	-50,168	-63,899
Long term loan borrowings	233	219
Finance lease liabilities repayment	-4,140	969
		28,923
<b>Net cash flow from financing activity</b>	<b>-122,862</b>	<b>-102,560</b>
Net increase in cash and cash equivalents	-8,508	-31,454
Opening balance of cash and cash equivalents	76,107	67,599
<b>Closing balance of cash and cash equivalents</b>	<b>67,599</b>	<b>36,145</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	2,554	2,164
Balances with National Bank of Hungary	8,707	5,117
Dues from banks with a maturity of less than 90 days	56,338	28,864
<b>Closing balance of cash and cash equivalents</b>	<b>67,599</b>	<b>36,145</b>
<i>Supplementary data</i>		
Tax paid	-1,245	-1,429
Interest received	76,322	76,639
Interest paid	-55,911	-55,426

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## Statement of Shareholders' Equity

(consolidated non-audited data as at 31 December 2012, according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Share option reserve	Subordinated Tier 1 capital	Change in fair value (financial assets AFS)	Foreign currency transaction reserve	Retained earnings (deficit)	Shareholders' Equity
<b>1 January 2011</b>	<b>6,600</b>	<b>-123</b>	<b>1,709</b>	<b>0</b>	<b>101</b>	<b>241</b>		<b>-187</b>	<b>19</b>	<b>50,604</b>	<b>58,964</b>
Transfer to general reserve											
Profit/(Loss)										-5,618	-5,618
Other comprehensive income					100			-25	1		76
Purchase/(Sale) of treasury shares		94									94
Share based payment		0	0			-161				0	-161
Change in share option reserve						26					26
<b>1 January 2012</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>0</b>	<b>201</b>	<b>106</b>	<b>0</b>	<b>-212</b>	<b>20</b>	<b>44,986</b>	<b>53,381</b>
Transfer to general reserve				181						-181	0
Profit/(Loss)										-4,464	-4,464
Other comprehensive income					-201			-4	11		-193
Purchase/(Sale) of treasury shares											0
Share based payment											0
Subordinated Tier 1 capital							28,923				28,923
Change in share option reserve						-106					-106
<b>31 December 2012</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>181</b>	<b>0</b>	<b>0</b>	<b>28,923</b>	<b>-216</b>	<b>31</b>	<b>40,341</b>	<b>77,541</b>



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## Off-balance Sheet items – Commitments

(consolidated audited data as of 31 December 2011 and non-audited data as of 30 September 2012 and 31 December 2012 according to IFRS)

in HUF million	31/12/2011	30/09/2012	31/12//2012
<b>Commitments</b>			
Guarantees	1,930	3,563	3,601
Undrawn commitments	17,956	19,933	26,644
<b>Total</b>	<b>19,886</b>	<b>23,496</b>	<b>30,245</b>

## Transactions with related parties

(consolidated audited data as of 31 December 2011 and non-audited data as of 30 September 2012 and 31 December 2012 according to IFRS)

in HUF million	31/12/2011	30/09/2012	31/12//2012
Due from banks	0	0	0
Refinanced mortgage loans	0	0	0
Fair value of derivatives	0	0	0
Other assets	0	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
Due to banks	0	0	0
Issued securities	0	0	0
Financial liabilities at fair value through profit and loss	0	0	0
Other liabilities	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2011.12.31.</b>	<b>2012.09.30</b>	<b>2012.12.31</b>
Interest income	0	0	0
Interest expense	0	0	0
<b>Net interest income</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fees and commission income	0	0	0
Fees and commission expense	0	0	0
<b>Net fees and commissions</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gains from securities	0	0	0
<b>Net trading result</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other operating income	0	0	0
Other operating expense	0	0	0
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>0</b>
Credit loss expense	0	0	0
General and administrative expense	-200	-163	-214
<b>Profit for the year</b>	<b>-200</b>	<b>-163</b>	<b>-214</b>

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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Address: 1082 Budapest, Üllői út 48.  
Sector: Financial services  
Reporting period: 01.01.2012 – 31.12.2012

Telephone: (1) 452 - 9100  
Fax: (1) 452 - 9200  
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					
	At the beginning of actual year			End of actual period		
	% <sup>2</sup>	% <sup>3</sup>	Qty	%	%	Qty
Domestic institution/company	73.6%	73.6%	48,585,278	55.8%	55.8%	36,795,859
Foreign institution/company	18.5%	18.5%	12,216,058	22.0%	22.0%	14,509,484
Domestic individual	3.3%	3.4%	2,170,577	5.9%	6.0%	3,923,000
Foreign individual	0.0%	0.0%	19,884	0.0%	0.0%	18,792
Employees, senior officers	0.4%	0.4%	240,312	0.3%	0.3%	177,055
Treasury shares	0.1%	0.0%	53,601	0.1%	0.0%	53,601
Government held owner <sup>4</sup>	4.1%	4.1%	2,714,300	7.2%	7.2%	4,724,833
International Development Institutions <sup>5</sup>	0.0%	0.0%	0	0.0%	0.0%	0
Other	0.0%	0.0%	0	8.8%	8.8%	5,797,386
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>66,000,010</b>	<b>100.0%</b>	<b>100.0%</b>	<b>66,000,010</b>

<sup>1</sup>If the listed series is the same as the entire share capital, this must be indicated and no completion is required. If there are several series on the Stock Market, the ownership structure must be given for every series.

<sup>2</sup> Ownership share

<sup>3</sup> 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!

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

<sup>5</sup> E.g.: EBRD, EIB, etc.

### Number of treasury shares held in the year under review

	01/01/2012	31/03/2012	30/06/2012	30/09/2012	31/12/2012
FHB Mortgage Bank Plc.	53,601	53,601	53,601	53,601	53,601

### Owners with more than 5% ownership (as at 31 December 2012)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)	Voting rights (%) <sup>1</sup>
VCP Finanz Holding Ltd.	no	15,970,000	24.20%	24.20%
A64 Vagyonkezelő Ltd.	no	10,746,468	16.28%	16.28%
Allianz Hungária Biztosító Ltd.	no	7,272,621	11.02%	11.02%
Silvermist Estate SA	no	6,316,366	9.57%	9.57%
Hungarian National Asset Management Inc.	no	4,724,833	7.16%	7.16%
<b>Total</b>		<b>40,305,455</b>	<b>68.23%</b>	<b>68.23%</b>

<sup>1</sup> Voting rights calculated according to Tpt. 61. §.

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## Data forms related to the organisation and operation of the issuer

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

	Reference period 31/12/2011	Current period 31/12/2012
Bank	179	170
Consolidated	812	770

### Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 31 December 2012)

Type <sup>1</sup>	Name	Position	Beginning of mandate	End/ termination of mandate	No. of shares held
BoD	Dr. Zoltán Spéder	Chairman	29.04.2008	29.04.2013	16,000
BoD	István Somkuti	Member	29.04.2008	29.04.2013	8,000
BoD	László Harmati	Member, CEO	29.04.2008	31.01.2013	32,192
BoD	Dr. Christian Riener	Member	29.04.2008	29.04.2013	8,000
BoD	Gyula Köbli	Member, CEO	21.04.2010	29.04.2013	16,000
BoD	Tamás Foltányi	Member, Deputy CEO	21.04.2010	29.04.2013	28,000
SB	Csaba Lantos	Chairman	29.04.2009	29.04.2014	0
SB	Róbert Somfai	Member	29.04.2008	29.04.2013	5,000
SB	Enikő Mártonné Uhrin	Member	21.04.2010	21.04.2015	0
SB	Ákos Starcz	Member	20.04.2011	20.04.2016	0
SB	Miklós Szabó	Member	20.04.2011	20.04.2016	2,200
<b>TOTAL No. of shares held by management:</b>					<b>115,392</b>

<sup>1</sup> Employee in a strategic position (SP), Member of the Board of Directors (BoD), member of the Supervisory Board (SB)

## Information and disclosures in 2012

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
- 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](http://www.bet.hu)  
[www.kozzetetelek.hu](http://www.kozzetetelek.hu)  
[www.fhb.hu](http://www.fhb.hu)