



**FHB Mortgage Bank Plc.**

**Report on third quarter results of 2016**

Budapest, 17 November, 2016

**I. SUMMARY CONSOLIDATED FIGURES AND TREND OF KEY PERFORMANCE INDICATORS**

in HUF million	30/09/2015	30/06/2016	30/09/2016	30/09/2016/ 30/06/2016	30/09/2016/ 30/09/2015
<b>Main balance sheet items</b>					
Total assets	748,068	617,647	561,174	-9.1%	-25.0%
Refinanced loans	87,768	73,783	69,747	-5.5%	-20.5%
Loans (gross)	326,390	313,982	316,253	0.7%	-3.1%
Mortgage bonds	193,460	148,512	156,522	5.4%	-19.1%
Senior unsecured bonds	91,328	45,682	37,323	-18.3%	-59.1%
Customer deposits	328,846	290,301	236,670	-18.5%	-28.0%
Shareholders' equity	82,260	71,057	71,275	0.3%	-13.4%
<i>Capital adequacy ratio</i>	<i>18.61%</i>	<i>14.56%</i>	<i>14.71%</i>	<i>0.16%-pt</i>	<i>-3.90%-pt</i>
<i>CET1 ratio</i>	<i>11.37%</i>	<i>13.07%</i>	<i>13.21%</i>	<i>0.14%-pt</i>	<i>1.84%-pt</i>

in HUF million	Q3 2015	Q2 2016	Q3 2016	Q3 2016 / Q2 2016	Q3 2016 / Q3 2015	M9 2015	M9 2016	M9 2016/ M9 2015
<b>Main P/L items</b>								
Net interest income	2,901	3,502	2,734	-21.9%	-5.7%	11,402	9,710	-14.8%
<i>Net interest margin</i>	<i>1.53%</i>	<i>2.07%</i>	<i>1.84%</i>	<i>-0.23%-pt</i>	<i>0.31%-pt</i>	<i>2.01%</i>	<i>1.95%</i>	<i>-0.06%-pt</i>
Net fees and commissions	1,753	1,906	2,833	48.6%	61.6%	5,029	6,443	28.1%
Net operating income	4,760	5,405	5,444	0.7%	14.4%	6,856	16,215	136.5%
Provision for impairment on loan losses	-513	-413	-552	33.6%	7.6%	2,822	-2,552	-190.4%
Operating cost	-4,717	-4,952	-4,692	-5.3%	-0.5%	-14,297	-14,248	-0.3%
<i>Cost to income ratio</i>	<i>99.1%</i>	<i>91.6%</i>	<i>86.2%</i>	<i>-5.4%-pt</i>	<i>-12.9%-pt</i>	<i>208.5%</i>	<i>87.9%</i>	<i>-</i>
<i>Cost/income ratio w/o special banking tax</i>	<i>86.3%</i>	<i>86.8%</i>	<i>77.6%</i>	<i>-9.2%-pt</i>	<i>-8.7%-pt</i>	<i>159.3%</i>	<i>81.8%</i>	<i>-77.5%-pt</i>
<b>Profit before tax</b>	<b>-470</b>	<b>39</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-4,619</b>	<b>-585</b>	<b>-87.3%</b>
<b>Profit after tax</b>	<b>-502</b>	<b>-268</b>	<b>-223</b>	<b>-16.9%</b>	<b>-55.6%</b>	<b>-5,797</b>	<b>-1,769</b>	<b>-69.5%</b>
<b>Profit after tax w/o special banking tax and other one-offs</b>	<b>-1,857</b>	<b>-81</b>	<b>-434</b>	<b>-</b>	<b>-76.6%</b>	<b>-3,164</b>	<b>-1,225</b>	<b>-61.3%</b>
<i>Basic EPS (HUF)</i>	<i>-88.35 Ft</i>	<i>-6.08 Ft</i>	<i>-8.18 Ft</i>	<i>34.5%</i>	<i>-90.7%</i>	<i>-80.66 Ft</i>	<i>-9.62 Ft</i>	<i>-88.1%</i>
<i>Return on Assets</i>	<i>-0.27%</i>	<i>-0.16%</i>	<i>-0.15%</i>	<i>0.0%-pt</i>	<i>0.1%-pt</i>	<i>-1.02%</i>	<i>-0.36%</i>	<i>0.7%-pt</i>
<i>Return on Equity</i>	<i>-2.4%</i>	<i>-1.2%</i>	<i>-1.2%</i>	<i>0.0%-pt</i>	<i>1.2%-pt</i>	<i>-9.1%</i>	<i>-3.0%</i>	<i>6.1%-pt</i>
<i>ROAA w/o special banking tax and other one-offs</i>	<i>-0.98%</i>	<i>-0.05%</i>	<i>-0.29%</i>	<i>-0.2%-pt</i>	<i>0.7%-pt</i>	<i>-0.56%</i>	<i>-0.25%</i>	<i>0.3%-pt</i>
<i>ROAE w/o special banking tax and other one-offs</i>	<i>-8.9%</i>	<i>-0.4%</i>	<i>-2.4%</i>	<i>-2.1%-pt</i>	<i>6.5%-pt</i>	<i>-5.0%</i>	<i>-2.1%</i>	<i>2.9%-pt</i>

## II. REPORT ON THE FIRST NINE MONTHS AND THE THIRD QUARTER OF 2016 RESULTS OF FHB GROUP

This report of FHB Mortgage Bank Public Co Plc. for the third quarter of 2016 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 2015, non-audited figures as of 30 September 2015, 30 June 2016, and 30 September 2016.

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

FHB Banking group closed the third quarter of 2016 with HUF 200 million profit before tax. The improvement of the result was contributed by increasing volume of net fee and commission income, net financial results and decrease of operating costs.

#### *Lending*

Lending developed favourable in the third quarter, as well, the Bank was active especially on the field of corporate lending. New retail lending volume of HUF 6.4 billion was almost the same as in the previous quarter and shows 6.3% decrease compared to the volume a year before, of which the **close to HUF 5 billion disbursement of retail mortgage loans increased** by 11.6% compared to the second quarter and exceeded **by 22% the volume a year before. The volume of disbursed corporate loans of HUF 18.0 billion** reflect a 50.2% jump compared to the previous quarter and represents a **29.9% increase year-on-year**. In the nine months of 2016, volume of retail loan disbursement amounted to close to HUF 18.2 billion; volume of corporate disbursement was close to HUF 39 billion.

For the end of September, FHB Commercial Bank Ltd. opened the 21 MFB Points (3 MFB Points in Budapest and 18 in the chief towns of the respective counties) undertaken on the contact with the Hungarian Development Bank Ltd. (MFB), and the first contracts have been signed and the first disbursement took place in the third quarter.

**Gross loans** amounted to HUF 316.3 billion as of September 30, 2016, showing HUF 2.3 billion increase compared to the previous quarter.

Due to the increasing new loan disbursement the quality of the loan portfolio improved further. Rate of non-performing loans (**NPL ratio**) **dropped to 12.3%** by the end of September 2016 from 14.7% as of the end of 2015, representing 0.3%-points decrease compared to the end of June and 4.2%-points improvement from the 16.5% level on September 30, 2015. Coverage of non-performing portfolio was the same as at the end of the second quarter and exceeded 57%.

#### *Savings*

Within savings managed by members of the Bank Group, the volume of government bonds and other securities increased significantly in the third quarter, retail deposits grew slightly, as well, while corporate deposits decreased significantly.

Consolidated IFRS deposit volume amounted to HUF 236.7 billion at the end of September, showing a decrease of HUF 53.6 billion compared to the end of the previous quarter, as a result of deposit withdrawal in corporate segment continued in course of July, as a consequence that FHB Banking Group was insulted several times in the press at the end of May and at the beginning of June. Volume of corporate deposits decreased by 34% to HUF 113 billion by the end of third quarter, while volume of retail deposits grew close to HUF 124 billion representing close to 4% or HUF 4.6 billion increase. The volume of Postal deposits still

represents a notable share in retail deposits with its volume of HUF 36.6 billion, showing quarterly growth of 2.3% and 25% compared to the same period of previous year. The **number of current accounts opened in the Hungarian Post's network increased to 63.5 thousand** by the end of the quarter and exceeded 65 thousand during October. The majority of postal accounts is active, the volume of income transfers arriving onto the accounts is over HUF 5 billion on monthly basis.

Volume of – **non-consolidated – total savings managed** by the members of FHB Group was close to **HUF 813 billion** as of September 30, 2016, of which assets under management by **Magyar Posta Investment Ltd. (MPBSZ) reached HUF 160 billion** by the end of the quarter growing by 3.9% quarter-to-quarter and by 53.5% **on annual basis**. The number of securities and investment accounts managed by the company was close to 53 thousand at end of September, 2016.

The net asset value of **investment funds** under management of **Diófa Asset Management Ltd.** remained the same compared to the previous quarter due to decrease of value of money market funds compensated by the increase in net asset value of real estate funds. Net asset value of Magyar Posta Takarék Real Estate Fund reached HUF 121 billion at the end of September representing close to 30% of the value of total net assets managed by Diófa Asset Management. The total net assets value of funds and other portfolios amounted to HUF 409 billion at the end of the third quarter.

FHB Group's consolidated total assets amounted to HUF 561.2 billion on September 30, 2016, that is lower by 9.1% compared to the previous quarter and by 24.7% or HUF 183.6 billion compared to the balance sheet total as of 31 December 2015.

### **Main P&L items**

The Banking Group's **net interest income** amounted to HUF 2.7 billion in the third quarter, by close to 6% lower than a year before. **Net interest margin to average total assets** decreased from 2.07% in the second quarter to 1.84% in the third quarter. Concerning the 1-9 months, net interest margin was 1.95%.

**Net fees and commissions** reached HUF 2.8 billion including one-off fees related to repayment of refinanced loans of AXA Bank. Ignoring this, net fees and commission were almost the same level as a quarter before and increased by nearly 6% compared to the third quarter of 2015.

**Operating costs** amounted to HUF 4.7 billion in the third quarter of 2016, the amount of which decreased by 5.3% compared to the second quarter and remained the same compared to the same period of previous year. Concerning the first nine months, the volume of operating costs were close to the same level of HUF 14.3 billion as a year before.

**The risk cost** was HUF 552 million in the third quarter compared to HUF 413 million of previous quarter, representing 33% growth. The volume of impairments – besides improving coverage by more than 5%-points on yearly basis, from 52.2% to 57.2% – decreased by 1.8% compared to the previous quarter, by 21% or close to HUF 6 billion compared to the same period of the previous year in line with the improving NPL ratio.

The **net income of associated companies** contributed to the total revenue by HUF 390 million during the third quarter and by HUF 785 million concerning the first nine months of the year. Among the companies in the scope of consolidation the result of **Diófa Asset Management Plc.** is still noteworthy, which closed the third quarter with a profit after tax of HUF 153 million and the nine months period with HUF 505 million based on Hungarian Accounting Standards.

The Group's IFRS consolidated profit before tax without the special banking tax and other one-off items was HUF 41 million loss in the first nine months of the year and HUF 11 million loss in the third quarter.

### **Capital position**

The first pillar **capital adequacy ratio** of FHB Group was 14.71% as of 30 September 2016, compared to 14.56% on 30 June 2016, and to 20.13% at the end of December 2015. On yearly comparison the reason of the decrease of regulatory capital is the fact that FHB Mortgage Bank Plc. – with prior authorization of NBH – repurchased the subordinated Tier1 capital on 17 June 2016, which transaction resulted in HUF 35 billion decrease of solvency/regulatory capital of the Bank Group. CET1 ratio is 13.21% at the end of September 2016, while it was 13.07% on 30 June 2016 and 12.54% on 31 December 2015. Consolidated regulatory capital was HUF 51.6 billion that is lower by 25% compared to the value a year before and by 22.4% compared to the end of 2015, while shows an increase of 3.8% or HUF 1.9 billion compared to the end of previous quarter.

### *Performance of FHB shares*

In terms of capitalisation, FHB is 6th in the rank of "Premium" category listed companies and contributes 0.59% to the aggregate capitalisation of the BSE based on 30 September 2016 data.

As of the end of September in 2016, FHB's weight in the BUX index was 0.43% which meant that it stands at the eighth place, while it was the 4th biggest member with a weight of 10.21% (in the second quarter of 2016 11.12%) in BUMIX, the index of share prices of mid- and small-cap companies.

The price of FHB Mortgage Bank's shares, compared to the previous quarter by a higher volatility, showed decreasing in the third quarter of 2016. Closed the third quarter of 2016 at HUF 512 – that meant a HUF 56 decrease compared to 30 June 2016 data.

## **2. Trend of market environment**

### *The housing market and retail mortgage lending*

The housing construction increased in the first nine months of 2016. According to CSO statistics, 5,307 new homes were built in the first nine months of 2016, 14% more than a year before. The total number of new housing construction permits issued and simple declarations concerning the construction of new residential buildings was 21,414, nearly two and a half times of the first three quarter of 2015 data out of which the biggest increase was in towns of county rank (193%) regarding territorial units.

As of 30 September 2016, the volume of retail mortgage loans (HUF 4,535 billion) was down by 6.0% compared to 30 September 2015. Volume of HUF loans (HUF 4,516 billion) decreased by 5.4% year-on-year; while the FX loan portfolio (HUF 19 billion) declined by 62.7%.

The amount of retail housing loans increased in Q3 by 0.3%. At the end of September 2016, housing loans amounted to HUF 2,976 billion. This meant 2.4% decrease compared to 30 September 2015. Volume of housing loans denominated in HUF was HUF 2,970 billion, showing a 0.3% growth during the last quarter, while volume of FX loans decreased by 7.2%.

General-purpose mortgage loans amounted to HUF 1,559 billion as of 30 September 2016; the portfolio decreased by 12.2% and 3.5% year-on-year and quarter-on-quarter, respectively.

### Corporate loans

Despite the active corporate loan demand, the volume of loans disbursed to non-financial corporates was HUF 5,885 billion as of 30 September 2016, which decreased by 0.9% compared to 31 December 2015 and by 5.1% compared to the end of September 2015.

### Savings

As of 30 September 2016 the volume of deposits in the banking sector was HUF 14,705 billion of which retail deposits amounted to HUF 6,994 billion, while the volume of corporate deposits (deposits of non-financial and other financial companies) were HUF 7,711 billion. The total volume of deposits increased by 6.5% year-on-year, in case of retail deposits the growth was 3.5%, while corporate deposits grew by 9.4%.

## 3. Main activities and subsidiaries' performance

### Own lending

Volume of gross loans of FHB Group amounted to HUF 316.3 billion as of 30 September 2016 increased by 0.7% compared to the previous quarter's figure (HUF 314.0 billion) and year-on-year the decrease was 3.1%. Share of FX based loans in total outstanding loan portfolio was 9.6%, in the contrary of the percentage in previous quarter and a year before, which was 9.1% and 7.5%, respectively. The share of FX loans of retail loans is 1.0%, what is practically the same as it was at the end of the previous quarter, while this proportion was 1.3% on 30 September 2015.

Retail loans remained dominating within the loan portfolio with a contribution of 67.1% (68.1% on 30 June 2016). Retail loans decreased by 0.7% (or by HUF 1.6 billion) and by 9.6% (or by HUF 22.5 billion) quarter-on-quarter and year-on-year, respectively.

in HUF million	30/09/2015	30/06/2016	30/09/2016	30/09/2016/ 30/06/2016	30/09/2016/ 30/09/2015
<b>Retail loans</b>	<b>234,763</b>	<b>213,826</b>	<b>212,264</b>	<b>-0.7%</b>	<b>-9.6%</b>
Housing loans	122,207	113,402	112,939	-0.4%	-7.6%
Other mortgage loans	101,675	85,914	84,281	-1.9%	-17.1%
Consumer loans	6,529	10,423	10,969	5.2%	68.0%
Loans for employees	1,352	1,293	1,310	1.3%	-3.1%
Retail real estate leasing	3,000	2,794	2,765	-1.0%	-7.8%
<b>Corporate loans</b>	<b>91,627</b>	<b>100,156</b>	<b>103,989</b>	<b>3.8%</b>	<b>13.5%</b>
Corporate loans	88,991	95,339	98,229	3.0%	10.4%
Corporate real estate leasing	1,506	1,690	1,998	18.2%	32.7%
Equipment leasing	1,130	3,127	3,762	20.3%	232.9%
Truck leasing	0	0	0	-	-
<b>Total own lending, gross</b>	<b>326,390</b>	<b>313,982</b>	<b>316,253</b>	<b>0.7%</b>	<b>-3.1%</b>
Impairment	-28,086	-22,588	-22,173	-1.8%	-21.1%
<b>Loans, net</b>	<b>298,304</b>	<b>291,394</b>	<b>294,080</b>	<b>0.9%</b>	<b>-1.4%</b>
Refinanced loans	87,768	73,783	69,747	-5.5%	-20.5%

In the first nine months of 2016, HUF 18.2 billion of retail and HUF 38.8 billion of corporate loans have been disbursed; the latter figure is 34.8% higher than in the same period of 2015. During the third quarter of the year the volume of retail disbursement was HUF 6.4 billion, while the disbursement of corporate loans was HUF 18.0 billion, showing 2.4% decline and 50.2% growth compared to the second quarter of 2016, respectively. In the first three quarters of 2016, the Bank placed HUF 3.4 billion loans out to corporate customers within the



framework of Funding for Growth Scheme. Among corporate loans the disbursement of fixed purpose loans was outstanding (HUF 24.7 billion during nine months, in Q3 2016 HUF 12.8 billion), which shows 89.5% increase in the first three quarters of 2016 compared to the same period of previous year, while the disbursement of Q3 is 74.5% higher than in Q2 2016. The most significant retail products were housing loans and personal loans, the disbursement during nine months was HUF 10.9 billion in case of first product, while in case of latter HUF 4.2 billion. In the first three quarters of 2016 the volume of disbursed housing loans was 34.3% higher than in the same period of 2015, while the disbursement of personal loans remarkably increased too. The disbursement of housing loans during the third quarter exceeded the volume of the previous quarter by 15.0%.

In case of Non-Refundable Family Home Creating Benefit ('CSOK'), from the launch in June 2015 until the end of September 2016 more than 1,900 loan applications had been approved, from which the number of disbursed loans almost reached 1,300 with the total volume amounting to HUF 2.6 billion. In case of nearly 50% of 'CSOK' applications clients submitted loan applications as well.

During the quarter FHB offered further 61 properties to the National Asset Management Company (NET) and 89 transactions were closed because of NET sale with a total debt HUF 417 million. Since the start of the program the number of closed transactions is nearly 3,200 units.

#### *FHB Commercial Bank Ltd.*

According to Hungarian Accounting Standards (HAS), total assets of FHB Commercial Bank were HUF 393.1 billion as of 30 September 2016, showing a 22.2% decrease compared to a year before (HUF 505.5 billion) and 9.9% decrease compared to the end of Q2 2016.

On 30 September 2016, volume of gross loans according to HAS stood at HUF 223.0 billion increasing by 1.2% compared to 30 September 2015. Gross loans represented 56.7% of total assets. Corporate loans of FHB Commercial Bank according to HAS – excluding intra-group loans – amounted to HUF 93.5 billion at the end of the period (showing a 8.6% increase compared to 30 June 2016), having a share of 41.9% in the total loan portfolio.

Interest bearing liabilities amounted to HUF 348.5 billion; representing 88.7% of liabilities, showing 23.7% decrease year-on-year and 10.7% decrease quarter-on-quarter. According to HAS deposits of HUF 238.9 billion represented 68.6% of interest bearing liabilities, while interbank liabilities represented 28.6% with the amount of HUF 99.6 billion, containing refinanced loans from FHB Mortgage Bank, and refinancing related to outstanding loans drawn under the Funding for Growth Scheme.

Deposits decreased by 28.2% compared to the same period of the previous year and decreased by 18.2% during the third quarter, due to a decrease in the volume of corporate - especially institutional - deposits. The majority of the decline in deposits experienced in the period occurred in July. The decrease of the volume in July was the effect of events mentioned in the report of the previous quarter, and since July the volume of corporate deposits also stabilized. The volume of retail deposits increased by 0.8% compared to the end of the previous quarter. Volume of sight deposits amounted to HUF 84.8 billion, representing 35.5% of total deposits.

At the end of September 2016, the number of retail and corporate accounts managed by Commercial Bank was more than 209.2 thousand and more than 12 thousand, respectively, and 167.9 thousand retail and 6.8 thousand corporate banking cards related to these accounts. Both number of retail accounts and retail cards represented growth on annual basis and also compared to the previous quarter. The sale of postal account packages, largely contributed to the growth of number of accounts (during three quarters 20.1 thousand new bank accounts), at the end of September 2016 the number of post accounts was 63.5 thousand and it exceeded 65 thousand in October.

According to HAS profit after tax of Commercial Bank for first nine months of 2016 was HUF 2,458 million loss. Net results were influenced by the non-shifted part of financial transaction levy (HUF 487 million) and by the special banking tax (HUF 526 million), while the Bank accounted one-off revenues from release of provision originating from fine and from sale of VISA shares. Adjusted by above mentioned other one-off items, profit after tax of FHB Commercial Bank was HUF 2,362 million loss in the first nine months.

Net interest income in the first three quarters of 2016 – in controlling approach – was 7.4% lower than a year before as a result of decreasing interest income (by 25.8%) and decreasing interest expenses (by 48.8%). Net fee and commission income was 6.4% higher than a year before, while it decreased by 6.1% quarter-on-quarter. Operating costs increased by 3.7% compared to Q3 2015, while they decreased by 0.9% compared to the previous quarter.

The capital adequacy ratio of the Bank on 30 September 2016 was 15.59% that shows a decline compared to the end of previous quarter (17.05%) and compared to 30 September 2015 (19.71%). Shareholder's equity according to HAS was HUF 34.8 billion as of 30 September 2016 and the solvency capital was HUF 42.8 billion.

#### *FHB Real Estate Ltd.*

Main business of FHB Real Estate Ltd. is to provide collateral valuation, real estate investment, sales and management services, and real estate valuation services for FHB Group, in addition it provides valuation services, services related to energy certification and real estate agency to external customers.

The real estate collateral valuation business generated HUF 273.5 million revenue in 2016 Q3, which is HUF 12.4 million more than a year before, while real estate brokerage reached HUF 69.8 million income in 2016 Q3, which is significantly less than the same period in 2015 (HUF 155.8 million).

FHB Real Estate closed in the first nine months of 2016 with HUF 41.8 million loss.

#### *FHB Lease Ltd.*

As of 30 September 2016, the consolidated loan volume of FHB Lease Ltd. according to IFRS was HUF 10.8 billion. Lease financing disbursement amounted to HUF 3.5 billion in 2016, of which HUF 2.4 billion is from the equipment leasing. Leasing portfolio reached nearly HUF 8.0 billion as of 30 September 2016. FHB Lease Ltd. closed the first nine months of 2016 with HUF 121 million loss consolidated according to IFRS, the profit after tax of the third quarter was HUF 22.5 million loss.

Consolidated net interest income according to IFRS in the first three quarters of the year was HUF 233.2 million (during the third quarter it is 6.3% lower than in Q2 2016), net fee and commission income was close to HUF 37 million. Loan losses were HUF -47.4 million, operating cost reached HUF 257.0 million (in Q3 2016 6.1% higher than in the second quarter).

Volume of non-performing loans in FHB Lease Ltd. according to IFRS was HUF 513.5 million as of 30 September 2016, which is HUF 362.4 million less than a year before.

#### *Diófa Asset Management Ltd.*

The third quarter of 2016 meant stagnation for Diófa Asset Management Ltd. The outflow of money from low-risk funds mainly streamed back to Hungarian Posta Takarékszövetkezet Real Estate Fund and Hungarian Post Takarékszövetkezet Mixed Fund. In case of Hungarian Posta Takarékszövetkezet Real Estate Fund there were no closed real estate transaction in the quarter, in case of securities funds cautious strategy is applied. The Asset Management purchased the Park Center network consisting 10 strip mall retail centres in June 2016, to increase the real



estate collateralisation of Hungarian Post Takaréék Real Estate Fund, which transaction was granted at the beginning of November by the Hungarian Competition Authority. The Asset Management suffered minor decrease in value of managed assets and market share, which was caused by withdrawal of funds by other portfolio managed clients.

At the end of the third quarter of 2016 the total net value of assets and other portfolios under management increased to HUF 408.9 billion from HUF 377.1 billion (30 September 2015) as of 30 September 2016. That means 8.4% expansion during 12 months thanks to the growth of net asset value of investment funds. Magyar Posta Takaréék Real Estate Fund with volume of HUF 119.7 billion at the end of September 2016 contributed mainly to the growth of investment funds. In case of investment funds, market share of Diófa Alapkezelő increased from 2.5% as of the third quarter of 2015 to 3.4% for the end of September 2016, while its market share from wealth management of pension funds reached 16.2%.

Asset Management Ltd. closed the third quarter of 2016 with HUF 504.8 million profit after tax according to HAS, subscribed capital amounted to HUF 196.2 million and shareholders' equity to HUF 822.7 million as of 30 September 2016.

*FHB INVEST Investment and Real Estate Management Llc.*

FHB INVEST Investment and Real Estate Management Llc. (its former name: Díjbeszedő Operational and Service Llc.; DÜSZ) is a subsidiary of FHB Mortgage Bank dealing with facility management and also real estate lease since 2014.

Share capital of the Company was HUF 636.4 million in 30 September 2016, shareholder's equity amounted to HUF 7.0 billion and profit after tax reached HUF 1.9 million loss (according to HAS) during 2016.

*Jointly controlled and associated companies*

Profit after tax according to IFRS of the **Díjbeszedő Faktorház Ltd. (DBF)** was HUF 830.2 million in 2016 Q3. Pre-tax profit related to the purchased receivables before maturity in 30 September 2016 was HUF 797.6 million, while pre-tax profit from purchased expired receivables amounted to HUF 347.6 million according to IFRS. Shareholder's equity of the Company according to IFRS amounted to HUF 6.1 billion in the second quarter of 2016.

The main activity of **DijNET Ltd.** is operation and development of an electronic bill presentment and payment system. In the first nine months of 2016, profit after tax (according to HAS) was HUF 46.1 million gain. Subscribed capital amounted to HUF 5 million, while shareholder's equity was HUF 242.7 million at 30 of September 2016.

**Díjbeszedő IT Llc. (DBIT)**, which provides services related to the IT activities of companies belonging to the Díjbeszedő Group, reached HUF 39.3 million loss after tax in 2016 Q3. Subscribed capital amounted to HUF 672 million, while shareholder's equity amounted to HUF 641 million.

By the end of September 2016, **Magyar Posta Investment Services Ltd. (MPBSZ)** opened about 53 thousand securities and long-term investment accounts; the securities portfolio managed on accounts was HUF 166.2 billion at the end of September 2016, compared to HUF 103.8 billion at the end of September 2015. MPBSZ closed the first nine month of 2016 with HUF 132.9 million loss (according to HAS). The company's shareholder's equity was HUF 292.6 million and total assets amounted to HUF 4.1 billion.

**Magyar Takaréék Asset Management (MATAK) Ltd.'s result** - including net result of Bank of Hungarian Savings Cooperatives Co. Ltd. (Takarékbank) and its consolidated subsidiaries - contributed by HUF 453 million to the consolidated result of the first nine months of 2016 of FHB Group.

### *Organisational changes and headcount*

As of 30 September 2016, the consolidated full-time headcount was 987.6, which meant an increase by 10.8 persons compared to the previous quarter. This number of employees also means a rise of 159.7 compared to last year's same period, which summed to 827.9. The insignificant change in the consolidated headcount (1.1%) was due to the increase of employees at FHB Mortgage Bank (by 3,8 person) and at Diófa Asset Management (by 3.5 person).

Headcounts of the Group members were as follows:

	30/09/2015	30/06/2016	30/09/2016	30/09/2016/ 30/06/2016	30/09/2016/ 30/09/2015
FHB Mortgage Bank Plc.	125.7	128.8	132.7	3.0%	5.5%
FHB Commercial Bank Ltd.	633.5	760.0	760.8	0.1%	20.1%
FHB Real Estate Ltd.	9.9	8.6	10.0	16.3%	1.3%
FHBLeasing Ltd.	12.9	15.8	15.7	-0.9%	21.6%
Diófa Asset Managemet Ltd.	27.6	37.7	41.2	9.2%	49.4%
Diófa Real Estate Management Llc	5.0	11.4	12.9	12.9%	159.1%
FHB Invest Ltd.	1.1	1.1	1.1	2.3%	0.0%
Hungarian Card Ltd.	12.3	13.4	13.4	-0.2%	9.2%
<b>FHB Consolidated</b>	<b>827.9</b>	<b>976.8</b>	<b>987.6</b>	<b>1.1%</b>	<b>19.3%</b>

### *Changes in key position*

In Q3 of 2016 there was no change in the management of the Bank.

### *Post-balance sheet date events*

On 14 October 2016, A64 Vagyonkezelő Kft. has sold with transaction outside the market for HUF 480/share 15.572.668 pieces of FHB „A” series registered, dematerialized equity shares with a face value of HUF 100/share to Fókusz Takaréék and B3 Takaréék. As a result of the transaction the direct influence of A64 Vagyonkezelő Kft. and the indirect influence of Dr. Zoltán Spéder through A64 Vagyonkezelő Kft. have decreased from 14,354% ownership ratio and 16,554% voting rights to 0%, while Fókusz Takaréék has acquired 8.620.534 pieces of „A” series equity shares of the Company that represent 9,164% of the voting rights, according to these Fókusz Takaréék disposes 9,900% of the voting rights of the Company, and B3 Takaréék has acquired 6.952.134 pieces of „A” series equity shares of the Company that represent 7,390% of the voting rights, according to these B3 Takaréék disposes 7,627% of the voting rights of the Company. After the transaction, Dr. Zoltán Spéder, the chairman of the Board of Directors, resigned on 14 October 2016.

On the initiative of holder of the shares representing at least one percent of votes of the Company, the Board of Directors called the Extraordinary General Meeting to be held on November 21, 2016. The Company published the notice for the convocation on October 21, 2016; and announced the proposals for the Extraordinary General Meeting on October 28 and November 2, 2016.

Refinancing agreement – existing since 2004 – between Mortgage Bank and AXA Bank Europe SA Hungary Branch (and its legal predecessors) ceased as of November 1, 2016, given that AXA Bank Europe SA Hungary Branch's mortgage loans refinanced by Mortgage Bank were transferred. AXA Bank Europe SA Hungary Branch's loan volume refinanced by Mortgage Bank stood at about HUF 35.5 billion, which was fully repaid to Mortgage Bank during the transaction.

On November 2, 2016 Moody's Investor Service announced that it has upgraded to B3 from Caa1 the long term local and foreign-currency deposit rating of FHB Mortgage Bank Co. Plc. FHB's long term counterparty

Risk Assessment (CRA) was also upgraded to B1(cr) from B2(cr), its adjusted BCA was upgraded to caa1 from caa2 and its baseline credit assessment (BCA) was confirmed at caa2. The outlook on long term deposit ratings is stable. FHB's short term Not-Prime deposit ratings and Not-Prime (cr) CR Assessment were not affected.

On 7rd November 2016 Moody's Investor Service has upgraded by two notches to Baa2 from Ba1 the covered bond issued by FHB. Plc. Consequently the covered bonds issued by FHB Plc. are in investment grade category again. In the improvement of the rating it was an important factor that Moody's - due to FHB's deep embeddedness into the Integration of Cooperatives - upgraded to B3 from Caa1 the long term local and foreign-currency deposit rating of FHB Mortgage Bank Co. Plc. on 2nd November 2016, and upgraded to Baa3 from Ba1 of the sovereign rating of Hungary on 4 November 2016. The rating agency highlighted in its rationale that the decreased risk of investing in FHB Mortgage Bank's covered bond played a significant role in the upgrade decision, as a consequence of the Issuer's obligation to maintain (i) a significantly higher over-collateralization level of 13% compared the legal based requirement and (ii) liquid asset volume covering the Issuer's due principal and interest payment obligation of outstanding mortgage bonds in the 12 months period. Due to the upgrade the rating of the covered bonds issued by FHB Mortgage Bank is one notch higher than that of Hungary.

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

#### 1. P&L structure

in HUF million	Q3 2015	Q2 2016	Q3 2016	Q3 2016 / Q2 2016	Q3 2016 / Q3 2015	M9 2015	M9 2016	M9 2016 / M9 2015
Interest income	9,179	7,548	6,415	-15.0%	-30.1%	32,317	22,486	-30.4%
Interest expense	-6,278	-4,046	-3,680	-9.0%	-41.4%	-20,915	-12,776	-38.9%
<b>Net interest income</b>	<b>2,901</b>	<b>3,502</b>	<b>2,734</b>	<b>-21.9%</b>	<b>-5.7%</b>	<b>11,402</b>	<b>9,710</b>	<b>-14.8%</b>
Fees and commissions income	2,088	2,280	3,242	42.2%	55.3%	5,943	7,529	26.7%
Fees and commissions expense	-335	-373	-409	9.6%	22.0%	-913	-1,086	18.9%
<b>Net fees and commissions</b>	<b>1,753</b>	<b>1,906</b>	<b>2,833</b>	<b>48.6%</b>	<b>61.6%</b>	<b>5,029</b>	<b>6,443</b>	<b>28.1%</b>
Foreign exchange gains, net	-873	491	-136	-	-84.4%	-1,796	274	-
Fair value adjustment	-579	-307	559	-	-	-2,421	362	-
Gain on securities, net	750	-72	680	-	-9.3%	2,175	1,720	-20.9%
Net result of investment services	92	25	-109	-	-	110	47	-57.0%
<b>Net financial (trading) result</b>	<b>-610</b>	<b>136</b>	<b>995</b>	<b>-</b>	<b>-263.1%</b>	<b>-1,932</b>	<b>2,403</b>	<b>-</b>
Other operating income	5,282	1,663	319	-80.8%	-94.0%	26,861	2,705	-89.9%
Other operating expenses	-4,706	-1,999	-1,827	-8.6%	-61.2%	-35,249	-5,831	-83.5%
o/w special banking tax & one-off PTI	-706	-299	-603	101.7%	-14.6%	-2,119	-1,202	-43.3%
<b>Other results</b>	<b>575</b>	<b>-337</b>	<b>-1,508</b>	<b>-</b>	<b>-</b>	<b>-8,388</b>	<b>-3,126</b>	<b>-62.7%</b>
Net income of associated companies	141	197	390	97.9%	175.8%	744	785	5.4%
<b>Total non-interest income (with net fees)</b>	<b>1,860</b>	<b>1,903</b>	<b>2,710</b>	<b>42.4%</b>	<b>45.7%</b>	<b>-4,547</b>	<b>6,505</b>	<b>-</b>
<b>Net operating income</b>	<b>4,760</b>	<b>5,405</b>	<b>5,444</b>	<b>0.7%</b>	<b>14.4%</b>	<b>6,856</b>	<b>16,215</b>	<b>136.5%</b>
<b>Net operating income w/o provisions</b>	<b>4,760</b>	<b>5,405</b>	<b>5,444</b>	<b>0.7%</b>	<b>14.4%</b>	<b>6,856</b>	<b>16,215</b>	<b>136.5%</b>
Provision for impairment on loan losses	-513	-413	-552	33.6%	7.6%	2,822	-2,552	-
<b>Operating costs</b>	<b>-4,717</b>	<b>-4,952</b>	<b>-4,692</b>	<b>-5.3%</b>	<b>-0.5%</b>	<b>-14,297</b>	<b>-14,248</b>	<b>-0.3%</b>
<b>Income before income taxes</b>	<b>-470</b>	<b>39</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-4,619</b>	<b>-585</b>	<b>-87.3%</b>
Income taxes	-32	-307	-423	37.6%	-	-1,178	-1,184	0.5%
<b>Profit after tax</b>	<b>-502</b>	<b>-268</b>	<b>-223</b>	<b>-16.9%</b>	<b>-55.6%</b>	<b>-5,797</b>	<b>-1,769</b>	<b>-69.5%</b>
<b>Profit after tax w/o special banking tax</b>	<b>204</b>	<b>31</b>	<b>380</b>	<b>-</b>	<b>86.3%</b>	<b>-3,678</b>	<b>-567</b>	<b>-84.6%</b>
<b>After tax profit w/o special banking tax and other one-offs</b>	<b>-1,857</b>	<b>-81</b>	<b>-434</b>	<b>-</b>	<b>-76.6%</b>	<b>-3,164</b>	<b>-1,225</b>	<b>-61.3%</b>

The Bank's consolidated profit after tax according to IFRS amounted to HUF 1,769 million loss in the first nine months of 2016, while the consolidated total comprehensive income of the Bank amounted to HUF 1,819 million loss.

In the third quarter of 2016 the profit before tax of the Bank Group was HUF 199.9 million gain, the profit after tax was HUF 223 million loss, which represents improvement compared to both the previous quarter and the third quarter of 2015.

In the first nine months of 2016 amount of HUF 1,202 million of special banking tax and the non-shifted financial transaction levy had negative impact on the result as a significant one-off items. The growth in the amount of special banking tax was a consequence of the change of tax laws; due to this HUF 304 million further special banking tax liability incurred in the FHB Commercial Bank, as the successor of the Allianz Bank merged in 2011. In the third quarter the Bank Group accounted the HUF 976 million fee income related to the prepayment of refinanced loans of AXA Bank. The Bank Group's IFRS consolidated profit after tax – ignoring the special banking tax and one-off items – was HUF 1,225 million loss in the first three quarters of 2016, while profit before tax was HUF 11 million loss in the third quarter.

#### *Net interest income*

Net interest income was HUF 9.7 billion in the first nine months of 2016, 14.8% lower than a year before; results of third quarter (HUF 2.7 billion) showed 5.7% decline year-on-year.

The net figure of third quarter emerged as a balance of HUF 6.4 billion interest income (15.0% lower quarter-on-quarter and 30.1% lower year-on-year, respectively) and HUF 3.7 billion interest expense (q/q: -9.0%, y/y: -41.4%).

Distribution of interest income and expenses shows the following table:

	Q3 2015	Q2 2016	Q3 2016	Q3 2016 / Q2 2016	Q3 2016 / Q3 2015	M9 2015	M9 2016	M9 2016/ M9 2015
<b>Interest income</b>								
Loans	41.3%	54.4%	62.7%	8.3%-pt	21.4%-pt	43.1%	57.7%	14.5%-pt
Refinancing	8.5%	8.5%	9.2%	0.7%-pt	0.7%-pt	8.5%	8.6%	0.0%-pt
Mortgage bond interest subsidy	17.0%	13.8%	15.1%	1.3%-pt	-1.9%-pt	14.9%	15.3%	0.4%-pt
Supplementary interest subsidy	1.4%	1.5%	1.7%	0.2%-pt	0.3%-pt	1.2%	1.5%	0.2%-pt
Securities and interbank activities	15.4%	18.9%	13.0%	-5.9%-pt	-2.4%-pt	16.1%	15.4%	-0.8%-pt
Swap transactions	16.4%	2.9%	-1.8%	-4.7%-pt	-18.2%-pt	16.0%	1.6%	-14.5%-pt
<b>Interest expenses</b>								
Bonds issued	69.9%	78.2%	81.1%	2.9%-pt	11.2%-pt	66.6%	80.1%	13.5%-pt
Interbank activities	0.3%	0.3%	1.0%	0.8%-pt	0.8%-pt	0.6%	0.5%	-0.1%-pt
Customer deposits	16.7%	16.0%	12.8%	-3.2%-pt	-3.9%-pt	17.5%	14.8%	-2.7%-pt
Derivatives	13.2%	5.5%	5.1%	-0.5%-pt	-8.1%-pt	14.9%	4.6%	-10.3%-pt
Other interest expense	0.0%	0.0%	0.0%	0.0%-pt	0.0%-pt	0.4%	0.0%	-0.4%-pt

The net interest margin to average total assets (NIM) was 1.84% in Q3 2016, 31 bps higher than in the same period of the previous year.

#### *Net fee and commission income*

In the first nine months of 2016, the Bank achieved a positive balance of HUF 6,443 million from income and expenditures on commissions and fees; 28.1% higher than a year before. Primarily the reason of the growth was a significant one-off fee income in the third quarter, which was related to the already mentioned

prepayment of refinanced loans. Net fee and commission income increased by 48.6% in the third quarter compared to Q2 2016. The income on net fees and commissions adjusted by financial transaction levy performed a 55.6% and 83.1% increase quarter-on-quarter and year-on-year, respectively. In the third quarter of 2016 net fees and commissions adjusted by financial transaction levy and without the one-off prepayment fee income decreased by 5.1% compared to the previous quarter, while increased by 11.7% on annual basis.

Compared to the previous quarter, income from commissions on investment services and guarantee fees decreased; while commissions on insurance sales, fund management fees and income from bank account services increased. Due to the above mentioned one-off fee income, during the third quarter incomes related to mortgage loans also showed increase.

Income from fees and commissions – with incomes from investment services - in Q3 2016 amounted to HUF 3,335 million, of which 35.1% was contributed by charges related to loans (9.0% in Q2 2016) and 25.5% by accounts and card related banking charges without financial transaction levy (34.8% in previous quarter). Volume of HUF 372 million of fund management fees contributed by 11.2% to quarterly fee income.

Card related fee expenses (HUF 160 million) decreased by 7.2% quarter-on-quarter, while payment fees reached HUF 57 million in Q3 2016.

#### *Net result of financial transactions*

In the first nine months of 2016, the balance of financial transactions was HUF 2,403 million profits, which is significantly more favourable than the loss in the same period of the previous year (HUF 1,932 million). The result of the third quarter (HUF 995 million) increased significantly compared to HUF 136 million of the previous quarter.

In Q3 2016, the result of foreign exchange operations was HUF 135.7 million loss, that is more unfavourable than the result of the previous quarter (HUF 490.9 million gain), but remarkably higher compared to the figure of the same period of the previous year (HUF 872.6 million loss).

In Q3 2016, the change in the value of financial instruments reported at fair value through P&L was HUF 558.7 million gain, which is more favourable than the HUF 307.1 million loss in Q2 2016, and than the results a year before.

In the third quarter of 2016, the securities transactions resulted in HUF 680.4 million profit as opposed to HUF 72.2 million loss in the previous quarter.

#### *Other operating income and expenditure*

In the first three quarters of 2016, the balance of other operating income and expenditure was HUF 3.1 billion net expenditure; arising from HUF 2.7 billion incomes and HUF 5.8 billion expenditures.

The other results in the first nine months were influenced mainly by effects of releasing the provisions for lawsuit due to the previous NBH' resolution subject to the financial transaction levy, by the extra expenses of 2016 year tasks due to settlement law and also by other, above mentioned one-off items .

In the first nine months of 2016, real estate rent related income contributed HUF 159 million from other operating income. The Bank Group also had HUF 261 million income from card service fees of Hungarian Card Service Plc.



Special banking tax amounted to HUF 1,202 million in the first nine months of 2016, the fees of deposit protection funds, other statutory and voluntary funds, and membership fees of SzHISz amounted to HUF 861 million, while paid financial transaction levy was HUF 1,697 million.

Net income of associated companies contributed HUF 785 million to consolidated figures in first nine months of 2016, which mainly resulted from three important influencing items: HUF 453 million profit of Magyar Takarékszövetkezet Asset Management (MATAK) Ltd. and its investments (profit of three quarters, consolidated), DB Factoring House proportional, HUF 423 million profit and the HUF 66 million loss realised by Magyar Posta Investment Services.

#### *Impairments for loan losses*

Risk costs amounted to HUF 2,552 million in the first nine months of 2016, while in the third quarter it amounted to HUF 552 million. During the third quarter loan losses were primarily burdened by the provisioning/releasing impairment in relation to the change of the portfolio. The volume of impairments decreased by 1.8%, by HUF 0.4 billion compared to the end of previous quarter.

#### *Operating costs*

Operating costs amounted to HUF 4.69 billion in Q3 2016, which is only 0.3% smaller than in the same period of the previous year, while 5.3% lower than in the previous quarter. In this period nearly all costs declined except the personal expenses, which stayed on the previous level and the other taxes paid, that increased significantly, by fourfold in the last quarter.

Personnel expenses were higher than in the same period of 2015 by 9.2% . The growth of personnel expenses was caused by the increase of headcounts in the previous quarter, however significant change in the number of employees didn't accure in Q3.

Administrative expenses (HUF 2,353 million) decreased by 7.4% in Q3 2016 compared to the same period of last year, and it decreased by 9.2% compared to the previous quarter.

Expenses of business activity (HUF 261.5 million) show a decreasing level compared to the same period in 2015 (HUF 272,1 million) primarily because of a decrease in marketing-, general administrative costs and insurance fees. As a result of this fall of costs, expenses of business activity decreased by 12.7% compared to Q2.

Depreciation was HUF 112 million in Q3 2016, which meant a reduction of HUF 19 million compared to the previous quarter (HUF 131 million). The sum of depreciation dropped to HUF 350 million from last year's same period HUF 1,599 million.

Other taxes paid reported among operating costs (for example real estate tax, vehicle tax, etc.) amounted up to HUF 37.6 million in Q3 of 2016, which increased by 96.5% compared to the same quarter of the previous year and also remarkably higher than Q2 of 2016. This movement of the amount is in accordance with the trend that is concluded from previous years. Accordingly after the decline in costs in the second quarter the expenses in the third quarter climb back nearly to the level of the first quarter.

## 2. Balance Sheet

in HUF million	30/09/2015	30/06/2016	30/09/2016	30/09/2016/ 30/06/2016	30/09/2016/ 30/09/2015
Cash	2,594	4,813	4,779	-0.7%	84.2%
Due from banks & NBH	209,678	69,997	55,322	-21.0%	-73.6%
Financial assets available-for-sale and held for trading	107,846	146,130	103,364	-29.3%	-4.2%
Fair value of derivative financial assets	1,191	1,619	1,194	-26.3%	0.2%
Investment in associates and jointly controlled companies	7,877	4,580	4,970	8.5%	-36.9%
Refinanced mortgage loans	87,768	73,783	69,747	-5.5%	-20.5%
Loans and advances	326,390	313,982	316,253	0.7%	-3.1%
Impairment and provision	-28,086	-22,588	-22,173	-1.8%	-21.1%
Tangible assets	6,236	6,046	6,110	1.1%	-2.0%
Goodwill and other intangible assets	1,908	1,932	1,968	1.8%	3.2%
Other assets	24,666	17,352	19,640	13.2%	-20.4%
<b>Total Assets</b>	<b>748,068</b>	<b>617,647</b>	<b>561,174</b>	<b>-9.1%</b>	<b>-25.0%</b>
<b>Liabilities total</b>	<b>665,808</b>	<b>546,590</b>	<b>489,899</b>	<b>-10.4%</b>	<b>-26.4%</b>
Interbank borrowings	37,723	51,020	49,620	-2.7%	31.5%
Mortgage bonds	193,460	148,512	156,522	5.4%	-19.1%
Bonds issued	91,328	45,682	37,323	-18.3%	-59.1%
Deposits	328,846	290,301	236,670	-18.5%	-28.0%
Fair value of derivative financial liabilities	2,425	3,562	2,904	-18.5%	19.7%
Leasing liability	12	12	12	0.0%	0.0%
Other liabilities	12,015	7,500	6,850	-8.7%	-43.0%
<b>Shareholders' equity</b>	<b>82,260</b>	<b>71,057</b>	<b>71,275</b>	<b>0.3%</b>	<b>-13.4%</b>
Subscribed capital	6,600	10,849	10,849	0.0%	64.4%
Capital reserve	1,709	27,926	27,926	0.0%	-
Treasury shares	-207	-207	-207	0.0%	0.0%
Subordinated Tier1 capital	31,749	0	0	-	-100.0%
Other reserves	39	108	549	-	-
Retained earnings	24,442	12,661	12,661	0.0%	-48.2%
Non-controlling interest	21,895	20,276	20,276	0.0%	-7.4%
Balance sheet profit	-3,966	-556	-779	40.1%	-80.4%
<b>Total liabilities and shareholders' equity</b>	<b>748,068</b>	<b>617,647</b>	<b>561,174</b>	<b>-9.1%</b>	<b>-25.0%</b>

As of 30 September 2016, the Bank's consolidated balance sheet total by IFRS amounted to HUF 561.2 billion, moving 9.1% (HUF 56.5 billion) down from the end of previous quarter; and 25.0% lower than the same period of previous year.

On the asset side on an annual basis, the volume of financial assets available-for-sale and held for trading decreased by HUF 4.4 billion or 4.2% year-on-year, the refinanced loans by HUF 18.0 billion and 20.5% compared to the same period of previous year. During the third quarter, the due from banks and NBH decreased by 21.0%, the fair value of derivative financial assets by 26.3%, while cash increased by 84.2% year-on-year.

Liabilities decreased by 26.4% compared to the reference figures of previous year. Compared to the same period in 2015 interbank liabilities increased by 31.5%, the portfolio of mortgage bonds issued decreased by 19.1%, the volume of bonds issued decreased by 59.1% respectively. Besides, the deposits decreased by 28.0% over a year. In the third quarter the volume of the issued bonds decreased by nearly HUF 1 billion, which is the result of the mortgage bonds increase by 8.0 billion and the volume of bonds decrease by 8.3 billion; respectively the fair value of derivative financial liabilities declined by HUF 651.0 million.

Shareholders' equity decreased by HUF 11.0 billion or 13.4% year-on-year, while during the third quarter it increased by HUF 218 million (0.3%).

#### *Interest earning assets*

The Group's interest earning assets decreased from HUF 733.5 billion as of 30 September 2015 to HUF 548.0 billion as of 30 September 2016, while this value was HUF 736.6 billion at the end of 2015. Interest earning assets contributed 98.0% to the balance sheet total.

NBH and other interbank lending decreased from HUF 209.7 billion as of 30 September 2015 to HUF 211.0 billion by the end of 2015, and to HUF 55.3 billion as of 30 September 2016. The ratio of this item in interest earning assets was 10.2% at the end of third quarter of 2016. During the quarter the volume of interbank lending was HUF 14.7 billion, which meant a 21.0% decrease.

The value of Bank's securities available-for-sale and held for trading increased from HUF 107.8 billion as of 30 September 2015 to HUF 126.0 billion by 31 December 2015, while by the end of the third quarter of 2016 decreased to HUF 103.4 billion, and decreased by 29.3% compared to HUF 146.1 billion as of 30 June 2016. At the end of Q3 2016, securities available for sale and held for trading contributed 19.0% to interest earning assets.

#### *Loans*

As of 30 September 2016, volume of loans was 3.1% down year-on-year, and increased on quarterly basis by 0.7%. On 30 September 2016 the volume of impairment to cover loan losses amounted HUF 22.2 billion, in the reported quarter showed 1.8% decrease, while compared to 31 December 2015 it was lower by 21.1 % in connection with the drop of volume of non-performing loans.

Year-on-year decline in refinancing loans was 20.5% to HUF 69.7 billion, and there was also a 5.5% drop in this item over the last quarter. As of 30 September 2016, contribution of refinanced loans and gross own lending was 70.9% to interest earning assets; this rate was 56.5% a year before, while 54.1 % at the end of 2015. The AXA Bank has repaid their HUF 35.5 billion amount owed refinancing loan in early November, which causes a significant decrease in the volume of refinancing loans and in the amount of interest earning assets is a big change also in the fourth quarter.

#### *Portfolio quality*

In the third quarter the volume of non-performing loans decreased by 1.9%, HUF 731.0 million quarter-on-quarter, while it decreased by 28.0% year-on-year basis mainly because of the settlement of FX loans and the steps in portfolio cleaning. NPL ratio declined from 12.6% of previous quarter to 12.3% by 30 September 2016. NPL ratio was 14.7% on 31 December 2015, and 16.5% on 30 September 2015. The coverage of non-performing loans is 57.2% according to IFRS, and 52.2% a year before.

#### *Other assets*

Tangible assets amounted to HUF 6.1 billion as of 30 September 2016 and decreased by HUF 126 million year-on-year and increased by HUF 64 million quarter-on-quarter. As of 30 September 2016, intangibles amounted to HUF 1.9 billion, which is higher by HUF 60 million or 3.2% year-on-year and HUF 36.0 million (1.8%) compared to the 30 June 2016 figure.

Value of investment in associated and jointly controlled companies consolidated by equity method amounted to HUF 5.0 billion as of 30 September 2016.

Other assets amounted to HUF 19.6 billion as of 30 September 2016, increasing by 13.2% (HUF 2.3 billion) quarter-on-quarter. Deferred tax assets reached HUF 7.7 billion, and value of real estates reported as inventory was HUF 487.9 million.

### *Interest bearing liabilities*

Interest bearing liabilities decreased from HUF 651.4 billion as of 30 September 2015 to HUF 480.1 billion as of 30 September 2016, representing approximately 85.6% to the balance sheet total. As a year before, client deposits gave the major part of interest bearing liabilities with a share of 50.5%. For the end of September 2016 their proportion decreased to 49.3%, while share of securities issued within interest bearing liabilities decreased from 43.7% to 40.4% year-on-year, but shows an increase compared to the previous quarter's 36.3%.

### *Interbank funds*

As of 30 September 2016, interbank funds amounted to HUF 49.6 billion, showing a 2.7% decrease compared to previous quarter, but increased by 31.5% compared to the previous year. Contribution of interbank borrowings to interest bearing liabilities was 10.3% at the end of third quarter of 2016.

### *CMBs issued*

The Bank completed four issuance in the third quarter in the course of which the first tap of 2.5- and 5-year mortgage bonds series were issued in total nominal value of HUF 15.88 billion by involving consortium members and upon public auction procedure.

HUF 156.5 billion book value of mortgage bonds as of 30 September 2016 decreased by 19.1% or HUF 36.9 billion from figures of 30 September 2015 (HUF 193.5 billion), while compared to the previous quarter it increased by 5.4% (HUF 8.0 billion).

in HUF million	30/09/2015		30/09/2016	
	Book value	Nominal value	Book value	Nominal value
<b>Non-listed mortgage bonds</b>				
Fixed	33,193	33,050	33,291	33,050
Floating	0	0	0	0
<b>Listed mortgage bonds</b>				
Fixed	122,590	111,403	81,750	74,115
Floating	31,102	31,135	36,615	36,743
<b>Total</b>	<b>186,885</b>	<b>175,588</b>	<b>151,657</b>	<b>143,909</b>
<b>Accrued interest</b>	6,570		4,864	
<b>Mortgage bonds Total</b>	<b>193,455</b>	<b>175,588</b>	<b>156,521</b>	<b>143,909</b>
<b>Non-listed bonds</b>				
Fixed	34,009	33,955	18,904	18,871
Floating	9,561	9,612	0	0
<b>Listed bonds</b>				
Fixed	39,694	43,677	14,365	14,365
Floating	4,419	6,963	1,918	3,171
<b>Total</b>	<b>87,683</b>	<b>94,208</b>	<b>35,187</b>	<b>36,407</b>
<b>Accrued interest</b>	3,645		2,135	
<b>Bonds Total</b>	<b>91,328</b>	<b>94,208</b>	<b>37,322</b>	<b>36,407</b>

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

The net value of ordinary collateral of mortgage bonds issued by FHB Mortgage Bank amounted to HUF 268.1 billion as of 30 September 2016 (HUF 199.3 billion of capital and HUF 68.8 billion of interests), 4.6% more than the HUF 256.2 billion as of 30 June 2016 and 18.2% below the figure of 30 September 2015 (HUF 328 billion).

in HUF million	30/09/2015	30/06/2016	30/09/2016
<b>Outstanding mortgage bonds in circulation</b>			
Face value	189,090	151,563	167,218
Interest	42,550	33,294	32,030
<b>Total</b>	<b>231,640</b>	<b>184,857</b>	<b>199,248</b>
<b>Value of the regular collateral</b>			
Principal	232,962	189,347	199,313
Interest	94,981	66,872	68,812
<b>Total</b>	<b>327,943</b>	<b>256,219</b>	<b>268,125</b>

As of 30 September 2016, the net present value of ordinary collateral was HUF 228.1 billion and the present value of mortgage bonds were HUF 193.8 billion, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid, ratio was 117.7%. As of 30 September 2016, net value of ordinary and supplementary collateral principal to unpaid face value of mortgage bonds in circulation was 119.2%, and the interest on net ordinary and supplementary collateral principal to the unpaid interest on mortgage bonds in circulation was 214.8%.

The collateral value of real estate covering ordinary collaterals amounted to HUF 686.4 billion as of 30 September 2016, 2.9% above the 31 June 2016 value (HUF 666.6 billion). The LTV ratio applicable for ordinary collateral was 28.9% as of 30 September 2016, higher than the 28.3% LTV as of 30 June 2016.

### *Bonds issued*

The book value of bonds was HUF 37.3 billion as of 30 September 2016, compared to 30 June 2016 (HUF 45.6 billion) decreasing by HUF 8.4 billion or 18.3%. The stock of bonds decreased by HUF 54.0 billion (59.1%) on annual basis.

### *Deposits*

As of 30 September 2016, deposits amounted to HUF 236.7 billion decreasing by 28.0% year-on-year and by 18.5% quarterly. Volume of corporate deposits (-46.1%) decreased compared to the previous year, but volume of retail deposits (3.5%) increased in one year.

The volume of deposits decreased by HUF 53.6 billion compared to data of the first half year, the major outflow of which was in July and affected principally corporate deposits. The decrease of the volume in July was the effect of events mentioned in the report of the previous quarter, and since July the volume of deposits stabilized.

The sight deposit ratio changed to 47.3% by 30 September 2016 from 36.1% a year before and 40.2% at the end of previous quarter.

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

*Other liabilities*

The Bank reported among the HUF 6.9 billion of other liabilities the generated provisions related to contingent and future liabilities, amounting HUF 0.5 billion. At the end of September 2016 prepayments of clients reached HUF 684 million. The Bank reported accounts payable of HUF 579.5 million as of the third quarter of 2016, accruals HUF 1,418.4 million.

*Shareholders' equity*

Shareholders' equity decreased from HUF 108.5 billion as of 31 December 2015 to HUF 71.2 billion by 30 September 2016, but in quarterly comparison there was increase of HUF 218 million. The Bank reported HUF 20.3 billion as non-controlling interest as part of shareholder's equity. Balance sheet profit relating to the Bank was HUF 0.8 billion loss at the end of September 2016.

*Capital position*

Capital adequacy ratio of FHB Group – based on regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) is 14.71% as of 30 September 2016, compared to 14.56% in the previous quarter and 18.61% in the previous year. CET1 ratio is 13.21% on 30 September 2016 and it was 13.07% on 30 June 2016 and 11.37% on 30 September 2015. Total risk exposure amount reached HUF 350.5 billion at the end of the period, while HUF 341.3 billion at the end of the previous quarter. Amount of consolidated regulatory capital was HUF 51.6 billion that is higher by 3.8% as of data at the end of previous quarter (HUF 49.7 billion).



## DECLARATION

The management report of first nine months of 2016 of FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) is based on consolidated, non-audited IFRS financial statements.

FHB Jelzálogbank Nyrt. hereby declares that the quarterly financial statement was made in good faith and gives a true and fair view of the issuer and its consolidated subsidiaries assets, liabilities, financial position, profit and losses and does not conceal any fact or information which is relevant for the assessment of the situation.

Budapest, 17 November, 2016

Mr Gyula Köbli  
Chief Executive Officer

Mr Márton Oláh  
Deputy-CEO, Business

## 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.), Diófa Alapkezelő Zrt. (Diofa Fund Management Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.), to FHB Lízing Zrt. (FHB Leasing Ltd.) and its Croatian affiliate (Central European Credit d.d.), FHB Invest Llc., Magyar Kártya Szolgáltató Zrt. (Hungarian Card Service Ltd.); Káry-Villa Ingatlanfejlesztő Kft (Káry-Villa Property Development Ltd.); FHB DWH Ltd.; Diófa Real Estate Management Llc. Jointly controlled companies – as Díjbeszedő Faktorház Zrt. (Díjbeszedő Factoring Ltd.), DíjNet Ltd., Díjbeszedő Informatikai Kft. (Díjbeszedő IT Llc.), and Magyar Posta Befektetési Szolgáltató Zrt. (Hungarian Post Investment Services Ltd.) – and Magyar Takarékbefektetési és Vagyonkezelő Zrt. (Magyar Takarékbefektetési és Vagyonkezelő Zrt.) are consolidated by equity method.

### Consolidated Income Statement 'A'

#### Table includes the special banking tax for the period of reporting pro rata

(consolidated non-audited data as of 30 September 2015, and 30 September 2016 according to IFRS)

in HUF million	M9 2015	M9 2016	M9 2016/ M9 2015
Interest income	32,317	22,486	-30.4%
Interest expense	-20,915	-12,776	-38.9%
<b>Net interest income</b>	<b>11,402</b>	<b>9,710</b>	<b>-14.8%</b>
Fee and commission income	5,943	7,529	26.7%
Fee and commission expense	-913	-1,086	18.9%
<b>Net fee and commission income</b>	<b>5,029</b>	<b>6,443</b>	<b>28.1%</b>
Profit/(Loss) from FX transactions	-1,796	274	-
Change in fair value of financial instruments	-2,421	362	-
Gains from securities	2,175	1,720	-20.9%
Gains from investment services	110	47	-57.0%
<b>Net trading result</b>	<b>-1,932</b>	<b>2,403</b>	<b>-</b>
Other operating income	26,861	2,705	-89.9%
Other operating expense	-35,249	-5,831	-83.5%
<b>Net other operating result</b>	<b>-8,388</b>	<b>-3,126</b>	<b>-62.7%</b>
<b>Net income of associated companies</b>	<b>744</b>	<b>785</b>	<b>5.4%</b>
<b>Operating income</b>	<b>6,856</b>	<b>16,215</b>	<b>136.5%</b>
Provision for impairment on loan losses	2,822	-2,552	-
General and administrative expense	-14,297	-14,248	-0.3%
<b>Profit/(Loss) before tax</b>	<b>-4,619</b>	<b>-585</b>	<b>-87.3%</b>
Income tax benefit/(expense)	-1,178	-1,184	0.5%
<b>Profit/(Loss) for the period</b>	<b>-5,797</b>	<b>-1,769</b>	<b>-69.5%</b>

Basic EPS (yearly)	-80.7 Ft	-9.6 Ft	-88.1%
Diluted EPS (yearly)	-80.7 Ft	-9.6 Ft	-88.1%

	M9 2015	M9 2016	M9 2016/ M9 2015
Profit/(Loss) for the period	-5,797	-1,769	-69.5%
Change in cash-flow hedge reserve	0	0	-
Change in fair value of financial assets available for sale	-125	-59	-52.5%
FX translation reserve	1	-2	-
Deferred tax effect for other comprehensive income	24	11	-52.5%
Other comprehensive income/(loss) for the period net of taxes	-100	-50	-49.4%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-5,896</b>	<b>-1,819</b>	<b>-69.1%</b>

## Consolidated Income Statement 'A' (quarterly)

### Table includes the special banking tax for the period of reporting pro rata

(consolidated, non-audited data as of 30 September 2015, 30 June 2016, and of 30 September 2016 according to IFRS)

in HUF million	Q3 2015	Q2 2016	Q3 2016	Q3 2016/ Q2 2016	Q3 2016/ Q3 2015
Interest income	9,179	7,548	6,415	-15.0%	-30.1%
Interest expense	-6,278	-4,046	-3,680	-9.0%	-41.4%
<b>Net interest income</b>	<b>2,901</b>	<b>3,502</b>	<b>2,734</b>	<b>-21.9%</b>	<b>-5.7%</b>
Fee and commission income	2,088	2,280	3,242	42.2%	55.3%
Fee and commission expense	-335	-373	-409	9.6%	22.0%
<b>Net fee and commission income</b>	<b>1,753</b>	<b>1,906</b>	<b>2,833</b>	<b>48.6%</b>	<b>61.6%</b>
Profit/(Loss) from FX transactions	-873	491	-136	-	-84.4%
Change in fair value of financial instruments	-579	-307	559	-	-
Gains from securities	750	-72	680	-	-9.3%
Gains from investment services	92	25	-109	-	-
<b>Net trading result</b>	<b>-610</b>	<b>136</b>	<b>995</b>	<b>-</b>	<b>-</b>
Other operating income	5,282	1,663	319	-80.8%	-94.0%
Other operating expense	-4,706	-1,999	-1,827	-8.6%	-61.2%
<b>Net other operating result</b>	<b>575</b>	<b>-337</b>	<b>-1,508</b>	<b>-</b>	<b>-</b>
<b>Net income of associated companies</b>	<b>141</b>	<b>197</b>	<b>390</b>	<b>97.9%</b>	<b>175.8%</b>
<b>Operating income</b>	<b>4,760</b>	<b>5,405</b>	<b>5,444</b>	<b>0.7%</b>	<b>14.4%</b>
Provision for impairment on loan losses	-513	-413	-552	33.6%	7.6%
General and administrative expense	-4,717	-4,952	-4,692	-5.3%	-0.5%
<b>Profit/(Loss) before tax</b>	<b>-470</b>	<b>39</b>	<b>200</b>	<b>-</b>	<b>-</b>
Income tax benefit/(expense)	-32	-307	-423	37.6%	-
<b>Profit/(Loss) for the period</b>	<b>-502</b>	<b>-268</b>	<b>-223</b>	<b>-16.9%</b>	<b>-55.6%</b>
				-	-
Basic EPS (yearly)	-88.4 Ft	-6.1 Ft	-8.2 Ft	34.5%	-90.7%
Diluted EPS (yearly)	-88.4 Ft	-6.1 Ft	-8.2 Ft	34.5%	-90.7%

	2015 Q3	2016 Q2	2016 Q3	2016 Q3 / 2016 Q2	2016 Q3 / 2015 Q3
Profit/(Loss) for the period	-502	-268	-223	-16.9%	-55.6%
Change in cash-flow hedge reserve	0	0	0	-	-
Change in fair value of financial assets available for sale	238	-791	533	-	123.8%
FX translation reserve	6	-4	11	-	80.0%
Deferred tax effect for other comprehensive income	-45	150	-101	-	123.8%
Other comprehensive income/(loss) for the period net of taxes	199	-645	443	-	122.5%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-303</b>	<b>-913</b>	<b>220</b>	<b>-</b>	<b>-</b>

## Consolidated Income Statement 'B'

### Table includes the special banking tax for the entire business year

(consolidated, non-audited data as of 30 September 2015, and 30 September 2016 according to IFRS)

in HUF million	M9 2015	M9 2016	M9 2016/ M9 2015
Interest income	32,317	22,486	-30.4%
Interest expense	-20,915	-12,776	-38.9%
<b>Net interest income</b>	<b>11,402</b>	<b>9,710</b>	<b>-14.8%</b>
Fee and commission income	5,943	7,529	26.7%
Fee and commission expense	-913	-1,086	18.9%
<b>Net fee and commission income</b>	<b>5,029</b>	<b>6,443</b>	<b>28.1%</b>
Profit/(Loss) from FX transactions	-1,796	274	-
Change in fair value of financial instruments	-2,421	362	-
Dividend received	0	0	-
Gains from securities	2,175	2,494	14.7%
Gains from investment services	110	47	-57.0%
<b>Net trading result</b>	<b>-1,932</b>	<b>3,177</b>	<b>-</b>
Other operating income	26,861	1,931	-
Other operating expense	-35,956	-6,232	-
<b>Net other operating result</b>	<b>-9,095</b>	<b>-4,301</b>	<b>-52.7%</b>
<b>Net income of associated companies</b>	<b>744</b>	<b>785</b>	<b>5.4%</b>
<b>Operating income</b>	<b>6,149</b>	<b>15,814</b>	<b>157.2%</b>
Provision for impairment on loan losses	2,822	-2,552	-
General and administrative expense	-14,297	-14,248	-0.3%
<b>Profit/(Loss) before tax</b>	<b>-5,325</b>	<b>-986</b>	<b>-81.5%</b>
Income tax benefit/(expense)	-1,044	-1,108	6.1%
<b>Profit/(Loss) for the period</b>	<b>-6,369</b>	<b>-2,093</b>	<b>-67.1%</b>

Basic EPS (yearly)	-92.3 Ft	-13.6 Ft	-85.2%
Diluted EPS (yearly)	-92.3 Ft	-13.6 Ft	-85.2%

Consolidated Comprehensive Income Statement	M9 2015	M9 2016	M9 2016/ M9 2015
Profit/(Loss) for the period	-6,369	-2,093	-
Change in fair value of financial assets available for sale	-125	-59	-52.5%
FX translation reserve	1	-2	-
Deferred tax effect for other comprehensive income	24	11	-52.5%
Other comprehensive income/(loss) for the period net of taxes	-100	-50	-49.4%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-6,469</b>	<b>-2,144</b>	<b>-66.9%</b>

## Consolidated Income Statement 'B' (quarterly)

Table includes the special banking tax for the entire business year.

(consolidated, non-audited data as of 30 September 2015, 30 June 2016, and of 30 September 2016 according to IFRS)

in HUF million	Q3 2015	Q2 2016	Q3 2016	Q3 2016 / Q2 2016	Q3 2016 / Q3 2015
Interest income	9,179	7,548	6,415	-15.0%	-30.1%
Interest expense	-6,278	-4,046	-3,680	-9.0%	-41.4%
<b>Net interest income</b>	<b>2,901</b>	<b>3,502</b>	<b>2,734</b>	<b>-21.9%</b>	<b>-5.7%</b>
Fee and commission income	2,088	2,280	3,242	42.2%	55.3%
Fee and commission expense	-335	-373	-409	9.6%	22.0%
<b>Net fee and commission income</b>	<b>1,753</b>	<b>1,906</b>	<b>2,833</b>	<b>48.6%</b>	<b>61.6%</b>
Profit/(Loss) from FX transactions	-873	491	-136	-	-84.4%
Change in fair value of financial instruments	-579	-307	559	-	-
Dividend received	0	0	0	-	-
Gains from securities	750	-72	1,454	-	93.8%
Gains from investment services	92	25	-109	-	-
<b>Net trading result</b>	<b>-610</b>	<b>136</b>	<b>1,768</b>	<b>-</b>	<b>-</b>
Other operating income	5,282	1,663	-455	-	-
Other operating expense	-4,000	-1,700	-1,629	-4.2%	-59.3%
<b>Net other operating result</b>	<b>1,282</b>	<b>-37</b>	<b>-2,084</b>	<b>-</b>	<b>-</b>
<b>Net income of associated companies</b>	<b>141</b>	<b>197</b>	<b>390</b>	<b>97.9%</b>	<b>175.8%</b>
<b>Operating income</b>	<b>5,467</b>	<b>5,704</b>	<b>5,642</b>	<b>-1.1%</b>	<b>3.2%</b>
Provision for impairment on loan losses	-513	-413	-552	33.6%	7.6%
General and administrative expense	-4,717	-4,952	-4,692	-5.3%	-0.5%
<b>Profit/(Loss) before tax</b>	<b>236</b>	<b>338</b>	<b>398</b>	<b>17.6%</b>	<b>68.2%</b>
Income tax benefit/(expense)	-166	-364	-461	26.4%	176.7%
<b>Profit/(Loss) for the period</b>	<b>70</b>	<b>-26</b>	<b>-63</b>	<b>140.9%</b>	<b>-</b>

Basic EPS (yearly)	-53.8 Ft	2.9 Ft	-2.3 Ft	-	-95.7%
Diluted EPS (yearly)	-53.8 Ft	2.9 Ft	-2.3 Ft	-	-95.7%

Consolidated Comprehensive Income Statement	2015 Q3	2016 Q2	2016 Q3	Q3 2016 / Q2 2016	Q3 2016 / Q3 2015
Profit/(Loss) for the period	70	-26	-63	140.9%	-
Change in fair value of financial assets available for sale	238	-791	533	-	123.8%
FX translation reserve	6	-4	11	-	80.0%
Deferred tax effect for other comprehensive income	-45	150	-101	-	123.8%
Other comprehensive income/(loss) for the period net of taxes	199	-645	443	-	122.5%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>269</b>	<b>-671</b>	<b>380</b>	<b>-</b>	<b>41.3%</b>

## Consolidated Financial Position 'A'

### Table includes the special banking tax for the period of reporting pro rata

(consolidated non-audited data as of 30 September 2015, 30 June 2016 and 30 September 2016 and audited data as of 31 December 2015 according to IFRS)

in HUF million	Sep 30, 2015	Dec 31, 2015	Jun 30, 2016	Sep 30, 2016	30/09/2016/ 30/06/2016	30/09/2016/ 30/09/2015
Cash on hand	2,594	3,017	4,813	4,779	-0.7%	84.2%
Due from banks & NBH	209,678	210,957	69,997	55,322	-21.0%	-73.6%
Securities held for trading	51,514	51,913	72,229	38,770	-46.3%	-24.7%
Financial assets available for sale	56,332	74,042	73,902	64,594	-12.6%	14.7%
Investment in associates	7,877	7,755	4,580	4,970	8.5%	-36.9%
Derivate financial assets	1,191	884	1,619	1,194	-26.3%	0.2%
Refinanced mortgage loans	87,768	82,790	73,783	69,747	-5.5%	-20.5%
Loans and advances to consumers	326,390	314,855	313,982	316,253	0.7%	-3.1%
Impairment and provision	-28,086	-26,557	-22,588	-22,173	-1.8%	-21.1%
Tangible assets	6,236	6,168	6,046	6,110	1.1%	-2.0%
Goodwill and other intangible assets	1,908	1,915	1,932	1,968	1.8%	3.2%
Deferred tax asset	9,877	8,232	8,017	7,721	-3.7%	-21.8%
Other assets	14,789	8,849	9,336	11,918	27.7%	-19.4%
<b>Total assets</b>	<b>748,068</b>	<b>744,821</b>	<b>617,647</b>	<b>561,174</b>	<b>-9.1%</b>	<b>-25.0%</b>
Due to banks	37,723	39,774	51,020	49,620	-2.7%	31.5%
Issued securities	264,979	235,115	182,601	182,131	-0.3%	-31.3%
Mortgage bonds	173,651	174,592	136,919	144,809	5.8%	-16.6%
Bonds	91,328	60,524	45,682	37,323	-18.3%	-59.1%
Deposits from customers	328,846	329,048	290,301	236,670	-18.5%	-28.0%
Derivative financial liabilities	2,425	2,308	3,562	2,904	-18.5%	19.7%
Financial liabilities at fair value through profit or loss	19,809	19,878	11,593	11,713	1.0%	-40.9%
Finance lease liabilities	12	12	12	12	0.0%	0.0%
Current tax liability	24	1	1	2	34.5%	-91.8%
Deferred tax liability	1	1	1	1	14.0%	48.1%
Provisions	949	999	705	522	-25.9%	-45.0%
Other liabilities	11,041	9,152	6,793	6,324	-6.9%	-42.7%
<b>Total liabilities</b>	<b>665,808</b>	<b>636,289</b>	<b>546,590</b>	<b>489,899</b>	<b>-10.4%</b>	<b>-26.4%</b>
Share capital	6,600	10,849	10,849	10,849	0.0%	64.4%
Share premium	1,709	27,926	27,926	27,926	0.0%	-
Treasury shares	-207	-207	-207	-207	0.0%	0.0%
Subordinated Tier 1 capital	31,749	31,749	0	0	-	-100.0%
Other reserves	39	599	108	549	-	-
Retained earnings	24,442	24,442	12,661	12,661	0.0%	-48.2%
Minority interest	21,895	21,480	20,276	20,276	0.0%	-7.4%
Balance sheet profit	-3,966	-8,304	-556	-779	40.1%	-80.4%
<b>Total shareholders' equity</b>	<b>82,260</b>	<b>108,532</b>	<b>71,057</b>	<b>71,275</b>	<b>0.3%</b>	<b>-13.4%</b>
<b>Total liabilities and shareholders' equity</b>	<b>748,068</b>	<b>744,821</b>	<b>617,647</b>	<b>561,174</b>	<b>-9.1%</b>	<b>-25.0%</b>



## Consolidated Financial Position 'B'

### Table includes the special banking tax for the entire business year

(consolidated non-audited data as of 30 September 2015, 30 June 2016 and 30 September 2016 and audited data as of 31 December 2015 according to IFRS)

in HUF million	Sep 30, 2015	Dec 31, 2015	Jun 30, 2016	Sep 30, 2016	30/09/2016/ 30/06/2016	30/09/2016/ 30/09/2015
Cash on hand	2,594	3,017	4,813	4,779	-0.7%	84.2%
Due from banks & NBH	209,678	210,957	69,997	55,322	-21.0%	-73.6%
Securities held for trading	51,514	51,913	72,229	38,770	-46.3%	-24.7%
Financial assets available for sale	56,332	74,042	73,902	64,594	-12.6%	14.7%
Investment in associates	7,877	7,755	4,580	4,970	8.5%	-36.9%
Derivative financial assets	1,191	884	1,619	1,194	-26.3%	0.2%
Refinanced mortgage loans	87,768	82,790	73,783	69,747	-5.5%	-20.5%
Loans and advances to consumers	326,390	314,855	313,982	316,253	0.7%	-3.1%
Impairment and provision	-28,086	-26,557	-22,588	-22,173	-1.8%	-21.1%
Tangible assets	6,236	6,168	6,046	6,110	1.1%	-2.0%
Goodwill and other intangible assets	1,908	1,915	1,932	1,968	1.8%	3.2%
Deferred tax asset	10,011	8,232	8,130	7,798	-4.1%	-22.1%
Other assets	14,780	8,849	9,318	11,910	27.8%	-19.4%
<b>Total assets</b>	<b>748,193</b>	<b>744,821</b>	<b>617,743</b>	<b>561,241</b>	<b>-9.1%</b>	<b>-25.0%</b>
Due to banks	37,723	39,774	51,020	49,620	-2.7%	31.5%
Issued securities	264,979	235,115	182,601	182,131	-0.3%	-31.3%
Mortgage bonds	173,651	174,592	136,919	144,809	5.8%	-16.6%
Bonds	91,328	60,524	45,682	37,323	-18.3%	-59.1%
Deposits from customers	328,846	329,048	290,301	236,670	-18.5%	-28.0%
Derivative financial liabilities	2,425	2,308	3,562	2,904	-18.5%	19.7%
Financial liabilities at fair value through profit or loss	19,809	19,878	11,593	11,713	1.0%	-40.9%
Finance lease liabilities	12	12	12	12	0.0%	0.0%
Current tax liability	24	1	1	2	34.5%	-91.8%
Deferred tax liability	1	1	1	1	14.0%	48.1%
Provisions	949	999	705	522	-25.9%	-45.0%
Other liabilities	11,739	9,152	7,374	6,716	-8.9%	-42.8%
<b>Total liabilities</b>	<b>666,506</b>	<b>636,289</b>	<b>547,171</b>	<b>490,291</b>	<b>-10.4%</b>	<b>-26.4%</b>
Share capital	6,600	10,849	10,849	10,849	0.0%	64.4%
Share premium	1,709	27,926	27,926	27,926	0.0%	-
Treasury shares	-207	-207	-207	-207	0.0%	0.0%
Subordinated Tier 1 capital	31,749	31,749	0	0	-	-100.0%
Other reserves	39	599	108	549	-	-
Retained earnings	24,442	24,442	12,661	12,661	0.0%	-48.2%
Minority interest	21,895	21,480	20,276	20,276	0.0%	-7.4%
Balance sheet profit	-4,538	-8,304	-1,040	-1,103	6.0%	-75.7%
<b>Total shareholders' equity</b>	<b>81,688</b>	<b>108,532</b>	<b>70,572</b>	<b>70,950</b>	<b>0.5%</b>	<b>-13.1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>748,193</b>	<b>744,821</b>	<b>617,743</b>	<b>561,241</b>	<b>-9.1%</b>	<b>-25.0%</b>

## Cash Flow Statement 'A'

### Table includes the special banking tax for the period of reporting pro rata

(consolidated audited data as of 31 December 2015 and non-audited data as of 30 September 2016 according to IFRS)

in HUF million	31 December 2015	30 September 2016
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>-10,549</b>	<b>-1,769</b>
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	1,710	349
Provision for losses	-34,104	-4,990
(Gain)/Loss on tangible assets derecognized	74	1
(Gain)/Loss on intangible assets derecognized	-170	1
Capitalized interest	750	256
Fair value of derivatives	-8,765	286
Fair value adjustment on financial liabilities through profit and loss	-1,494	-907
Change in foreign currency translation reserve	0	-2
Change of investments in associates	-823	2,785
<b>Operating profit before change in operating assets</b>	<b>-53,371</b>	<b>-3,990</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	-17,317	13,143
Financial assets available for sale	1,901	9,400
Refinanced mortgage loans	33,392	13,043
Loans and advances to customers	39,954	-1,525
Other assets	3,312	-2,558
Deposits	30,286	-92,378
Due to banks	-30,719	-64,003
Other liabilities	5,114	-2,827
<b>Net cash flow from operating activities</b>	<b>12,552</b>	<b>-131,695</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	1,189	5
Purchase of tangible and intangible assets	-640	-351
Purchase of investment property	-780	0
<b>Net cash flow from investing activities</b>	<b>-230</b>	<b>-346</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	77,992	26,076
Principal repayment on issued securities	-113,349	-86,318
Long term loans repayment	27,457	73,849
Finance lease liabilities repayment	-949	0
Cash income from capital raise	30,466	1
Change in the minority interest	8	-214
Tier 1 Subordinated loan capital	0	-35,226
<b>Net cash flow from financing activity</b>	<b>21,626</b>	<b>-21,832</b>
Net increase in cash and cash equivalents	33,946	-153,873
Opening balance of cash and cash equivalents	180,028	213,974
<b>Closing balance of cash and cash equivalents</b>	<b>213,974</b>	<b>60,101</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	3,017	4,779
Balances with National Bank of Hungary	162,749	15,541
Dues from banks with a maturity of less than 90 days	48,208	39,781
<b>Closing balance of cash and cash equivalents</b>	<b>213,974</b>	<b>60,101</b>
<i>Supplementary data</i>		
Tax paid	-2,045	-1,391
Interest received	47,669	22,183
Interest paid	-32,529	-16,258

## Cash Flow Statement 'B'

### Table includes the special banking tax for the entire business year

(consolidated audited data as of 31 December 2015 and non-audited data as of 30 September 2016 according to IFRS)

in HUF million	31 December 2015	30 September 2016
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>-10,549</b>	<b>-2,093</b>
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	1,710	349
Provision for losses	-34,104	-4,990
(Gain)/Loss on tangible assets derecognized	74	1
(Gain)/Loss on intangible assets derecognized	-170	1
Capitalized interest	750	256
Fair value of derivatives	-8,765	286
Fair value adjustment on financial liabilities through profit and loss	-1,494	-907
Change in foreign currency translation reserve	0	-2
Change of investments in associates	-823	2,785
<b>Operating profit before change in operating assets</b>	<b>-53,371</b>	<b>-4,314</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	-17,317	13,143
Financial assets available for sale	1,901	9,400
Refinanced mortgage loans	33,392	13,043
Loans and advances to customers	39,954	-1,525
Other assets	3,312	-2,627
Deposits	30,286	-92,378
Due to banks	-30,719	-64,003
Other liabilities	5,114	-2,435
<b>Net cash flow from operating activities</b>	<b>12,552</b>	<b>-131,696</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	1,189	5
Purchase of tangible and intangible assets	-640	-351
Purchase of investment property	-780	0
<b>Net cash flow from investing activities</b>	<b>-230</b>	<b>-346</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	77,992	26,076
Principal repayment on issued securities	-113,349	-86,318
Long term loans repayment	27,457	73,849
Finance lease liabilities repayment	-949	0
Cash income from capital raise	30,466	1
Change in the minority interest	8	-214
Subordinated Tier 1 capital	0	-35,226
<b>Net cash flow from financing activity</b>	<b>21,626</b>	<b>-21,832</b>
Net increase in cash and cash equivalents	33,946	-153,873
Opening balance of cash and cash equivalents	180,028	213,974
<b>Closing balance of cash and cash equivalents</b>	<b>213,974</b>	<b>60,101</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	3,017	4,779
Balances with National Bank of Hungary	162,749	15,541
Dues from banks with a maturity of less than 90 days	48,208	39,781
<b>Closing balance of cash and cash equivalents</b>	<b>213,974</b>	<b>60,101</b>
<i>Supplementary data</i>		
Tax paid	-2,045	-1,391
Interest received	47,669	22,183
Interest paid	-32,529	-16,258

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Investor relations: Rita Bozzai

## Statement of Shareholders' Equity 'A'

### Table includes the special banking tax for the period of reporting pro rata

(consolidated audited data as of 1 January 2015, and 1 January 2016 and non-audited data as of 30 September 2016 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	Subordinated Tier 1 capital	Change in fair value (financial assets AFS)	Foreign currency transaction reserve	Changes due to minority interest	Retained earnings (deficit)	Shareholders' Equity
<b>1 January 2015</b>	<b>6,600</b>	<b>-207</b>	<b>1,709</b>	<b>31,749</b>	<b>18</b>	<b>14</b>	<b>23,717</b>	<b>24,448</b>	<b>88,048</b>
Capital increase	4,249		26,217						30,466
Profit/(Loss)							-2,245	-8,304	-10,549
Other comprehensive income					566				566
Change in non-controlling interest							49	-7	42
Dividend in 2014							-41		-41
<b>1 January 2016</b>	<b>10,849</b>	<b>-207</b>	<b>27,926</b>	<b>31,749</b>	<b>584</b>	<b>14</b>	<b>21,481</b>	<b>16,137</b>	<b>108,532</b>
Profit/(Loss)							-990	-779	-1,769
Other comprehensive income					-48	-2			-50
Subordinated Tier 1 capital				-31,749				-3,479	-35,228
Dividend in 2015							-215		-215
<b>30 September 2016</b>	<b>10,849</b>	<b>-207</b>	<b>27,926</b>	<b>0</b>	<b>536</b>	<b>12</b>	<b>20,276</b>	<b>11,880</b>	<b>71,271</b>

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## Statement of Shareholders' Equity 'B'

### Table includes the special banking tax for the entire business year

(consolidated audited data as of 1 January 2015, and 1 January 2016 and non-audited data as of 30 September 2016 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	Subordinated Tier 1 capital	Change in fair value (financial assets AFS)	Foreign currency transaction reserve	Changes due to minority interest	Retained earnings (deficit)	Shareholders' Equity
<b>1 January 2015</b>	<b>6,600</b>	<b>-207</b>	<b>1,709</b>	<b>31,749</b>	<b>18</b>	<b>14</b>	<b>23,717</b>	<b>24,448</b>	<b>88,048</b>
Capital increase	4,249		26,217						30,466
Profit/(Loss)							-2,245	-8,304	-10,549
Other comprehensive income					566				566
Change in non-controlling interest							49	-7	42
Dividend in 2014							-41		-41
<b>1 January 2016</b>	<b>10,849</b>	<b>-207</b>	<b>27,926</b>	<b>31,749</b>	<b>584</b>	<b>14</b>	<b>21,480</b>	<b>16,137</b>	<b>108,532</b>
Profit/(Loss)							-990	-1,104	-2,094
Other comprehensive income					-48	-2			-50
Subordinated Tier 1 capital				-31,749				-3,479	-35,228
Dividend in 2015							-215		-215
<b>30 September 2016</b>	<b>10,849</b>	<b>-207</b>	<b>27,926</b>	<b>0</b>	<b>536</b>	<b>12</b>	<b>20,275</b>	<b>11,554</b>	<b>70,945</b>

## Off-balance Sheet items – Commitments

(consolidated non-audited data as of 30 September 2015, 30 June 2016 and 30 September 2016 according to IFRS)

in HUF million	30 September 2015	30 June 2016	30 September 2016
<b>Commitments</b>			
Guarantees	15,778	12,925	13,021
Undrawn commitments	47,427	62,443	38,843
<b>Total</b>	<b>63,206</b>	<b>75,368</b>	<b>51,864</b>

## Transactions with related parties

(consolidated non-audited data as of 30 September 2015 and as of 30 September 2016 according to IFRS)

in HUF million	Transactions between FHB Mortgage Bank and owners with influential share	
	30 September 2015	30 September 2016
Due from banks	0	0
Refinanced mortgage loans	0	0
Fair value of derivatives	0	0
Other assets	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>
Due to banks	0	0
Issued securities	0	0
Financial liabilities at fair value through profit and loss	0	0
Other liabilities	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>
	30 September 2015	30 September 2016
Interest income	0	0
Interest expense	0	0
<b>Net interest income</b>	<b>0</b>	<b>0</b>
Fees and commission income	0	0
Fees and commission expense	0	0
<b>Net fees and commissions</b>	<b>0</b>	<b>0</b>
Gains from securities	0	0
<b>Net trading result</b>	<b>0</b>	<b>0</b>
Other operating income	0	0
Other operating expense	0	0
<b>Operating profit</b>	<b>0</b>	<b>0</b>
Credit loss expense	0	0
General and administrative expense	-50	-12
<b>Profit for the year</b>	<b>-50</b>	<b>-45</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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## Data forms relating to the structure of shares and the group of owners

### Ownership structure, participation and voting rates (as at 30 September 2016)

Description of owner	Total equity <sup>1</sup>						Listed series <sup>1</sup>					
	At the beginning of actual year			End of actual period			At the beginning of actual year			End of actual period		
	% <sup>2</sup>	% <sup>3</sup>	Qty	%	%	Qty	%	%	Qty	%	%	Qty
<b>Series "A" shares listed on BSE</b>												
Domestic institution/company	38.6%	44.6%	41,911,917	39.0%	45.0%	42,345,991	38.6%	44.6%	41,911,917	39.0%	45.0%	42,345,991
Foreign institution/company	10.7%	12.4%	11,642,388	10.7%	12.3%	11,597,658	10.7%	12.4%	11,642,388	10.7%	12.3%	11,597,658
Domestic individual	6.1%	7.1%	6,669,193	5.9%	6.8%	6,435,206	6.1%	7.1%	6,669,193	5.9%	6.8%	6,435,206
Foreign individual	0.0%	0.0%	16,326	0.0%	0.0%	22,330	0.0%	0.0%	16,326	0.0%	0.0%	22,330
Employees, senior officers	0.1%	0.1%	77,808	0.1%	0.1%	87,963	0.1%	0.1%	77,808	0.1%	0.1%	87,963
Treasury shares	0.2%	0.0%	253,601	0.2%	0.0%	253,601	0.2%	0.0%	253,601	0.2%	0.0%	253,601
Government held owner <sup>4</sup>	4.5%	5.1%	4,832,225	4.5%	5.1%	4,832,225	4.5%	5.1%	4,832,225	4.5%	5.1%	4,832,225
Other	0.5%	0.6%	596,552	0.4%	0.5%	425,036	0.5%	0.6%	596,552	0.4%	0.5%	425,036
<b>Series total</b>	<b>60.8%</b>	<b>69.9%</b>	<b>66,000,010</b>	<b>60.8%</b>	<b>69.9%</b>	<b>66,000,010</b>	<b>60.8%</b>	<b>69.9%</b>	<b>66,000,010</b>	<b>60.8%</b>	<b>69.9%</b>	<b>66,000,010</b>
<b>Series "B" shares non-listed on BSE</b>												
Domestic institution/company	13.1%	0.0%	14,163,430	13.1%	0.0%	14,163,430						
<b>Series total</b>	<b>13.1%</b>	<b>0.0%</b>	<b>14,163,430</b>	<b>13.1%</b>	<b>0.0%</b>	<b>14,163,430</b>						
<b>Series "C" shares non-listed on BSE</b>												
Domestic institution/company	26.1%	30.1%	2,832,686	26.1%	30.1%	2,832,686						
<b>Series total</b>	<b>26.1%</b>	<b>30.1%</b>	<b>2,832,686</b>	<b>26.1%</b>	<b>30.1%</b>	<b>2,832,686</b>						
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>82,996,126</b>	<b>100.0%</b>	<b>100.0%</b>	<b>82,996,126</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.



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### Number of treasury shares held in the year under review relating to listed series

	30 September 2015		30 June 2016		30 September 2016	
FHB Mortgage Bank Plc.	253,601	0.38%	253,601	0.23%	253,601	0.23%

### Owners with more than 5% ownership relating to listed series (as at 30 September 2016)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)
VCP Finanz Holding Ltd.	no	15,970,000	24.20%
A64 Vagyonkezelő Ltd.	no	15,722,668	23.82%
Allianz Hungária Biztosító Ltd.	no	6,869,967	10.41%
Clearstream Nominee	yes	6,327,521	9.59%
Hungarian National Asset Management Inc.	no	4,832,225	7.32%
<b>Total</b>		<b>49,722,381</b>	<b>75.34%</b>

### Owners with more than 5% ownership relating to total equity (as at 30 September 2016)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)
VCP Finanz Holding Ltd.	no	15,970,000	14.72%
A64 Vagyonkezelő Ltd.	no	15,722,668	14.49%
Allianz Hungária Biztosító Ltd.	no	6,869,967	6.33%
Clearstream Nominee	yes	6,327,521	5.83%
Hungarian National Asset Management Inc.	no	4,832,225	4.45%
<b>Total</b>		<b>49,722,381</b>	<b>45.82%</b>

On 14 October 2016, A64 Vagyonkezelő Kft. has sold with transaction outside the market 15.572.668 pieces of FHB „A” series registered, dematerialized equity shares to Fókusz Takaréék and B3 Takaréék.

After the transaction, owners with more than 5% ownership and their stakes were as follows:

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)	
			listed series	total equity
VCP Finanz Holding Ltd.	no	15,970,000	24.20%	14.72%
Fókusz Savingy Cooperative	no	8,620,534	13.06%	8.90%
B3 Savings Cooperative	no	6,952,134	10.53%	6.72%
Allianz Hungária Biztosító Ltd.	no	6,869,967	10.41%	6.33%
Silvermist Estate SA (Clearstream Nominee)	yes	6,327,521	9.59%	5.83%
Hungarian National Asset Management Inc.	no	4,832,225	7.32%	4.45%
<b>Total</b>		<b>49,572,381</b>	<b>75.11%</b>	<b>46.96%</b>

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

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

	End of reference period 30/09/2015	End of last quarter 30/06/2016	Current period closing 30/09/2016
Bank	126	129	133
Consolidated	828	977	988

### Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 30 September 2016)

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	14.10.2016	16,000
BoD	Dr. Christian Riener	Member	29.04.2008	29.04.2018	8,000
BoD	Gyula Köbli	Member, CEO	21.04.2010	29.04.2018	16,000
BoD	Gábor Gergő Soltész	Member	30.04.2013	29.04.2018	0
BoD	Ákos Zoltán Starcz	Member	30.04.2013	29.04.2018	0
BoD	Zoltán Kovács	Member	06.05.2015	06.05.2020	0
BoD	Márton Oláh	Member, Deputy CEO	28.04.2015	28.04.2020	4,000
SB	Csaba Lantos	Chairman	28.04.2009	29.04.2018	0
SB	Tibor Kádár	Member	24.04.2013	23.04.2018	0
SB	István Sebestyén	Member	06.05.2016	06.05.2021	0
SB	Miklós Szabó	Member	06.05.2016	06.05.2021	2,200
<b>TOTAL No. of shares held by management:</b>					<b>46,200</b>

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

Dr. Zoltán Spéder, the chairman of the Board of Directors, resigned on 14 October 2016 due to A64 Kft. owned by him sold its shares in the Company.

## Information and disclosures in 2016

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 (Annual General Meeting) and invitation to the AGM
- Invitation and proposals submitted to the Extraordinary General Meeting
- Shareholders' announcements

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)