



FHB Mortgage Bank Plc.

**Interim management report for the first
quarter of 2014**

Budapest, May 15, 2014

I. SUMMARY CONSOLIDATED FIGURES

in HUF million	31/03/2013	31/12/2013	31/03/2014	31/03/2014/ 31/12/2013	31/03/2014/ 31/03/2013
Main balance sheet items					
Total assets	710,429	737,514	789,321	7.0%	11.1%
Refinanced loans	159,785	133,692	129,981	-2.8%	-18.7%
Loans (gross)	378,764	358,004	366,001	2.2%	-3.4%
Mortgage bonds	234,685	172,830	202,438	17.1%	-13.7%
Senior unsecured bonds	103,707	99,487	96,004	-3.5%	-7.4%
Customer deposits	139,834	222,501	243,809	9.6%	74.4%
Shareholders' equity	76,061	76,072	76,949	1.2%	1.2%

in HUF million	Q1 2013	Q4 2013	Q1 2014	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
Main P/L items					
Net interest income	4,273	5,192	5,226	0.7%	22.3%
<i>Net interest margin</i>	<i>2.37%</i>	<i>2.71%</i>	<i>2.78%</i>	<i>2.44%-pt</i>	<i>17.21%-pt</i>
Net fees and commissions	855	1,323	1,280	-3.2%	49.7%
Total income (with net fees)	4,472	5,377	6,897	28.3%	54.2%
Provision for impairment on loan losses	-2,652	-955	-1,474	54.3%	-44.4%
Operating cost ¹	-4,002	-3,848	-3,841	-0.2%	-4.0%
<i>Cost to income ratio</i>	<i>89.5%</i>	<i>71.6%</i>	<i>55.7%</i>	<i>-22.2%-pt</i>	<i>-37.8%-pt</i>
<i>Cost/income ratio w/o special banking tax</i>	<i>77.3%</i>	<i>61.8%</i>	<i>50.5%</i>	<i>-18.2%-pt</i>	<i>-34.6%-pt</i>
Profit before tax	-2,182	574	1,581	175.5%	-
Profit after tax	-1,589	211	1,145	442.9%	-
Profit after tax w/o special banking tax	-883	1,064	1,852	74.0%	-
<i>Basic EPS (HUF)</i>	<i>-97.75 Ft</i>	<i>11.92 Ft</i>	<i>68.12 Ft</i>	<i>471.3%</i>	<i>-169.7%</i>
<i>Return on Assets</i>	<i>-0.88%</i>	<i>0.11%</i>	<i>0.61%</i>	<i>452.5%</i>	<i>-</i>
<i>Return on Equity</i>	<i>-8.4%</i>	<i>1.1%</i>	<i>6.1%</i>	<i>450.0%</i>	<i>-</i>
<i>ROAA w/o special banking tax</i>	<i>-0.49%</i>	<i>0.56%</i>	<i>0.98%</i>	<i>77.1%</i>	<i>-300.9%</i>
<i>ROAE w/o special banking tax</i>	<i>-4.7%</i>	<i>5.6%</i>	<i>9.8%</i>	<i>76.3%</i>	<i>-310.5%</i>

¹ Due to reclassification from 2014, amounts of financial transaction levy and credit institution levy are included in other operating expenses instead of operating costs. In favor of comparability these figures have been reclassified in the data of prior periods, as well.

II. REPORT ON FIRST QUARTER OF 2014 RESULTS OF FHB GROUP

This report of FHB Mortgage Bank Public Company Limited by Shares for first quarter of 2014 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 2013, and the consolidated, non-audited figures as of 31 March 2013 and 31 March 2014.

The Group accounted the entire amount of special banking tax prescribed for 2014 according to IFRS pursuant to the provisions of Act LIX of 2006. The Group accepts and does not contest this amount set by law, the Group is bound to pay during the course of the year 2014 the full amount. However, in order to present the impacts of actual operation, the analysis and comparative indicators of interim reports are based on the adjusted financial statements that include special banking tax pro rata.

For the information of investors, appendix of this interim report presents the financial statements including the special banking tax for the entire business year and the financial statements that include special banking tax pro rata, as well.

1. Summary of the achievements of the past period

FHB realised **HUF 1,145 million consolidated profit after tax** in Q1 2014. Like in previous quarters, the improving net profit is the result of increasing net interest income and net fees and commissions, next to still low-keyed cost level:

- **net interest income grew** by HUF 34 million compared to the previous quarter and over 22% year-on-year, exceeding HUF 5.2 billion;
- **net interest margin reached 2.78%**, by 7 basis points higher quarter-to-quarter and growing 41 basis points over one year;
- **net fees and commissions** without financial transaction levy grew by 36.5% in one year and by 1.4% compared to the previous quarter, primarily due to fee income related to bank account services and transactions and guarantee fees;
- **operating costs** – without paid financial transaction levy and credit institutions levy reported as other operating expense since 2014 – **amounted to HUF 3.8 billion** in Q1 2014, same as in the previous quarter and representing 4% decrease compared to Q1 2013.

Without special banking tax, consolidated IFRS profit after tax was HUF 1,852 million, while net results adjusted by other one-offs – as financial transaction levy and losses on FX rate protection scheme – exceeded HUF 2 billion.

Net income of associates (jointly controlled companies) contributed by HUF 401 million to the consolidated profit.

FHB Group's consolidated balance sheet total calculated was HUF 789.3 billion as of March 31, 2014, that was 11.1% and HUF 78.9 billion higher than a year before and HUF 51.8 billion or 7.0% over the previous quarter.

Growth of balance sheet total was driven by liability side: compared to previous quarter, volume of issued securities and deposits grew by 9.6%, as well. Change in composition of interest bearing liabilities continued:

share of deposits with amount of close to HUF 244 billion represented 35.6% at the end of the quarter, opposite the share of 34.8% at the end of previous quarter and 23.4% a year before. Volume of deposits increased by over HUF 100 billion in one year, of which more than 60% related to corporate business. In Q1 2014 growth of retail deposits came from deposits sold in postal network.

Loans amounted to HUF 366 billion on March 31, 2014, by 3.4% lower than a year before and representing close to HUF 8 billion (2.2%) growth compared to December 31, 2013. Larger part of the growth related to increase of corporate loans, while volume of retail loans – despite of close to 63% higher new loan disbursement in yearly comparison – stagnated during the quarter and declined by 7.6% or HUF 23 billion in one year.

Quality of the loan portfolio showed slight improvement continuing the trends of the previous quarters. NPL ratio decreased to 20.2% and coverage of non-performing portfolio reached 53% after a small increase.

Performance of FHB shares

In terms of capitalisation, FHB is 5th in the rank of "Premium" category listed companies and contributes 1.6% to the aggregate capitalisation of the BSE based on 31 March 2014 data.

As of 31 March 2014, FHB's weight in the BUX index was 1.34% (5th biggest weight in the basket after being 7th in the previous quarter), and was 1st with a weight of 15.57% in BUMIX, the index of share prices of mid- and small-cap companies.

The price of FHB Mortgage Bank's shares closed the first quarter – after 44% raise compared to the end of the previous year - at HUF 890.

2. Main activities and subsidiaries' performance

CMB issues, funding

National Bank of Hungary (NBH) has continued cutting the base rate: the level of the benchmark rate was reduced by 40 basis points from 3.00% to 2.60% in the first three months of 2014. The exchange rate weakened after all rate cuts (exchange rate went down to 313 HUF/EUR in February from the year end's level of 297 HUF/EUR), but regularly turned back. In the weakening of HUF exchange rate in February was influenced not only by cuts of base rate but the crisis in Ukraine, as well. After the relief of crisis and publications of improving Hungarian economic statistics, the exchange rate of HUF strengthened back to 307 HUF/EUR for the end of March.

In March, the Government Debt Management Agency (AKK) assigned four financial institutions to issue 5-year and 10-year maturity dollar bonds. At the auctions spread of 5-year and 10-year bonds reached 260 bp and 287.5 bp, respectively. AKK planned total amount of EUR 3.3 billion FX funding for 2014, which means further EUR 1 billion bond issue is expected for the remaining period of the year.

FHB Mortgage bank funded total amount of HUF 5.3 billion from capital market transactions in Q1 2014, of which HUF 2.3 billion senior unsecured bonds and HUF 3 billion mortgage bonds was issued. In Q1 2014, HUF 5.7 billion of senior unsecured bonds has expired and there were no repurchasing.

The housing market and retail mortgage lending

In line with the loan market, the housing market and the housing construction has started to grow in Q1 2014. According to CSO statistics, 1,692 new homes were built in Q1 2014, by 51% more than in Q1 2013 while the number of new housing construction permits issued was 1,654, 20% higher compared to the 2013 data.

As of 31 March 2014, the volume of retail mortgage loans (HUF 5,539 billion) was down by 5.9% compared to 31 March 2013; the volume change adjusted by exchange rate volatility was -8.0%. Volume of HUF loans (HUF 2,088 billion) decreased by 1.6% year-on-year; at the same time the FX loan portfolio (HUF 3,451 billion) shrank by 8.4% (-9.7% adjusted by the volatility of exchange rate).

Retail housing loans increased by 0.6% in Q1, change adjusted by exchange rate volatility was -1.6%. At the end of March 2014, housing loans amounted to HUF 3,360 billion representing decline of 5.4% year-on-year, adjusted by exchange rate volatility -7.2%. Volume of housing loans denominated in HUF was HUF 1,566 billion, showing a 0.8% decrease during the last quarter, while volume of FX loans increased by 1.8% (adjusted by the volatility of exchange rate it was 2.4% decrease).

General-purpose mortgage loans amounted to HUF 2,179 billion as of 31 March 2014; after exchange rate adjustment the portfolio decreased by 2.0% in the last quarter, and shrank by 9.2% year-on-year. HUF denominated general-purpose mortgage loans (HUF 522 billion) decreased by HUF 3 billion quarterly and expanded by 1.2% year-on-year. The exchange rate adjusted change in FX denominated general-purpose mortgage loans was -2.8% in Q4 of 2013 and -12.0% year-on-year.

Own lending

Volume of gross loans of FHB Group amounted to HUF 366 billion as of 31 March 2014, and increased by 2.2% compared to the 31 December 2013 figure (HUF 358.0 billion). Year-on-year decrease was 3.4%. Share of FX loans in total outstanding loan portfolio was 49.6% as of 31 March 2014, which is 164 bps lower than in the previous quarter. The share of FX loans of retail loans was 57.9% which is slightly higher than in the previous quarter due to the weakening of the Forint.

Retail loans remained dominating within the loan portfolio with a contribution of 76.8% (78.3% on 31 December 2013). Retail loans were by 0.3% (or HUF 0.85 billion) up to the figures of 31 December 2013 and HUF 23.1 billion down (-7.6%) year-on-year.

in HUF million	31/03/2013	31/12/2013	31/03/2014	31/03/2014/ 31/12/2013	31/03/2014/ 31/03/2013
Retail loans	304,172	280,228	281,083	0.3%	-7.6%
Housing loans	150,551	141,480	140,378	-0.8%	-6.8%
Other mortgage loans	141,521	128,305	129,760	1.1%	-8.3%
Consumer loans	6,942	6,471	6,704	3.6%	-3.4%
Loans for employees	1,795	1,568	1,531	-2.4%	-14.7%
Retail leasing	3,363	2,404	2,710	12.7%	-19.4%
Corporate loans	74,592	77,776	84,918	9.2%	13.8%
Corporate loans	73,684	76,788	83,910	9.3%	13.9%
Corporate leasing	908	988	1,008	2.0%	11.0%
Total own lending, gross	378,764	358,004	366,001	2.2%	-3.4%
Impairment	-40,330	-37,933	-39,171	3.3%	-2.9%
Loans, net	338,434	320,071	326,830	2.1%	-3.4%
Refinanced loans	159,785	133,692	129,981	-2.8%	-18.7%

In terms of structure of retail loans, housing loans as the largest volume contributed 49.9% and other mortgage loans contributed 46.2% to the retail loan portfolio. A year before proportion was 49.5% and 46.5%, respectively. Reverse mortgages achieved HUF 3.1 billion as of 31 March 2014, there was no significant change. The volume of consumer loans amounted to HUF 6.7 billion which is 3.6% higher than the previous quarter. Volume of corporate loans amounted to HUF 84.9 billion, representing 23.2% of the total portfolio. The amount increased by 9.2% compared to the previous quarter and show 13.8% increase year on year.

In Q1 2014, HUF 3.0 billion of retail and HUF 9.9 billion of corporate loans have been disbursed; this is more than 35% higher than in the last year. The Bank placed HUF 1.7 billion loans to corporate customers within the framework of Funding for Growth Scheme. Retail loan disbursement was 63% higher than in Q1 2013, share of subsidized housing loans exceeded 37%.

During the quarter, number of clients contracted to the FX rate protection scheme grew by 644, so 8,600 contracts were already signed until the end of March, 2014. FHB offered further 115 properties to the National Asset Management Company (NET) in Q1 2014 and 230 transactions were closed because of NET sale with a total amount of almost HUF 1 billion.

FHB Commercial Bank Ltd.

According to Hungarian Accounting Standards, total assets of FHB Commercial Bank were HUF 558.1 billion on 31 March 2014, showing 27.9% growth compared to the previous year (HUF 436.2 billion).

In the first quarter 2014, volume of gross loans according to Hungarian Accounting Standards was HUF 236.3 billion increasing by 3.8% compared to 2013 Q1. Gross loans represented 42.3% of total assets. Corporate loans of FHB Commercial Bank – excluding intra-group loans – amounted to HUF 72.3 billion having a share of 30.6% among total loan portfolio.

Interest bearing liabilities amounted to HUF 514.4 billion, representing 92.2% among liabilities that shows growth both quarter-to-quarter and year-on-year. Deposits represented 43.7%, HUF 243.7 billion among interest bearing liabilities, while interbank liabilities represented the highest ratio with the amount of HUF 247.2 billion, containing refinanced loans from FHB Mortgage Bank, 2Y liabilities covered by mortgage bonds introduced by NBH to stimulate corporate lending, and refinancing related to outstanding loans under Funding for Growth Scheme.

Deposits increased by more than 75% compared to the previous year, due to a significant increase in corporate deposits. In 2014 Q1, deposit growth was mostly driven by deposit collection through post offices. Volume of corporate deposits was slightly above retail deposit's volume as of 31 March 2014; its share was 50.5%. Volume of sight deposits increased by more than HUF 31 billion year-on-year and HUF 5 billion quarter-to-quarter. As a result, sight deposits represented 27.8% of total deposits.

As of 31 March 2014, number of retail and corporate accounts managed by Commercial Bank was 168 and 10 thousand, respectively, and 124 thousands retail and 6.3 thousands corporate banking cards related to these accounts. Both number of accounts and cards represented growth in yearly and quarterly comparison, as well, despite the fact that related to the campaign launched at the end of 2013 aiming to promote higher activity at bank accounts significant number of inactive accounts were terminated.

According to Hungarian Accounting Standards, profit after tax was HUF 1.5 billion, significantly better than a year before. Net interest income – in controlling approach - was 2.5% higher as a result of decreasing interest income (6.9%), and decline in interest expenses (13.2%). Net fee and commission income was 4.9% higher than in 2013 Q1. Operating costs were 6.9% down compared to 2013 Q1.

Shareholder's equity according to HAS was HUF 31.9 billion as of 31 March 2014.

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.

At 3 June 2013, the Parliament accepted amendment in the Act LX of 2003 on Insurance Companies and Insurance Activities. Hence the alterations for profit annuity services could only be pursued according to the Act from 1 of January 2015. The scope of law does not apply to contracts closed until 31 December 2014.

Since the foundation of the company until 31 March 2014, 744 annuity contracts were signed, that represents 614 contracts alive and HUF 10.4 billion real estate volumes (and same amount of total contracted value) after closing 130 contracts amounted to HUF 1.9 billion of the real estate portfolio.

FHB Real Estate Ltd.

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, services related to energy certification and real estate agency.

The real estate cover valuation business generated HUF 66 million revenue in 2014 Q1; compared to the same period of 2013 increase was HUF 40.4 million, while real estate sales reached HUF 23 million income, which is higher by 30% compared to the same period in 2013 (HUF 18 million). Profit after tax of the company was HUF 18 million loss in the first quarter of 2014.

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 March 2014, the consolidated loan volume of FHB Real Estate Lease Ltd. according to IFRS reached HUF 8.2 billion. In Q1 2014, lease financing disbursement amounted to HUF 111 million. Leasing portfolio reached HUF 3.7 billion as of 31 March 2014. The quarterly change was 8.8% increase (from HUF 3.4 billion as of 31 December 2013), while the year-on-year rise was 6.3% (from HUF 3.5 billion as of 31 March 2013). FHB Real Estate Lease Ltd. ended the first quarter of 2014 with HUF 136 million loss consolidated according to IFRS.

Diófa Asset Management Ltd.

Diófa Asset Management Ltd. was acquired by FHB Mortgage Bank Plc in early September of 2013. Prior to joining the FHB Banking Group, Diófa Asset Management Ltd. was focusing on real estate investments, pension fund wealth management and tailor made solutions for institutional clients.

After the acquisition, Diófa Asset Management Ltd. still sustains its former focus areas, in addition new retail funds have been launched in the branch network of FHB Bank. Sales volume of FHB Forte Short Bond Fund, FHB Money Market Fund and FHB Absolute Yield Fund exceeded HUF 8.5 billion by the end of 2014 Q1 compared to HUF 5.2 billion at the end of 2013 Q4.

At the beginning of 2014, Asset Management Ltd. has launched two new funds, which are distributed by Magyar Posta Investment Services Ltd. through the Hungarian Post Office's network. Net assets value of

Hungarian Post Real Estate Fund exceeded HUF 2.1 billion by the end of March, while the market value of Hungarian Post Money Market Fund was over HUF 1.1 billion.

Total net value of assets and other portfolios under management increased to HUF 31.1 billion from HUF 23.8 at 31 December 2013.

Asset Management Ltd. closed 2014 Q1 with HUF 1.3 million profit according to Hungarian Accounting Standards, subscribed capital amounted to HUF 135.4 million and shareholders' equity to HUF 125.3 million.

Díjbeszedő Operational and Service Llc.

Díjbeszedő Operational and Service Llc. (DÜSZ) was established by splitting-off from Díjbeszedő Holding Ltd. DÜSZ Llc. 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 million on 31 March 2014, shareholder's equity amounted to HUF 1.3 billion and profit after tax reached HUF -8,4 million (according to HAS) in Q1 2014.

Associated companies

DÜSZ Llc. owns 51% of the shares of **Díjbeszedő Faktorház Ltd. (DBF)**. Company's pre-tax profit related to purchased claims before maturity was HUF 313 million in the first quarter of 2014, while pre-tax profit from purchased expired receivables amounted to HUF 788 million (according to HAS). Shareholder's equity of DBF was HUF 8,547 million at the end of the first quarter of 2014.

DÜSZ Llc also owns 51% of the shares of **DíjNET Ltd.** The main activity of the company is operation and development of an electronic bill presentment and payment system. In Q1 2014, DíjNET doubled its profit after tax (according to HAS) compared to first quarter of previous year, which reached HUF 11.9 million. Subscribed capital amounted to HUF 5 million, while shareholder's equity was HUF 107 million at 31 of March, 2014.

DÜSZ Llc. owns 50% of shares of **Díjbeszedő IT Llc. (DBIT)**, which provides services related to the IT activities of companies belonging to the Díjbeszedő Group. Profit after tax of DBIT for the first quarter of 2014 was HUF 426 thousand losses. Subscribed capital amounted to HUF 670 million, while shareholder's equity amounted to HUF 616.8 million at the end of March, 2014.

DÜSZ Llc. also owns 50% of **Magyar Posta Investment Services Ltd. (MPBSZ)**, which began its investment services activity in October 2013, whereby MPBSZ offers consolidated securities accounts and Long-term Investment Account product. By the end of March 2014, MPBSZ opened more than 7 thousand accounts; the securities portfolio managed on accounts was close to HUF 14 billion at the end of the quarter, compared to approximately HUF 4.5 billion at the end of December 2013. MPBSZ closed the first three months of 2014 with HUF 122 million loss (according to HAS). The company's shareholder's equity was HUF 743 million and total assets amounted to HUF 1.7 billion.

Associated companies owned by DÜSZ are jointly managed by FHB and Magyar Posta (Hungarian Post Ltd.) according to the syndicate agreement.

Organisational changes and headcount

As of 31 March 2014, the consolidated full-time headcount was 803.1, by 29.6 persons more than 773.5 figure as of 31 December 2013 and by 45.1 persons more than headcount of 757.9 as of 31 March 2013.

Headcounts of the Group members were as follows:

	31/03/2013	31/12/2013	31/03/2014	31/03/2014/ 31/12/2013	31/03/2014/ 31/03/2013
FHB Mortgage Bank Plc.	169.3	172.2	181.2	5.2%	7.1%
FHB Commercial Bank Ltd.	564.9	567.0	583.3	2.9%	3.3%
FHB Life Annuity Ltd.	6.5	5.8	6.0	4.3%	-6.6%
FHB Real Estate Ltd.	8.1	7.4	8.9	20.3%	9.2%
FHB Real Estate Leasing Ltd.	9.2	9.8	10.7	10.0%	16.6%
Diófa Asset Management Ltd.		11.4	10.9	-4.2%	-
Hungarian Card Ltd.		0.0	2.0	-	-
FHB Consolidated	757.9	773.5	803.1	3.8%	6.0%

Changes in key position

The Annual General Meeting of the Company on 28 April 2014 elected Deloitte Hungary Audit and Consulting Ltd. for the auditor also for 2014 (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 responsible is Tamás Horváth (mother's name: Veronika Grósz; birth place, date: Budapest, 08/03/1969; location: 1028 Budapest, Bölény str. 16; chamber membership number: 003449; HFSA number: E003449).

Based on the proposal of Board of Directors, Annual General Meeting re-elected Csaba Lantos as member of Supervisory Board.

In line with the rules of new Civil Code, Annual General Meeting decided on the setting up of Audit Committee and elected Csaba Lantos, Enikő Mártonné Uhrin, Miklós Szabó and Tibor Kádár to the Audit Committee as members.

Post-balance sheet date events

According to the decision announced on 13 March 2014, Financial Stability Board of National Bank of Hungary imposed fine for 35 financial institutions with a total amount of HUF 1.2 billion, which raised fees and charges for customers by the view of NBH on unlawful way. Central Bank prohibited these financial institutions from continuing this practice and ordered to pay back the additional fee charges to clients. NBH imposed a fine of HUF 95 million on FHB Commercial Bank Ltd.

FHB paid the fine until the deadline in April, in the same time brought an action against the decision of NBH to Budapest Court of Public Administration and Labour, in which asked for reprieve of fulfilment of the decision. On 7 May 2014, the Court decided to suspend the execution of paying back the additional fee charges until the legally binding accomplishment of the legal action for review of Central Bank decision.

The National Bank of Hungary authorized with its decision dated 9 May 2014, that Magyar Takarék Befektetési és Vagyongazdálkodási (MATAK) Ltd. – standing in close links with FHB Mortgage Bank – shall gain a direct interest amounting to 50% and FHB through MATAK Zrt. shall gain an indirect, more than 10%, but less than 20% qualifying interest in Magyar Takarékszövetkezeti Bank (Takarékbank) Ltd. through share purchase. Closing of the transaction is expected to take place in first half of 2014.

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

1. P&L structure

in HUF million	Q1 2013	Q4 2013	Q1 2014	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
Interest income	17,383	16,156	14,840	-8.1%	-14.6%
Interest expense	-13,110	-10,964	-9,614	-12.3%	-26.7%
Net interest income	4,273	5,192	5,226	0.7%	22.3%
Fees and commissions income	1,037	1,560	1,470	-5.8%	41.8%
Fees and commissions expense	-182	-238	-190	-20.0%	4.6%
Net fees and commissions	855	1,323	1,280	-3.2%	49.7%
Foreign exchange gains, net	1,567	127	1,192	-	-23.9%
Fair value adjustment	-1,556	128	-476	-	-69.4%
Gain on securities, net	316	25	394	-	24.5%
Net trading result	328	280	1,110	296.2%	238.9%
Other operating income	323	699	628	-10.1%	94.6%
Other operating expenses	-1,306	-2,116	-1,749	-17.4%	33.9%
o/w special banking tax & one-off PTI	-706	-853	-707	-17.1%	0.1%
Other results	-983	-1,418	-1,120	-21.0%	14.0%
Net income of associated companies	0	0	402	-	-
Total non-interest income (with net fees)	199	185	1,671	-	-
Net operating income	4,472	5,377	6,897	28.3%	54.2%
Provision for impairment on loan losses	-2,652	-955	-1,474	54.3%	-44.4%
Personnel expenses	-1,526	-1,122	-1,570	39.9%	2.8%
Banking operation cost	-1,755	-1,686	-1,540	-8.6%	-12.2%
Cost of business activity	-81	-386	-85	-78.1%	3.9%
Depreciation	-622	-642	-623	-2.9%	0.2%
Other tax payable	-17	-12	-23	88.9%	35.4%
Operating costs	-4,002	-3,848	-3,841	-0.2%	-4.0%
Income before income taxes	-2,182	574	1,581	175.5%	-
Income taxes	593	-363	-437	20.2%	-
Profit after tax	-1,589	211	1,145	442.9%	-
Profit after tax w/o special banking tax	-883	1,064	1,852	74.0%	-
After tax profit w/o special banking tax and other one-offs	-808	1,247	2,053	64.5%	-

in HUF million	Q1 2013	2013 Q4	2014 Q1	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
<i>Net interest margin</i>	<i>2.37%</i>	<i>2.71%</i>	<i>2.78%</i>	<i>0.1%-pt</i>	<i>0.4%-pt</i>
<i>ROAA</i>	<i>-0.88%</i>	<i>0.11%</i>	<i>0.61%</i>	<i>0.5%-pt</i>	-
<i>ROAE</i>	<i>-8.39%</i>	<i>1.10%</i>	<i>6.07%</i>	<i>5.0%-pt</i>	-
<i>ROAA w/o special banking tax</i>	<i>-0.49%</i>	<i>0.56%</i>	<i>0.98%</i>	<i>0.4%-pt</i>	-
<i>ROAE w/o special banking tax</i>	<i>-4.66%</i>	<i>5.57%</i>	<i>9.82%</i>	<i>4.2%-pt</i>	-
<i>EPS</i>	<i>-97.75 Ft</i>	<i>11.92 Ft</i>	<i>68.12 Ft</i>	<i>471.3%</i>	-

The Bank's consolidated profit after tax by IFRS amounted to HUF 1.1 billion profits in Q1 2014. Without the special banking tax, FHB Group's consolidated results would have been HUF 1.9 billion profits in Q1 2014.

Beside HUF 707 million of special banking tax, financial institution levy related to exchange rate protection scheme and non-shifted financial transaction levy had negative impact on the result as extraordinary (one-off)

items with total amount of about HUF 900 million. Ignoring all these items, the corrected consolidated profit after tax amounted to HUF 2.1 billion profits.

Net interest income

Net interest income was HUF 5.2 billion in Q1 2014, 22.3% higher than the result achieved in the Q1 2013 reference period and unchanged (+0.7%) quarterly. The net figure emerged as a balance of HUF 14.8 billion interest income (8.1% lower than the figure of Q4 2013 and 14.6% weaker than figures of Q1 2013, respectively) and HUF 9.6 billion interest expense (q/q: -12.3%, y/y: -26.7%).

Reduction of interest income was generated by fall in interest rates realised on FX and HUF loans (related to sloping yield curve) and lower interest incomes from securities compared to previous quarter. Fall of interest expenses was due to lower interest expenses from issued securities and deposits and changes of funding structure.

Distribution of interest income and expenses shows the following table:

	Q1 2013	Q4 2013	Q1 2014	Q1 2014/ Q4 2013	Q1 2014/ Q1 2013
Interest income					
Loans	37.6%	38.7%	41.0%	2.2%-pt	3.4%-pt
Refinancing	11.8%	9.4%	9.3%	-0.1%-pt	-2.5%-pt
Mortgage bond interest subsidy	13.7%	14.3%	14.4%	0.1%-pt	0.7%-pt
Supplementary interest subsidy	1.3%	1.3%	1.3%	0.0%-pt	0.0%-pt
Securities and interbank activities	12.0%	15.3%	13.7%	-1.6%-pt	1.7%-pt
Swap transactions	23.5%	21.0%	20.3%	-0.7%-pt	-3.2%-pt
Interest expenses					
Bonds issued	50.7%	52.5%	50.8%	-1.7%-pt	0.1%-pt
Interbank activities	14.2%	8.5%	7.7%	-0.8%-pt	-6.4%-pt
Customer deposits	13.2%	17.4%	17.7%	0.3%-pt	4.6%-pt
Derivatives	20.0%	19.1%	21.1%	1.9%-pt	1.0%-pt
Other interest expense	1.9%	2.4%	2.7%	0.3%-pt	0.8%-pt

The average net interest margin (NIM) was 2.78% in Q1 of 2014, slightly higher compared to 2.71% in Q4 of 2013 and by 40 bp over 2.37% in Q1 of 2013.

Net fee and commission income

In Q1 of 2014, Bank achieved a positive balance of HUF 1,280 million of income from and expenditures on commissions and fees; 3.2% lower than Q4 2013 figures and 49.7% higher than Q1 2013. Net fees and commissions adjusted by financial transaction levy performed also growth quarter-on-quarter (+1.4%), and represents 36.5% increase year-on-year.

Compared to previous quarter, fees related to insurances and commissions from bank accounts increased but fees related to bankcards and real-estates decreased. The guarantee related fee income reaching over HUF 100 million in Q1 2014, as well. Among expenses, bond issuing fees and agents' fees also dropped quarterly.

Income from fees and commissions in Q1 of 2014 was HUF 1.470 million, of which 15.6% was contributed by charges related to loans (14.2% in Q4 of 2013) and 30.8% by accounts and card related banking charges without financial transaction levy (29.7% in Q4 of 2013). Commissions resulting from the strategic cooperation

agreement signed with Allianz Insurance Company contributed 6.9% to income from fees and commissions in the reported quarter (6.0% in Q4 of 2013).

Card related fee expenses (HUF 86 million) decreased slightly compared to the previous quarter.

Net result of financial transactions

In 2014 Q1 the balance of financial transactions was HUF 1.1 billion profit, by HUF 830 million higher than in the Q4 of 2013.

As of Q1 2014, HUF 1,192 million of foreign exchange profits are higher figures of previous quarter (HUF 127 million profit).

In Q1 of 2014 the changes in the value of financial instruments reported at fair value through P&L was HUF 475.8 million loss, which is less than profit achieved in Q4 2013 by HUF 604 million.

In Q1 2014, securities transactions resulted in HUF 393.7 million profits as opposed to HUF 24.9 million in last period.

Other operating income and expenditure

In 2014 Q1, the balance of other operating income and expenditure was HUF 1,120 million net expenditure; arising from HUF 628.2 million incomes and HUF 1.749 million expenditure. From 2014 – due to presentation changes – financial transaction levy and credit institutions levy are reported on line of other operating expenditure, not as operating costs. Apart from these two items, other results are higher by HUF 146 million than a year before, and by HUF 250 million higher than in the previous quarter.

In 2014 Q1 real estate related income contributed 11.9%, HUF 57 million to other operating income (real estate rent, revaluation). 65.5% of income (HUF 315 million) was contributed by compensation from mortgage-loan insurance.

44.2% of other expenditure was contributed by the special banking tax (HUF 707 million). Within other expenditures, HUF 71.5 million annuity payments were reported.

Net income of associated companies contributed by HUF 401.7 million to consolidated figures, which mainly resulted from the HUF 458.4 million profit of DBF.

Impairments and provisions for possible loan losses

HUF 1.5 billion HUF of risk costs in 2014 Q1 performed by 44.4% better figures than a year before, and was 54.3% higher quarter-on-quarter. Improvement was related to lower volume of provisions for loan losses in line with decreasing volume of non-performing loans compared to the end of Q1 2013. Among loan losses close to HUF 623 million losses were reported due to closed transactions covered by real-estates sold to National Asset Management Company, but it was partially compensated by release of loan loss provision related to that transactions.

Operating expenses²

Operating costs amounted to HUF 3.8 billion in Q1 2014 which is 4.0% lower than in the same period of 2013. The decrease of the administrative expenses is significant. Operating expenses are nearly the same as in the previous quarter.

Cost-to-income ratio was 55.7% in Q1 2014 (as opposed to 89.5% in Q1 2013 and 71.6% in Q4 2013). Ratio adjusted by special banking tax was 50.5% in Q1 2014, while 77.3% in Q1 2013, and 61.8% in Q4 2013.

Personnel expenses were higher than in the same period of 2013 (+2.8%) and also higher than in the last quarter of 2013 (+39.9%). The main reason behind the significant raise is the accrued premium. In the first quarter of 2013 there was premium accrued as well, but at the end of 2013 according to the consolidated loss, fewer premiums were paid than accrued in 2013.

Administrative expenses in Q1 2014 (HUF 1,540 million) decreased year-on-year (HUF 1,755 million), and quarter-on-quarter (HUF 1,686 million) as well. In yearly comparison IT related fees, while in quarterly comparison consultancy fees were lower.

Expenses of business activity (HUF 84.6 million) were approximately at the same level as in Q1 2013 (HUF 81.5 million), but showed significant decrease quarterly (HUF 385.7 million). The costs of cover valuation were by HUF 65 million higher in Q4 2013 than in any other quarters according to the re-valuation of Basel regulation. The marketing expenses in Q4 2013 were also much higher than in the first quarters of 2013 and 2014 according to the intensive marketing activity and product introduction of cooperation with Hungarian Post.

Depreciation was HUF 623 million in Q1 2014, no material change occurred compared to basis periods. Approximately three-quarters of depreciation are related to intangibles.

Other taxes paid reported among operating costs amounted to HUF 23 million in Q1 2014 because of reclassification of credit institution and financial transaction levy. The other taxes among cost (for example real estate tax, vehicle tax, etc.) are the same in every quarter because of the stability of assets.

² Due to reclassification from 2014, amounts of financial transaction levy and credit institution levy are included in other operating expenses instead of operating costs. In favor of comparability these items figures have been reclassified in the data of prior periods, as well.

2. Balance Sheet

in HUF million	31/03/2013	31/12/2013	31/03/2014	31/03/2014/ 31/12/2013	31/03/2014/ 31/03/2013
Cash	2,191	2,039	1,734	-14.9%	-20.9%
Due from banks & NBH	33,631	32,739	79,190	141.9%	135.5%
Financial assets available for sale and trading at fair value	126,180	193,824	197,346	1.8%	56.4%
Fair value of derivative financial assets	2,141	3,579	2,002	-44.1%	-6.5%
Investment in associates (jointly controlled companies)	0	6,158	6,227	1.1%	-
Refinanced mortgage loans	159,785	133,692	129,981	-2.8%	-18.7%
Loans and advances	378,764	358,004	366,001	2.2%	-3.4%
Impairment and provision	-40,330	-37,933	-39,171	3.3%	-2.9%
Tangible assets	5,862	5,625	7,042	25.2%	20.1%
Goodwill and other intangible assets	12,342	11,373	10,912	-4.1%	-11.6%
Other assets	29,864	28,415	28,056	-1.3%	-6.1%
Total Assets	710,429	737,514	789,321	7.0%	11.1%
Liabilities total	634,368	661,443	712,372	7.7%	12.3%
Interbank borrowings	109,900	134,841	133,174	-1.2%	21.2%
Mortgage bonds	234,685	172,830	202,438	17.1%	-13.7%
Bonds issued	103,707	99,487	96,004	-3.5%	-7.4%
Deposits	139,834	222,501	243,809	9.6%	74.4%
Fair value of derivatives	25,746	15,365	18,431	20.0%	-28.4%
Leasing liability	10,704	9,292	8,481	-8.7%	-20.8%
Reserves for annuity	2,460	2,463	2,450	-0.5%	-0.4%
Other liabilities	7,332	4,664	7,584	62.6%	3.4%
Shareholders' equity	76,061	76,072	76,949	1.2%	1.2%
Subscribed capital	6,600	6,600	6,600	0.0%	0.0%
Capital reserve	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-29	-29	-158	451.6%	451.6%
Subordinated Tier1 capital	28,923	31,749	31,749	0.0%	9.8%
Other reserves	107	380	279	-26.6%	160.2%
Retained earnings	40,340	40,340	35,663	-11.6%	-11.6%
Balance sheet profit	-1,589	-4,677	1,108	-	-
Total liabilities and shareholders' equity	710,429	737,514	789,321	7.0%	11.1%

As of 31 March 2014, the Bank's consolidated balance sheet total by IFRS amounted to HUF 789.3 billion, moving 7.0% upward from the end of previous quarter and HUF 78.9 billion, or 11.1% higher than the balance sheet total as of 31 March 2013.

On the assets side the interbank deposits expanded by more than 135%, refinanced loans dropped by 18.7% and impairment and provision increased by 2.9%.

Liabilities increased by 12.3% compared to the reference figures of 2013. Mortgage bonds issued showed decline (-13.7%) and interbank borrowings rose by 21.2%. Deposits grew by more than 74% year-on-year.

Shareholders' equity increased by HUF 888 million or 1.2% year-on-year.

Interest earning assets

The Group's interest earning assets increased from HUF 699.5 billion as of 31 March 2013 to HUF 773.7 billion as of 31 March 2014. Interest earning assets contributed 98.0% to the balance sheet total.

NBH and other interbank lending increased from HUF 33.6 billion as of 31 March 2013 to HUF 79.2 billion as of 31 March 2014. As a result, the ratio of this items in interest earning assets has more than doubled to 10.2% at the end of 2014 Q1.

The value of Bank's securities available for sale and held for trading at fair value increased from HUF 126.2 billion as of 31 March 2013 to HUF 197.3 billion as of 31 March 2014; while as of 31 December 2013 amounted to HUF 193.8 billion. At the end of 2014 Q1, securities available for sale and held for trading contributed 25.5% to interest earning assets. Securities available for sale and held for trading include NBH bonds amounting to HUF 26.0 billion, discount treasury bills amounting to HUF 139.2 billion and government bonds amounting to HUF 13.7 billion.

Loans

As of 31 March 2014, volume of loans was 3.4% down year-on-year (adjusted by FX changes it was 3.9%), but quarterly grew by 2.2% (adjusted by FX changes it was +0.2%). Impairment to cover loan losses decreased from HUF 40.3 billion as of 31 March 2013 to HUF 37.2 billion as of 31 March 2014, in the reported quarter showed 3.3% decrease (from HUF 37.9 billion as of 31 December 2013).

Year-on-year decline in refinanced loans was 18.7% to HUF 130.0 billion, and there was also a 2.8% drop in this item over the last quarter. As of 31 March 2014, contribution of refinanced loans and gross own lending was 64.1% to interest earning assets; this rate was 77% a year before.

Portfolio quality

Volume of non-performing loans increased by 1.3% quarter-on-quarter due to the depreciation of the Hungarian forint, while it has decreased by 4.4% year-on-year. NPL ratio fell to 20.2% by 31 March 2014 from 20.4% as of 31 December 2013. Coverage of non-performing loans is 53% which represents a slight growth in the quarter.

Other assets

Tangible assets amounted to HUF 7.0 billion as of 31 March 2014 and increased by HUF 1.2 billion year-on-year and by HUF 1.4 billion quarter-on-quarter. As of 31 March 2014, intangibles amounted to HUF 10.9 billion, down by HUF 1.4 billion or 11.6% year-on-year and HUF 461 million (-4.1%) below the 31 December 2013 figure. Volume of intangible assets contains also goodwill related to the acquisition of Diófa Asset Management Ltd.

Value of investment in associated companies consolidated by equity method amounted to HUF 6.2 billion as of 31 March 2014, including goodwill related to the acquisition of DÜSZ.

Other assets amounted to HUF 28.1 billion as of 31 March 2014, decreasing by 6.1% (HUF 1.8 billion) year-on-year. Deferred tax assets reached HUF 7.4 billion while value of real estates reported as inventory was HUF 1.6 billion.

Investment properties amounted to HUF 11.3 billion.

Interest bearing liabilities

Interest bearing liabilities increased from HUF 598.8 billion as of 31 March 2013 to HUF 683.9 billion as of 31 March 2014, representing approximately 86.6% to the balance sheet total. As a year before, issued securities gave major part of interest bearing liabilities with a share of 56.5%, for the end of 2014 Q1 their proportion

decreased to 43.6%, while the share of client deposits within interest bearing liabilities grew from 23.4% to 35.6% year-on-year.

Interbank funds

As of 31 March 2014, interbank funds amounted to HUF 133.2 billion showing -1.2% change compared to previous quarter, but volume was 21.2% up year-on-year containing also 2 years covered loan facility issued by Hungarian National Bank to stimulate corporate lending and funding of disbursed loans within the framework of Funding for Growth Scheme (NHP). Contribution of interbank borrowings to interest bearing liabilities was 19.5% as of 31 March 2014.

CMBs issued

HUF 202.4 billion book value of mortgage bonds as of 31 March 2014 was down by 13.7% or HUF 32.2 billion from figures of 31 March 2013 (HUF 234.7 billion).

in HUF million	31/03/2013		31/03/2014	
	Book value	Nominal value	Book value	Nominal value
Non-listed mortgage bonds				
Fixed	66,033	65,868	29,363	29,226
Floating	304	304	0	0
Listed mortgage bonds				
Fixed	146,483	146,319	152,824	147,955
Floating	12,247	12,811	10,936	10,962
Total	225,067	225,302	193,123	188,143
Accrued interest	9,618		9,315	
Mortgage bonds Total	234,685	225,302	202,438	188,143
Non-listed bonds				
Fixed	54,887	54,435	29,855	29,850
Floating	6,028	5,957	4,248	4,194
Listed bonds				
Fixed	38,368	38,614	52,654	53,955
Floating	1,377	1,380	7,032	7,035
Total	100,660	100,387	93,789	95,035
Accrued interest	3,047		2,215	
Bonds Total	103,707	100,387	96,004	95,035

Mortgage bonds collateral³

The net collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank amounted to 444.7 billion HUF as of 31 March 2014 (HUF 301.2 billion of capital and HUF 143.5 billion of interests), 4.0% less than the HUF 463.4 billion as of 31 December 2013 and 18.0% below the figure of 31 March 2013 (HUF 542.3 billion).

³ Non-consolidated data of FHB Mortgage Bank Plc. only, according to HAS

The value of the group of assets involved as collateral:

in HUF million	31/03/2013	31/12/2013	31/03/2014
Outstanding mortgage bonds			
Face value	302,927	225,601	229,376
Interest	74,590	53,899	53,997
Total	377,517	279,500	283,374
Value of the regular collateral			
Principal	346,405	308,444	301,218
Interest	195,915	154,922	143,506
Total	542,321	463,366	444,724
Value of assets involved as supplementary collateral			
Balance of the separate blocked account at the NBH - principal	0	0	0
Total	0	0	0

As of 31 March 2014, the present value of ordinary collateral was HUF 340.7 billion and the present value of mortgage bonds were HUF 266.4 billion, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid, ratio was 127.9%. As of 31 March 2014, net value of ordinary and supplementary collateral principal to unpaid face value of mortgage bonds in circulation was 131.3%, and the net ordinary and supplementary collateral principal to the unpaid interest on mortgage bonds in circulation was 265.8%.

The collateral value of real estate covering ordinary collaterals amounted to HUF 855.8 billion as of 31 March 2014, 2.2% down compared to 31 December 2013 (HUF 874.6 billion) and 10.2% below the 31 March 2013 value (HUF 952.5 billion). The LTV ratio applicable for ordinary collateral was 35.1% as of 31 March 2014, lower than the 36.2% LTV as of 31 March 2013.

Bonds issued

The book value of bonds was HUF 96 billion as of 31 March 2014, compared to 31 December 2013 (99.5 billion HUF) decreasing by 3.5 billion or 3.5%. The year-on-year decline was 13.7%. The stock of bonds fell by HUF 7.7 billion (7.4%) in one year.

Deposits

As of 31 March 2014, deposits amounted to HUF 243.8 billion increasing by 74.4% year-on-year and 9.6% quarterly. In the last year, volume of corporate deposits significantly increased (by 110.9%), similarly to retail deposits (+48.2%).

The sight deposit ratio grew from 26.1% to 27.8% in a year.

Other liabilities

Other liabilities amounted to HUF 7.6 billion, within that liabilities related to early instalments of clients amounted to HUF 854 million. The Bank reported accounts payable HUF 320.6 million as of 31 March 2014, accruals HUF 883.9 million and deferred tax liabilities HUF 477.2 million.

Shareholders' equity

Within one year, shareholders' equity increased by 1.2% to HUF 76.9 billion as of 31 March 2014. In line with IFRS, the Bank reported the EUR 112 million Tier 1 subordinated bond as part of shareholder's equity. Balance sheet profit was HUF 1.1 billion.

Capital position

On 1 January 2014 regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) came into effect. The new regulation defines new prudential requirements not only in case of capital adequacy, but also for liquidity, financial stability and leverage, as well. Most important elements of the new regulation are the different methodology of calculation of own funds and more strict requirements on the level of Tier 1 capital.

CRR includes transitional provisions, reports, reviews and amendments in favour of continuous convenience, some of these rules have to be appointed by the competent authorities, in our case by National Bank of Hungary as financial supervisory. NBH appointed these rules in regulation No. 10/2014. (IV. 3.).

FHB calculated capital adequacy based on consolidated IFRS data of a range of group members defined by CRR (companies under consolidated supervision), applying also transitional rules. As of 31 March 2014, capital adequacy ratio – including also additional supervisory capital requirements (SREP) – is 11.3%, CET1 ratio is 7.8%. Decrease of capital adequacy ratio compared to previous quarters is the impact of regulatory changes and is in line with preliminary calculations of the Bank.

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, May 15, 2014

Mr Gyula Köbli
Chief Executive Officer

Mr Gábor Gergő Soltész
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. (Diófa Fund Management 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.), Díjbeszedő Operational and Service Llc. (Díjbeszedő Üzemeltetési és Szolgáltatási Kft.), FHB Card Centre Ltd. (FHB Kártyaközpont Zrt.); 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.). Jointly controlled companies – as Díjbeszedő Factorhouse Ltd. (Díjbeszedő Faktorház Zrt.), DíjNet Ltd., Díjbeszedő IT Llc. (Díjbeszedő Informatikai Kft.), and Hungarian Post Investment Services Ltd. (Magyar Posta Befektetési Szolgáltató Zrt.) – and Magyar Takarék Asset Management Ltd. (Magyar Takarék Befektetési 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 audited data as of 31 December 2013 and non-audited data as of 31 March 2013 and 31 March 2014 according to IFRS)

in HUFmillion	Q1 2013	Q4 2013	Q1 2014	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
Interest income	17,383	16,156	14,840	-8.1%	-14.6%
Interest expense	-13,110	-10,964	-9,614	-12.3%	-26.7%
Net interest income	4,273	5,192	5,226	0.7%	22.3%
Fee and commission income	1,037	1,560	1,470	-5.8%	41.8%
Fee and commission expense	-182	-238	-190	-20.0%	4.6%
Net fee and commission income	855	1,323	1,280	-3.2%	49.7%
Profit/(Loss) from FX transactions	1,567	127	1,192	-	-23.9%
Change in fair value of financial instruments	-1,556	128	-476	-	-69.4%
Gains from securities	316	25	394	-	24.5%
Net trading result	328	280	1,110	296.2%	238.9%
Other operating income	323	699	628	-10.1%	94.6%
Other operating expense	-950	-1,429	-1,749	22.3%	84.1%
Net other operating result	-627	-731	-1,120	53.3%	78.7%
Net income of associated companies	0	0	402	-	-
Operating income	4,828	6,064	6,897	13.7%	42.8%
Provision for impairment on loan losses	-2,652	-955	-1,474	54.3%	-44.4%
General and administrative expense	-4,358	-4,535	-3,841	-15.3%	-11.9%
Profit/(Loss) before tax	-2,182	574	1,581	175.5%	-
Income tax benefit/(expense)	593	-363	-437	20.2%	-
Profit/(Loss) for the period	-1,589	211	1,145	442.9%	-
Basic EPS (yearly)	-97.7 Ft	11.9 Ft	68.1 Ft	471.3%	-
Diluted EPS (yearly)	-97.7 Ft	11.9 Ft	68.1 Ft	471.3%	-

Consolidated Comprehensive Income Statement	Q1 2013	Q4 2013	Q1 2014	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
Profit/(Loss) for the period	-1,589	211	1,145	442.9%	-
Change in cash-flow hedge reserve	0	-123	0	-	-
Change in fair value of financial assets available for sale	56	581	-168	-	-
FX translation reserve	-4	-3	-10	184.7%	146.9%
Deferred tax effect for other comprehensive income	58	-155	34	-	-41.8%
Other comprehensive income/(loss) for the period net of taxes	110	300	-142	-	-
Total comprehensive income/(loss) for the period, net of income taxes	-1,479	511	1,003	96.3%	-

Consolidated Income Statement 'B'

Table includes the special banking tax for the entire business year

(consolidated audited data as of 31 December 2013 and non-audited data as of 31 March 2013 and 31 March 2014 according to IFRS)

in HUF million	Q1 2013	Q4 2013	Q1 2014	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
Interest income	17,383	16,156	14,840	-8.1%	-14.6%
Interest expense	-13,110	-10,964	-9,614	-12.3%	-26.7%
Net interest income	4,273	5,192	5,226	0.7%	22.3%
Fee and commission income	1,037	1,560	1,470	-5.8%	41.8%
Fee and commission expense	-182	-238	-190	-20.0%	4.6%
Net fee and commission income	855	1,323	1,280	-3.2%	49.7%
Profit/(Loss) from FX transactions	1,567	127	1,192	-	-23.9%
Change in fair value of financial instruments	-1,556	128	-476	-	-69.4%
Gains from securities	316	25	394	-	24.5%
Net trading result	328	280	1,110	296.2%	238.9%
Other operating income	323	699	628	-10.1%	94.6%
Other operating expense	-3,069	-576	-3,868	-	26.0%
Net other operating result	-2,746	123	-3,240	-	18.0%
Net income of associated companies	0	0	402	-	-
Operating income	2,709	6,917	4,778	-30.9%	76.4%
Provision for impairment on loan losses	-2,652	-955	-1,474	54.3%	-44.4%
General and administrative expense	-4,358	-4,535	-3,841	-15.3%	-11.9%
Profit/(Loss) before tax	-4,301	1,427	-538	-	-87.5%
Income tax benefit/(expense)	995	-525	-34	-93.5%	-
Profit/(Loss) for the period	-3,306	902	-572	-	-82.7%

Basic EPS (yearly)	-201.1 Ft	54.7 Ft	-37.4 Ft	-	-81.4%
Diluted EPS (yearly)	-201.1 Ft	54.7 Ft	-37.4 Ft	-	-81.4%

Consolidated Comprehensive Income Statement	Q1 2013	Q4 2013	Q1 2014	Q1 2014 / Q4 2013	Q1 2014 / Q1 2013
Profit/(Loss) for the period	-3,306	902	-572	-	-82.7%
Change in cash-flow hedge reserve	0	-123	0	-	-
Change in fair value of financial assets available for sale	56	581	-168	-	-
FX translation reserve	-4	-3	-10	184.7%	146.9%
Deferred tax effect for other comprehensive income	58	-155	34	-	-41.8%
Other comprehensive income/(loss) for the period net of taxes	110	299	-142	-	-
Total comprehensive income/(loss) for the period, net of income taxes	-3,196	1,201	-714	-	-77.7%

Consolidated Financial Position 'A'

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

(consolidated audited data as of 31 December 2013 and non-audited data as of 31 March 2013 and 31 March 2014 according to IFRS)

in HUF million	31/03/ 2013	31/12/ 2013	31/03/ 2014	31/03/2014/ 31/12/2013	31/03/2014/ 31/03/2013
Cash on hand	2,191	2,039	1,734	-14.9%	-20.9%
Due from banks & NBH	33,631	32,739	79,190	141.9%	135.5%
Securities held for trading	13,502	41,951	63,734	51.9%	-
Financial assets available for sale	112,678	151,873	133,612	-12.0%	18.6%
Investment in associates		6,158	6,227	1.1%	-
Derivate financial assets	2,141	3,579	2,002	-44.1%	-6.5%
Refinanced mortgage loans	159,785	133,692	129,981	-2.8%	-18.7%
Loans and advances to consumers	378,764	358,004	366,001	2.2%	-3.4%
Impairment and provision	-40,330	-37,933	-39,171	3.3%	-2.9%
Investment property	11,533	11,311	11,285	-0.2%	-2.2%
Tangible assets	5,862	5,625	7,042	25.2%	20.1%
Goodwill and other intangible assets	12,342	11,373	10,912	-4.1%	-11.6%
Deferred tax asset	7,154	7,421	7,442	0.3%	4.0%
Other assets	11,177	9,682	9,330	-3.6%	-16.5%
Total assets	710,429	737,514	789,321	7.0%	11.1%
Due to banks	91,948	116,847	115,161	-1.4%	25.2%
Issued securities	256,657	228,851	251,632	10.0%	-2.0%
Mortgage bonds	194,174	143,250	169,718	18.5%	-12.6%
Bonds	62,483	85,601	81,913	-4.3%	31.1%
Deposits from customers	139,834	222,501	243,809	9.6%	74.4%
Derivative financial liabilities	25,746	15,365	18,431	20.0%	-28.4%
Financial liabilities at fair value through profit or loss	99,686	61,460	64,824	5.5%	-35.0%
Finance lease liabilities	10,704	9,292	8,481	-8.7%	-20.8%
Reserve for annuity payments	2,460	2,463	2,450	-0.5%	-0.4%
Current tax liability	50	6	29	385.2%	-42.9%
Deferred tax liability	617	503	477	-5.1%	-22.7%
Provisions	201	1,141	1,102	-3.5%	449.4%
Other liabilities	6,464	3,013	5,977	98.3%	-7.5%
Total liabilities	634,368	661,443	712,372	7.7%	12.3%
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	-158	451.6%	451.6%
Subordinated Tier 1 capital	28,923	31,749	31,749	0.0%	9.8%
Other reserves	107	380	279	-26.6%	160.2%
Retained earnings	40,340	40,340	35,663	-11.6%	-11.6%
Balance sheet profit	-1,589	-4,677	1,108	-123.7%	-
Total shareholders' equity	76,061	76,072	76,949	1.2%	1.2%
Total liabilities and shareholders' equity	710,429	737,514	789,321	7.0%	11.1%

Consolidated Financial Position 'B'

Table includes the special banking tax for the entire business year

(consolidated audited data as of 31 December 2013 and non-audited data as of 31 March 2013 and 31 March 2014 according to IFRS)

in HUFmillion	31/03/2013	31/12/2013	31/03/ 2014	31/03/2014/ 31/12/2013	31/03/2014/ 31/03/2013
Cash on hand	2,191	2,039	1,734	-14.9%	-20.9%
Due from banks & NBH	33,631	32,739	79,190	141.9%	135.5%
Securities held for trading	13,502	41,951	63,734	51.9%	-
Financial assets available for sale	112,678	151,873	133,612	-12.0%	18.6%
Investment in associates	0	6,158	6,227	1.1%	-
Derivative financial assets	2,141	3,579	2,002	-44.1%	-6.5%
Refinanced mortgage loans	159,785	133,692	129,981	-2.8%	-18.7%
Loans and advances to consumers	378,764	358,004	366,001	2.2%	-3.4%
Impairment and provision	-40,330	-37,933	-39,171	3.3%	-2.9%
Investment property	11,533	11,311	11,285	-0.2%	-2.2%
Tangible assets	5,862	5,625	7,042	25.2%	20.1%
Goodwill and other intangible assets	12,342	11,373	10,912	-4.1%	-11.6%
Deferred tax asset	201	1,141	1,102	-3.5%	449.4%
Other assets	17,139	15,962	16,047	0.5%	-6.4%
Total assets	709,437	737,514	789,698	7.1%	11.3%
Due to banks	91,948	116,847	115,161	-1.4%	25.2%
Issued securities	256,657	228,851	251,632	10.0%	-2.0%
Mortgage bonds	194,174	143,250	169,718	18.5%	-12.6%
Bonds	62,483	85,601	81,913	-4.3%	31.1%
Deposits from customers	139,834	222,501	243,809	9.6%	74.4%
Derivative financial liabilities	25,746	15,365	18,431	20.0%	-28.4%
Financial liabilities at fair value through profit or loss	99,686	61,460	64,824	5.5%	-35.0%
Finance lease liabilities	10,704	9,292	8,481	-8.7%	-20.8%
Reserve for annuity payments	2,460	2,463	2,450	-0.5%	-0.4%
Current tax liability	50	6	29	385.2%	-42.9%
Deferred tax liability	617	503	477	-5.1%	-22.7%
Provisions	201	1,141	1,102	-3.5%	449.4%
Other liabilities	7,189	3,013	8,070	167.8%	12.3%
Total liabilities	635,093	661,443	714,465	8.0%	12.5%
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	-158	451.6%	-
Subordinated Tier 1 capital	28,923	31,749	31,749	0.0%	9.8%
Other reserves	107	380	279	-	160.2%
Retained earnings	40,340	40,340	35,663	-11.6%	-11.6%
Balance sheet profit	-3,306	-4,677	-609	-87.0%	-
Total shareholders' equity	74,344	76,072	75,233	-1.1%	1.2%
Total liabilities and shareholders' equity	709,437	737,514	789,698	7.1%	11.3%

Name: FHB Mortgage Bank Plc.
Address: 1082 Budapest, Üllői út 48.
Sector: Financial services
Reporting period: 01.01.2014 – 31.03.2014

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Investor relations: Beáta Lendvai

Cash Flow Statement 'A'

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

(consolidated audited data as of 31 December 2013 and non-audited data as of 31 March 2014 according to IFRS)

in HUF million	31 December 2013	31 March 2014
Cash flow from operating activities		
Profit/(loss) for the year	-4,664	1,145
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	2,533	625
(Increase)/Decrease in fair value of Investment property	184	22
Recognition of investment property through income statement	57	-68
Provision for losses	1,554	1,199
(Gain)/Loss on tangible assets derecognized	25	-9
(Gain)/Loss on intangible assets derecognized	-2	-1
Share option reserve	0	4
Capitalized interest	-840	-845
Fair value of derivatives	-7,054	4,643
Fair value adjustment on financial liabilities through profit and loss	-1,448	-687
Change in fair value of annuity reserve	361	59
Change in foreign currency translation reserve	-2	-8
Leasing liabilities	0	-69
Operating profit before change in operating assets	-9,295	6,010
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	-34,135	-21,784
Financial assets available for sale	7,347	18,125
Refinanced mortgage loans	31,298	3,711
Loans and advances to customers	14,767	-7,152
Other assets	-1,380	330
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits	70,295	21,308
Due to banks	24,263	-1,447
Other liabilities	-1,088	2,964
Net cash flow from operating activities	102,071	22,065
Cash flow from investing activities		
Proceeds from sales of tangible assets	6	25
Purchase of tangible and intangible assets	-696	-1,596
Purchase of investment property	-409	-30
Sale of investment property	319	103
Paid from reserves on annuity business	-308	-72
Goodwill on subsidiaries	-1,054	0
Net cash flow from acquisition of subsidiary	-5,254	0
Net cash flow from investing activities	-7,397	-1,570
Cash flow from financing activities		
Proceed from issued securities	77,184	32,312
Principal repayment on issued securities	-174,488	-5,700
Treasury shares purchased	0	-129
Long term loans repayment	-510	-91
Long term loan borrowings	683	71
Finance lease liabilities repayment	-1,737	-811
Additional Tier 1 capital	2,826	0
Net cash flow from financing activity	-96,042	25,652
Net increase in cash and cash equivalents	-1,367	46,147
Opening balance of cash and cash equivalents	36,145	34,777
Closing balance of cash and cash equivalents	34,777	80,924
Breakdown of cash and cash equivalents:		
Cash	2,039	1,734
Balances with National Bank of Hungary	11,469	21,559
Dues from banks with a maturity of less than 90 days	21,270	57,631
Closing balance of cash and cash equivalents	34,778	80,924
<i>Supplementary data</i>		
Tax paid	-960	-458
Interest received	65,168	12,600
Interest paid	-52,281	-7,470

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Investor relations: Beáta Lendvai

Cash Flow Statement 'B'

Table includes the special banking tax for the entire business year

(consolidated audited data as of 31 December 2013 and non-audited data as of 31 March 2014 according to IFRS)

in HUF million	31 December 2013	31 March 2014
Cash flow from operating activities		
Profit/(loss) for the year	-4,664	-572
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	2,533	625
(Increase)/Decrease in fair value of Investment property	184	22
Recognition of investment property through income statement	57	-68
Provision for losses	1,554	1,199
(Gain)/Loss on tangible assets derecognized	25	-9
(Gain)/Loss on intangible assets derecognized	-2	-1
Share option reserve	0	4
Capitalized interest	-840	-845
Fair value of derivatives	-7,054	4,643
Fair value adjustment on financial liabilities through profit and loss	-1,448	-687
Change in fair value of annuity reserve	361	59
Change in foreign currency translation reserve	-2	-8
Leasing liabilities	0	-69
Operating profit before change in operating assets	-9,295	4,294
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	-34,135	-21,784
Financial assets available for sale	7,347	18,125
Refinanced mortgage loans	31,298	3,711
Loans and advances to customers	14,767	-7,152
Other assets	-1,380	-47
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits	70,295	21,308
Due to banks	24,263	-1,447
Other liabilities	-1,088	5,057
Net cash flow from operating activities	102,071	22,065
Cash flow from investing activities		
Proceeds from sales of tangible assets	6	25
Purchase of tangible and intangible assets	-696	-1,596
Purchase of investment property	-409	-30
Sale of investment property	319	103
Paid from reserves on annuity business	-308	-72
Goodwill on subsidiaries	-1,054	0
Net cash flow from acquisition of subsidiary	-5,254	0
Net cash flow from investing activities	-7,397	-1,570
Cash flow from financing activities		
Proceed from issued securities	77,184	32,312
Principal repayment on issued securities	-174,488	-5,700
Treasury shares purchased	0	-129
Long term loans repayment	-510	-91
Long term loan borrowings	683	71
Finance lease liabilities repayment	-1,737	-811
Additional Tier 1 capital	28,923	0
Net cash flow from financing activity	-69,945	25,652
Net increase in cash and cash equivalents	-1,367	46,146
Opening balance of cash and cash equivalents	36,145	34,777
Closing balance of cash and cash equivalents	34,777	80,923
Breakdown of cash and cash equivalents:		
Cash	2,039	1,734
Balances with National Bank of Hungary	11,469	21,559
Dues from banks with a maturity of less than 90 days	21,270	57,631
Closing balance of cash and cash equivalents	34,778	80,924
<i>Supplementary data</i>		
Tax paid	-960	-458
Interest received	65,168	12,600
Interest paid	-52,281	-7,470

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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 2013, and 1 January 2014 and non-audited data as of 31 March 2014 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	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
1 January 2013	6,600	-29	1,709		0	28,923	-216	31	40,341	77,540
Transfer to general reserve									-13	0
Profit/(Loss)									-4,664	-4,664
Other comprehensive income							372	-2		370
Purchase/(Sale) of treasury shares										0
Subordinated Tier 1 capital						2,826				2,826
Change in share option reserve										0
1 January 2014	6,600	-29	1,709	0	0	31,749	156	29	35,664	76,072
Transfer to general reserve									-37	0
Profit/(Loss)									1,145	1,145
Other comprehensive income							-136	-8		-144
Purchase/(Sale) of treasury shares		-129								-129
Subordinated Tier 1 capital						0				0
Change in share option reserve					4					4
31 March 2014	6,600	-158	1,709	0	4	31,749	20	21	36,772	76,948

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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 2013, and 1 January 2014 and non-audited data as of 31 March 2014 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	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
1 January 2013	6,600	-29	1,709		0	28,923	-216	31	40,341	77,540
Transfer to general reserve									-13	0
Profit/(Loss)									-4,664	-4,664
Other comprehensive income							372	-2		370
Purchase/(Sale) of treasury shares										0
Subordinated Tier 1 capital						2,826				2,826
Change in share option reserve										0
1 January 2014	6,600	-29	1,709	0	0	31,749	156	29	35,664	76,072
Transfer to general reserve									-37	0
Profit/(Loss)									-571	-571
Other comprehensive income							-136	-8		-144
Purchase/(Sale) of treasury shares		-129								-129
Subordinated Tier 1 capital						0				0
Change in share option reserve					4					4
31 March 2014	6,600	-158	1,709	0	4	31,749	20	21	35,056	75,232

Off-balance Sheet items – Commitments

(consolidated audited data as of 31 December 2013 and non-audited data as of 31 March 2013 and 31 March 2014 according to IFRS)

in HUF million	31 March 2013	31 December 2013	31 March 2014
Guarantees	4,224	15,905	18,324
Undrawn commitments	31,199	44,517	43,533
Total	35,423	60,422	61,857

Transactions with related parties

(consolidated non-audited data as of 31 March 2013 and 31 March 2014 according to IFRS)

in HUF million	Transactions between FHB Mortgage Bank and owners with influential share	
	31 March 2013	31 March 2014
Due from banks	0	0
Refinanced mortgage loans	0	0
Fair value of derivatives	0	0
Other assets	0	0
Total assets	0	0
Due to banks	0	0
Issued securities	0	0
Financial liabilities at fair value through profit and loss	0	0
Other liabilities	1	0
Total liabilities	1	0
	31 March 2013	31 March 2014
Interest income	0	0
Interest expense	0	0
Net interest income	0	0
Fees and commission income	0	0
Fees and commission expense	0	0
Net fees and commissions	0	0
Gains from securities	0	0
Net trading result	0	0
Other operating income	0	0
Other operating expense	0	0
Operating profit	0	0
Credit loss expense	0	0
General and administrative expense	-55	-20
Profit for the year	-55	-20

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.

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

Ownership structure, participation and voting rates (as at 31 March 2014)

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

Description of owner	Total equity ¹					
	At the beginning of actual year			End of actual period		
	% ²	% ³	Qty	%	%	Qty
Domestic institution/company	57.6%	57.7%	38,040,017	57.6%	57.9%	38,040,017
Foreign institution/company	21.7%	21.7%	14,297,742	21.7%	21.8%	14,297,742
Domestic individual	7.5%	7.5%	4,943,054	7.5%	7.5%	4,943,054
Foreign individual	0.1%	0.1%	45,045	0.1%	0.1%	45,045
Employees, senior officers	0.2%	0.2%	148,055	0.2%	0.2%	148,055
Treasury shares	0.1%	0.0%	53,601	0.4%	0.0%	253,601
Government held owner ⁴	7.2%	7.2%	4,724,833	7.2%	7.2%	4,724,833
International Development Institutions ⁵	0.0%	0.0%	0	0.0%	0.0%	0
Other	5.7%	5.7%	3,747,663	5.4%	5.4%	3,547,663
TOTAL	100.0%	100.0%	66,000,010	100.0%	100.0%	66,000,010

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

²Ownership share

³The voting rights ensuring participation in decision making at the General Shareholder's Meeting of Issuer. If the ownership share and the voting rights are identical, only the ownership share column must be completed and submitted/disclosed, while the fact must be indicated!

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

⁵E.g.: EBRD, EIB, etc.

Number of treasury shares held in the year under review

	31 March 2013		31 December 2013		31 March 2014	
FHB Mortgage Bank Plc.	53,601	0.08%	53,601	0.08%	253,601	0.38%

Owners with more than 5% ownership (as at 31 March 2014)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)
VCP Finanz Holding Ltd.	no	15,970,000	24.20%
A64 Vagyonkezelő Ltd.	no	13,181,468	19.97%
Allianz Hungária Biztosító Ltd.	no	6,856,662	10.39%
Silvermist Estate SA	no	6,318,116	9.57%
Hungarian National Asset Management Inc.	no	4,724,833	7.16%
Total		47,051,079	71.29%

Data forms related to the organisation and operation of the issuer

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

	End of reference period 31/03/2013	End of last quarter 31/12/2013	Current period closing 31/03/2014
Bank	169	172	181
Consolidated	758	774	803

Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 31 March 2014)

Type ¹	Name	Position	Beginning of mandate	End/ termination of mandate	No. of shares held
BoD	Dr. Zoltán Spéder	Chairman	29.04.2008	29.04.2018	16,000
BoD	Gabriella Balogh	Member	30.04.2013	29.04.2018	0
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	Tamás Foltányi	Member, Deputy CEO	21.04.2010	29.04.2018	12,000
BoD	Gábor Gergő Soltész	Member, Deputy CEO	30.04.2013	29.04.2018	0
BoD	Ákos Zoltán Starcz	Member	30.04.2013	29.04.2018	0
SB	Csaba Lantos	Chairman	28.04.2009	29.04.2018	0
SB	Enikő Mártonné Uhrin	Member	21.04.2010	21.04.2015	0
SB	Tibor Kádár	Member	24.04.2013	23.04.2018	0
SB	Miklós Szabó	Member	20.04.2011	20.04.2016	2,200
TOTAL No. of shares held by management:					54,200

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

Information and disclosures in first quarter of 2014

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

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

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