



**FHB Mortgage Bank Plc.**

**Half-year financial report  
for the first half of 2015**

Budapest, 31<sup>st</sup> August, 2015

**I. SUMMARY CONSOLIDATED FIGURES**

in HUF million	30/06/2014	31/03/2015	30/06/2015	30/06/2015/ 31/03/2015	30/06/2015/ 30/06/2014
<b>Main balance sheet items</b>					
Total assets	674,715	821,973	753,629	-8.3%	11.7%
Refinanced loans	125,053	104,711	93,329	-10.9%	-25.4%
Loans (gross)	365,206	333,654	326,211	-2.2%	-10.7%
Mortgage bonds	177,310	190,604	163,370	-14.3%	-7.9%
Senior unsecured bonds	99,533	110,341	108,443	-1.7%	9.0%
Customer deposits	259,887	346,811	337,388	-2.7%	29.8%
Shareholders' equity	73,397	83,917	82,528	-1.7%	12.4%
<i>Capital adequacy ratio</i>	<i>10.74%</i>	<i>9.98%</i>	<i>10.78%</i>	<i>0.79%-pt</i>	<i>0.04%-pt</i>
<i>CET1 ratio</i>	<i>8.61%</i>	<i>7.79%</i>	<i>7.87%</i>	<i>0.09%-pt</i>	<i>-0.74%-pt</i>

in HUF million	Q2 2014	Q1 2015	Q2 2015	Q2 2015 / Q1 2015	Q2 2015 / Q2 2014	H1 2014	H1 2015	H1 2015 / H1 2014
<b>Main P/L items</b>								
Net interest income	5,062	5,155	3,347	-35.1%	-33.9%	10,288	8,502	-17.4%
<i>Net interest margin</i>	<i>2.77%</i>	<i>2.63%</i>	<i>1.70%</i>	<i>-0.92%-pt</i>	<i>-1.07%-pt</i>	<i>2.94%</i>	<i>2.25%</i>	<i>-0.69%-pt</i>
Net fees and commissions	1,048	1,580	1,697	7.4%	61.9%	2,328	3,277	40.8%
Net operating income	1,158	-2,201	4,296	-295.2%	271.0%	8,055	2,095	-74.0%
Provision for impairment on loan losses	-1,115	5,473	-2,137	-139.1%	91.7%	-2,589	3,335	-
Operating cost	-4,400	-4,424	-5,155	16.5%	17.2%	-8,241	-9,579	16.2%
<i>Cost to income ratio</i>	<i>379.9%</i>	<i>201.0%</i>	<i>120.0%</i>	<i>-81.0%-pt</i>	<i>-259.9%-pt</i>	<i>102.3%</i>	<i>457.2%</i>	<i>-</i>
<i>Cost/income ratio w/o special banking tax</i>	<i>235.9%</i>	<i>152.2%</i>	<i>103.0%</i>	<i>-49.1%-pt</i>	<i>-132.9%-pt</i>	<i>87.0%</i>	<i>273.1%</i>	<i>186.0%-pt</i>
<b>Profit before tax</b>	<b>-4,357</b>	<b>-1,153</b>	<b>-2,996</b>	<b>159.9%</b>	<b>-31.2%</b>	<b>-2,775</b>	<b>-4,149</b>	<b>49.5%</b>
<b>Profit after tax</b>	<b>-3,554</b>	<b>-3,804</b>	<b>-1,491</b>	<b>-60.8%</b>	<b>-58.0%</b>	<b>-2,409</b>	<b>-5,295</b>	<b>119.8%</b>
<b>Profit after tax w/o special banking tax and other one-offs</b>	<b>1,062</b>	<b>-1,085</b>	<b>-91</b>	<b>-91.6%</b>	<b>-108.6%</b>	<b>2,943</b>	<b>-1,176</b>	<b>-139.9%</b>
<i>Basic EPS (HUF)</i>	<i>-214.5 Ft</i>	<i>-127.3 Ft</i>	<i>-26.7 Ft</i>	<i>-</i>	<i>-</i>	<i>-73.7 Ft</i>	<i>-76.7 Ft</i>	<i>4.0%</i>
<i>Return on Assets</i>	<i>-1.95%</i>	<i>-1.94%</i>	<i>-0.76%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>-0.69%</i>	<i>-1.40%</i>	<i>-0.7%</i>
<i>Return on Equity</i>	<i>-19.0%</i>	<i>-17.9%</i>	<i>-7.2%</i>	<i>10.8%</i>	<i>11.8%</i>	<i>-6.5%</i>	<i>-12.5%</i>	<i>-6.0%</i>

**II. REPORT ON THE FIRST HALF AND THE SECOND QUARTER OF 2015 RESULTS OF FHB GROUP**

This report of FHB Mortgage Bank Public Co Plc. for the first half of 2015 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, non-audited figures as of 30 June 2014, 31 March 2015 and 30 June 2015, and also audited figures as of 31 December 2014.

The Group accounted the entire amount of special banking tax prescribed for 2015 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 2015 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

Consolidated before tax result of the Banking Group based on IFRS was HUF 2,996 million loss in the second quarter, the profit after tax was HUF 1,491 million loss. This result was also the consequence of a decrease of net interest income due to regulatory reasons and an increase of the operating costs on one hand in line with the group's expansion, on the other hand because of one-off items.

**Profit before tax of FHB Group adjusted by special banking tax and other one-off items reached HUF -91 million in the second quarter.** Both profit after tax and adjusted net results **showed considerable improvement** compared to the first quarter of the year.

**Consolidated total assets** of FHB Group amounted to HUF 753.6 billion on 30 June 2015, by 8.3% or approximately HUF 68.3 billion lower than at the end of previous quarter and by HUF 78.9 billion or 11.7% higher than a year before. The change in total assets in the last quarter has been driven by the decrease of the issued securities and the fair value of derivative financial liabilities, while among the assets, the volume of loans and due from banks & NBH decreased significantly.

**Gross loans** amounted to HUF 326.2 billion on 30 June 2015, despite of growing disbursements by more than HUF 7 billion lower compared to the previous quarter, partly because of contractual instalments and partly because of the repayments due to the settlements. The last one resulted in approximately HUF 24 billion volume decline concerning the retail portfolio. Retail loan disbursements grow continuously month by month and reached HUF 3.6 billion in the second quarter and more than HUF 7 billion during the first half of the year. Volume of mortgage loan applications exceeded HUF 5 billion in June 2015, which have reached that level first time since 2008. Volume of loan disbursement for corporates amounted to HUF 8.7 billion in the quarter and HUF 15 billion in the first half of the year showing 46% increase compared to the same period of the previous year and 41% compared to the first quarter. Volume of corporate loans reached HUF 88 billion representing 27% of the total outstanding loan volume (facing 23% a year before).

**The volume of deposits** was HUF 337.4 billion at the end of June 2015, which meant **an increase of 30% in one year**, while slightly, by 2.7% decreased compared to the end of first quarter. Quarterly decrease was a result of 10% decline in corporate deposits. Corporate deposits represented 59% of total deposits at the end of second quarter and its volume was by 38% higher than a year before.

Volume of **retail deposits increased by 10% during the quarter and close to 20% year-by-year** despite of low interest rate environment and disintermediation of savings towards securities in the whole sector. The deposits collected in the Postal network increased by 50% year-on-year. The number of Postal current accounts increased to almost 42 thousand as of 30 June 2015 from 24 thousand at the end of December 2014, which meant an almost 80% rise.

Also **wealth of customers managed on securities accounts increased.** FHB Commercial Bank managed 21.5 thousands, while Magyar Posta Investment Services Ltd. (MPBSZ) over 30 thousands securities accounts. Market value of savings on these securities accounts **doubled in one year** and exceeded HUF 144 billion.

The total net value of assets and other portfolios under management of Diófa Asset Management Ltd. increased from HUF 338.7 billion at the end of the previous year to HUF 376.8 billion as of 30 June 2015. This means an increase close to 5.8% in the second quarter. Magyar Posta Takarék Real Estate Fund with volume

HUF 56.6 billion contributed mainly to the growth of investment funds. The market share of Diófa Asset Management on the market of investment funds increased from 0.6% as of the first quarter of 2014 to nearly 2.4% for the end of June 2015, while its market share from wealth management of pension funds grew to 15.7% from 6.8% in one year.

Volume of – non-consolidated – total savings managed by members of FHB Group exceeded HUF 752 billion, against HUF 518.4 billion a year before, representing over 45% growth.

Main P&L items are reported as follows:

- **Net interest income** decreased by HUF 1.8 billion compared to the previous quarter as a result of reduction of interest on loans due to lowering interest rates – caused by the decreasing interest rate environment and the transition to “fair” interest rates according to law –, as well as decreasing loan portfolio partly caused by the settlement. Amount of more than HUF 3.3 billion net interest income represented 1.70% net interest margin on average total assets, by 92 basis point lower compared to the previous quarter and by more than 100 basis points lower than a year ago.
- **Net fees and commissions** amounted to HUF 1.7 billion, which was close to 62% higher than a year before and it was 7.4% higher compared to the previous quarter. The growth resulted by 57.3% increase of fund management fees, and quarterly 14% or yearly 65.2% growth of bank account related fee incomes.
- Amount of **operating costs** was HUF 5.2 billion in the second quarter, 16.5% higher than in the previous quarter partly due to the increase of administrative expenses and expenses of business activity. Extraordinary costs of settlements contributed significantly to increase in operating costs.
- The volume of **risk costs** amounted to HUF 2.2 billion in the second quarter of 2015, which was mainly caused by the loss of write-offs and sold receivables. The volume of impairments increased by 4.1%, or HUF 1.2 billion compared to the first quarter of 2015.
- Rate of non-performing loans (NPL ratio) decreased to 18.0% for the end of the second quarter from 20.2% at the end of 2014. Coverage of non-performing portfolio stood at 50.9% at the end of the second quarter.
- Looking at the subsidiaries, performance of Diófa Asset Management Ltd. was outstanding which result was HUF 420 million profit before tax in the first half of 2015.
- The net income of associated companies contributed to the total revenue by HUF 412 million.

Capital adequacy ratio of FHB Group based on regulation effective since 1 January 2014 (CRR) – including also additional supervisory capital requirements (SREP) – is 10.8% as of 30 June 2015, compared to 10.0% in the previous quarter. CET1 ratio reached 7.9% at the end of June. During the second quarter, regulatory capital rose by HUF 2.4 billion (+3.7%), while total capital requirements decreased by HUF 2.0 billion (-3.9%).

#### *Performance of FHB shares*

In terms of capitalisation, FHB is 5th in the rank of "Premium" category listed companies and contributes 1.17% to the aggregate capitalisation of the BSE based on 30 June 2015 data.

As of the end of the second quarter in 2015, FHB's weight in the BUX index was 0.8% which meant that it stands at the sixth place (in the previous quarters stood at the fifth place), while in the previous quarter it was

the second biggest member but Q2 2015 it has fallen to the 3rd place with a weight of 12.43% in BUMIX, the index of share prices of mid- and small-cap companies.

The price of FHB Mortgage Bank's shares showed strengthening. Closed the second quarter of 2015 at HUF 780 – that meant a HUF 45 increase compared to 31 March 2015 data.

## 2. Main activities and subsidiaries' performance

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

The housing construction has decreased in the first half of 2015. According to CSO statistics, 3,083 new homes were built in 2015, 6% less than in the same period of 2014 while the number of new housing construction permits issued was 5,581, 39% higher compared to the same period of 2014 data of which the biggest increase was in Budapest (88%) regarding territorial units.

As of 30 June 2015, the volume of retail mortgage loans (HUF 4,912 billion) was down by 10.7% compared to 30 June 2014; the volume change adjusted by exchange rate volatility was -19.1%. Volume of HUF loans (HUF 4,847 billion) increased by 131.5% year-on-year due to HUF conversion; while the FX loan portfolio (HUF 65 billion) declined by 98.1% for the same reason (-98.4% adjusted by the volatility of exchange rate).

The amount of retail housing loans decreased in Q2 by 0.9%, change adjusted by exchange rate volatility was -1.0%. At the end of June 2015, housing loans amounted to HUF 3,082 billion. This meant 7.9% decrease compared to 30 June 2014 which is -15.4% adjusted by exchange rate volatility. Volume of housing loans denominated in HUF was HUF 3,056 billion, showing a 0.1% decrease (also because of the HUF conversion) during the last quarter, while volume of FX loans decreased by 49.1% (adjusted by the volatility of exchange rate it was -52.0%).

General-purpose mortgage loans amounted to HUF 1,830 billion as of 30 June 2015; after exchange rate adjustment the portfolio decreased by 24.8% and 2.5% year-on-year and quarter-on-quarter, respectively. HUF denominated general-purpose mortgage loans (HUF 1,791 billion) decreased by HUF 14 billion quarter-on-quarter and increased by 241.1% year-on-year. The exchange rate adjusted change in FX denominated general-purpose mortgage loans was -45.5% in Q1 2015 and -97.9% year-on-year.

### *Own lending*

Volume of gross loans of FHB Group amounted to HUF 326.2 billion as of 30 June 2015 decreased by 2.2% compared to the previous quarter's figure (HUF 333.7 billion) and year-on-year decrease was 10.7%. Share of FX based loans in total outstanding loan portfolio was 6.6%, in the contrary of the percentage in previous quarter and in Q2 2014, which was 11.6% and 49.3%, respectively. The share of FX loans of retail loans decreased from 7.6% (31 March 2015) and from 57.7% (30 June 2014) to 1.5% in Q2 2015.

Retail loans remained dominating within the loan portfolio with a contribution of 73.0% (73.9% on 31 March 2015). Retail loans decreased by 3.4% (or HUF 8.4 billion) and by 15.0% (or HUF 41.9 billion) quarter-on-quarter and year-on-year, respectively.

in HUF million	30/06/2014	31/03/2015	30/06/2015	30/06/2015/ 31/03/2015	30/06/2015/ 30/06/2014
<b>Retail loans</b>	<b>279,934</b>	<b>246,432</b>	<b>238,024</b>	<b>-3.4%</b>	<b>-15.0%</b>
Housing loans	138,906	127,946	124,929	-2.4%	-10.1%
Other mortgage loans	128,433	108,324	102,828	-5.1%	-19.9%
Consumer loans	8,409	6,071	5,887	-3.0%	-30.0%
Loans for employees	1,522	1,449	1,378	-4.9%	-9.5%
Retail leasing	2,664	2,642	3,002	13.6%	12.7%
<b>Corporate loans</b>	<b>85,272</b>	<b>87,222</b>	<b>88,187</b>	<b>1.1%</b>	<b>3.4%</b>
Corporate loans	84,161	86,036	86,418	0.4%	2.7%
Corporate leasing	1,111	1,186	1,416	19.4%	27.5%
Equipment leasing	0	0	353	-	-
<b>Total own lending, gross</b>	<b>365,206</b>	<b>333,654</b>	<b>326,211</b>	<b>-2.2%</b>	<b>-10.7%</b>
Impairment	-39,293	-28,710	-29,897	4.1%	-23.9%
<b>Loans, net</b>	<b>325,913</b>	<b>304,945</b>	<b>296,314</b>	<b>-2.8%</b>	<b>-9.1%</b>
Refinanced loans	125,053	104,711	93,329	-10.9%	-25.4%

In terms of structure of retail loans, housing loans as the largest volume contributed 52.5% and other mortgage loans contributed 43.2% to the retail loan portfolio. A year before proportion was 49.6% and 45.9%, respectively. The volume of consumer loans amounted to HUF 5.9 billion, which is 3.0% lower than in the previous quarter. Volume of corporate loans amounted to HUF 88.2 billion, representing 27.0% of the total portfolio. The amount increased by 1.1% compared to the previous quarter and by 3.4% year-on-year. Within corporate loans volume of leasing assets grew by close to 20% during the second quarter and additional disbursements from equipment leasing product launched at the end of March, the growth almost reached 50%.

In Q2 2015, HUF 3.6 billion of retail and HUF 8.7 billion of corporate loans have been disbursed; the last figure is more than 46.3% higher than in last year. In the second quarter of 2015, the Bank placed HUF 1.6 billion loans out to corporate customers within the framework of Funding for Growth Scheme.

During the quarter FHB offered further 22 properties to the National Asset Management Company (NET) in Q2 2015 and 14 transactions were closed because of NET sale with a total amount of almost HUF 37 million. Since the start of the program the number of completed transactions exceeded 2,270 units.

#### *FHB Commercial Bank Ltd.*

According to Hungarian Accounting Standards (HAS), total assets of FHB Commercial Bank were HUF 549.5 billion as of 30 June 2015, showing a 17.1% increase compared to a year before (HUF 469.1 billion).

On 30 June 2015, volume of gross loans according to HAS was HUF 214.1 billion decreasing by 9.8% compared to 30 June 2014. Gross loans represented 39.0% of total assets. Corporate loans of FHB Commercial Bank – excluding intra-group loans – amounted to HUF 73.0 billion having a share of 34.1% among total loan portfolio.

Interest bearing liabilities amounted to HUF 499.7 billion; representing 90.9% among liabilities, and showed 16.6% increase year-on-year and 2.9% decreased quarter-on-quarter. Deposits of HUF 341.5 billion represented 68.3% among interest bearing liabilities, while interbank liabilities represented the second highest ratio with the amount of HUF 134.3 billion, containing refinanced loans from FHB Mortgage Bank, and refinancing related to outstanding loans already drawn under the Funding for Growth Scheme.

Deposits increased by more than 31% compared to the same period of the previous year and decreased by 1.7% during the second quarter, due to a significant increase in corporate deposits and the deposits hold on postal accounts. Volume of corporate deposits was significantly above retail deposit's volume as of 30 June 2015; its share was 63.1%. Volume of sight deposits increased by HUF 17.7 billion year-on-year, while it



decreased by HUF 0.3 billion quarter-on-quarter. As a result, sight deposits represented 32.1% of total deposits.

At the end of June 2015, number of retail and corporate accounts managed by Commercial Bank was 199 thousands and 12 thousand, respectively, and 158 thousand retail and 7.1 thousand corporate banking cards related to these accounts. Both number of accounts and cards represented growth in yearly and quarterly comparison, as well. The sale of postal account packages, which has started in April 2014, contributed to the growth of number of accounts also. At the end of June 2015 the number of post accounts was nearly 42 thousand. At the end of the quarter the Bank broadened the product scope sold in the Post network with the Postal Personal loan, which is specifically developed for the Postal clients.

According to HAS, profit after tax for the first half of 2015 was HUF 2,587 million loss, net results were bothered by the non-shifted part of financial transaction levy (HUF 376 million) and by the expenses of FX rate protection scheme (HUF 44 million). Settlement and HUF conversion did not affect substantively the results of the quarter due to the previously generated impairments and provisions. However the Bank realised a significant loss in the net financial (trading) result as a consequence of the closure of a swap connected to a previously issued bond. Adjusted by special banking tax and therein before mentioned one-off items, profit after tax of FHB Commercial Bank was HUF 1,684 million loss.

Net interest income – in controlling approach – was 4.4% lower than a year before as a result of decreasing interest income (by 17.9%) and decreasing interest expenses (by 29.9%). Net fee and commission income was 10.5% higher than a year before, while it decreased by 4.9% quarter-on-quarter. Operating costs increased by 10.8% compared to the first half of 2014, and increased by 9.7% compared to the previous quarter.

The capital adequacy ratio of the Bank on 30 June 2015 was 9.8%. Shareholder's equity according to HAS was HUF 36.7 billion as of 30 June 2015 and the solvency capital was HUF 46.9 billion.

#### *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, services related to energy certification and real estate agency to external customers.

The real estate cover valuation business generated HUF 156.3 million revenue in 2015 Q2, which is HUF 47.3 million more than a year before, while real estate brokerage reached HUF 109.7 million income in 2015, which is significantly higher than the same period in 2014 (HUF 51.3million).

FHB Real Estate closed the first half with HUF 3.4 million loss.

#### *FHB Lease Ltd.*

As of 31 March 2015, the consolidated loan volume of FHB Lease Ltd. according to IFRS was HUF 8.0 billion. Lease financing disbursement amounted to HUF 795 million in 2015 Q2. Leasing portfolio reached almost HUF 4.5 billion as of 30 June 2015. FHB Lease Ltd. closed the 2015 H1 with HUF 45 million loss consolidated according to IFRS.

#### *Diófa Asset Management Ltd.*

Diófa Asset Management Ltd. as the member of FHB Banking Group is focusing on investment fund management, real estate investments, pension fund wealth management and tailor made solutions for institutional and private clients.

Diófa Asset Management Ltd. in 2015 started to reform significantly those investment funds that are sold for their retail clients. Before the transformation the Asset Management in several cases used to manage different kind of investment funds, which had the same profile, and which funds were sold separately in distribution networks (eg. money market funds). During the process, the funds with same profile will be combined and transformed, so a coherent and organised product-structure will be able to establish. The reason of this reformation is to improve the efficiency of production and marketing activities, and to decline the administrative burdens. In Q2 2015 the first step of the transformation was a merger, when FHB Abszolút Hozamú Alap merged to Takarékinvest Abszolút Hozamú Származtatott Alap, which is going to be sold in the network of FHB Bank és Takarékbank with a name of FHB Abszolút Hozamú Alap. The process of those funds, that it is concerned in the transformation, will be closed in July 2015.

At the end of the second quarter of 2015 the total net value of assets and other portfolios under management increased to HUF 376.8 billion from HUF 216.4 as of 30 June 2014. That means more than 74% expansion during 12 months thanks to the growth of net asset value of investment funds and increase in wealth under management of pension funds. Magyar Posta Takaré Real Estate Fund with volume of more than HUF 56.6 billion at the end of H1 2015 contributed mainly to the growth of investment funds. In case of investment funds, market share of Diófa Alapkezelő increased from 0.6% as of beginning of 2014 to almost 2.5% for the end of June 2015, while its market share from wealth management of pension funds grew to 15.7% from 6.8% in one year.

Asset Management Ltd. closed first half of 2015 with HUF 378.4 million profit after tax according to HAS, subscribed capital amounted to HUF 196.2 million and shareholders' equity to HUF 696.3 million as of 30 June 2015.

#### *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) 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 in 30 June 2015, shareholder's equity amounted to HUF 3.5 billion and profit after tax reached HUF 16.7 million loss (according to HAS) in the first six months of 2015.

#### *Jointly controlled and associated companies*

Profit after tax according to IFRS of the **Díjbeszedő Faktorház Ltd. (DBF)** was HUF 172 million in the first half of 2015. Pre-tax profit related to the purchased receivables before maturity in H1 2015 was HUF 387.5 million, while pre-tax profit from purchased expired receivables amounted to HUF -79 million according to IFRS. Shareholder's equity of the Company according to IFRS amounted to HUF 12.1 billion at the end of first six months 2015.

The main activity of **DíjNET Ltd.** is operation and development of an electronic bill presentment and payment system. In H1 2015, profit after tax (according to HAS) was HUF 49 million. Subscribed capital amounted to HUF 5 million, while shareholder's equity was HUF 155.1 million at 30 of June 2015.

**Díjbeszedő IT Llc. (DBIT)**, which provides services related to the IT activities of companies belonging to the Díjbeszedő Group, reached HUF 4.2 million profit after tax in the first half of 2015. Subscribed capital amounted to HUF 672 million, while shareholder's equity amounted to HUF 675.6 million at the end of June 2015.

By the end of June 2015, **Magyar Posta Investment Services Ltd. (MPBSZ)** opened more than 30,000 securities and long-term investment accounts; the securities portfolio managed on accounts was



HUF 81.1 billion at the end of June 2015, compared to HUF 58.1 billion at the end of December 2014. MPBSZ closed the first half with HUF 161.3 million loss (according to HAS). The company's shareholder's equity was HUF 405.5 million and total assets amounted to HUF 2.5 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 490 million to the consolidated first half result of 2015 of FHB Group.

#### *Organisational changes and headcount*

As of 30 June 2015, the consolidated full-time headcount was 804.8, by 47.3 persons less than the headcount of 852.1 as of 31 March 2015 and 10.8 persons less than the headcount of 815.6 as of 30 June 2014. The reason of the decline is that the IT activities – previously provided by FHB Mortgage Bank in group level – have been outsourced to DOM-P IT Services Ltd.

Headcounts of the Group members were as follows:

	30/06/2014	31/03/2015	30/06/2015	30/06/2015/ 31/03/2015	30/06/2015/ 30/06/2014
FHB Mortgage Bank Plc.	184.6	183.1	129.5	-29.3%	-29.8%
FHB Commercial Bank Ltd.	587.5	615.1	613.4	-0.3%	4.4%
FHB Life Annuity Ltd.	5.9	0.0	0.0	-	-100.0%
FHB Real Estate Ltd.	8.9	8.9	9.9	11.3%	11.3%
FHB Real Estate Leasing Ltd.	9.9	12.0	12.9	7.3%	30.7%
Diófa Asset Managemet Ltd.	15.9	21.3	23.8	11.5%	49.3%
Diófa Real Estate Management Llc	0.0	3.3	5.0	52.9%	-
FHB Invest Llc.	0.0	1.1	1.1	0.0%	-
Hungarian Card Ltd.	3.0	7.3	9.3	27.6%	208.3%
<b>FHB Consolidated</b>	<b>815.6</b>	<b>852.1</b>	<b>804.8</b>	<b>-5.6%</b>	<b>-1.3%</b>

#### *Changes in key position*

The Annual General Meeting of the Company on 28 April 2015 elected Deloitte Hungary Audit and Consulting Ltd. for the auditor also for 2015 (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).

The Annual General Meeting elected Márton Oláh and Zoltán Kovács as members of Board of Directors, and based on the proposal of Board of Directors, Annual General Meeting re-elected Enikő Mártonné Uhrin as member of Supervisory Board and of Audit Committee.

Tamás Foltányi resigned from his position held at FHB Mortgage Bank as the member of the Board of Directors, and his other positions in the FHB Group, while his mandate held at FHB Mortgage Bank as IT deputy chief executive officer was terminated by mutual consent on 15 June 2015. Responsibilities of the IT deputy chief executive officer of FHB carried out by Gábor Fejér.

On 27 July 2015, Ms Gabriella Balogh resigned from her position held at the Company as the member of the Board of Directors

*Post-balance sheet date events*

At the beginning of August, 2015, the Bank started to manage the settlements related to the HUF customer loans. In line with the regulation, the bulletins of the settlements for the related clients will be send out until the end of September.

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

#### 1. P&L structure

in HUF million	Q2 2014	Q1 2015	Q2 2015	Q2 2015 / Q1 2015	Q2 2015 / Q2 2014	H1 2014	H1 2015	H1 2015 / H1 2014
Interest income	13,998	13,187	9,951	-24.5%	-28.9%	28,838	23,139	-19.8%
Interest expense	-8,935	-8,032	-6,605	-17.8%	-26.1%	-18,550	-14,637	-21.1%
<b>Net interest income</b>	<b>5,062</b>	<b>5,155</b>	<b>3,347</b>	<b>-35.1%</b>	<b>-33.9%</b>	<b>10,288</b>	<b>8,502</b>	<b>-17.4%</b>
Fees and commissions income	1,332	1,869	1,985	6.2%	49.1%	2,802	3,854	37.6%
Fees and commissions expense	-284	-289	-289	-0.3%	1.7%	-474	-578	21.9%
<b>Net fees and commissions</b>	<b>1,048</b>	<b>1,580</b>	<b>1,697</b>	<b>7.4%</b>	<b>61.9%</b>	<b>2,328</b>	<b>3,277</b>	<b>40.8%</b>
Foreign exchange gains, net	-497	-1,225	301	-	-	695	-924	-
Fair value adjustment	755	-1,404	-437	-68.9%	-	279	-1,842	-
Gain on securities, net	930	1,188	236	-80.1%	-74.6%	1,324	1,425	7.6%
Net result of investment services	0	31	-13	-	-	0	19	-
<b>Net financial (trading) result</b>	<b>1,188</b>	<b>-1,409</b>	<b>87</b>	<b>-</b>	<b>-92.7%</b>	<b>2,298</b>	<b>-1,322</b>	<b>-</b>
Other operating income	92	16,256	5,323	-67.3%	-	720	21,579	-
Other operating expenses	-6,488	-23,974	-6,569	-72.6%	1.3%	-8,237	-30,543	270.8%
o/w special banking tax & one-off PTI	-707	-706	-706	0.0%	-0.1%	-1,414	-1,413	-0.1%
<b>Other results</b>	<b>-6,397</b>	<b>-7,718</b>	<b>-1,246</b>	<b>-83.9%</b>	<b>-80.5%</b>	<b>-7,517</b>	<b>-8,964</b>	<b>19.2%</b>
<b>Net income of associated companies</b>	<b>256</b>	<b>191</b>	<b>412</b>	<b>116.0%</b>	<b>60.6%</b>	<b>658</b>	<b>603</b>	<b>-8.4%</b>
<b>Total non-interest income (with net fees)</b>	<b>-3,904</b>	<b>-7,356</b>	<b>950</b>	<b>-</b>	<b>-</b>	<b>-2,233</b>	<b>-6,407</b>	<b>186.9%</b>
<b>Net operating income</b>	<b>1,158</b>	<b>-2,201</b>	<b>4,296</b>	<b>-</b>	<b>271.0%</b>	<b>8,055</b>	<b>2,095</b>	<b>-74.0%</b>
<b>Provision for impairment on loan losses</b>	<b>-1,115</b>	<b>5,473</b>	<b>-2,137</b>	<b>-</b>	<b>91.7%</b>	<b>-2,589</b>	<b>3,335</b>	<b>-</b>
Personnel expenses	-1,696	-1,708	-1,789	4.7%	5.5%	-3,265	-3,497	7.1%
Banking operation cost	-1,797	-1,777	-2,338	31.6%	30.1%	-3,337	-4,115	23.3%
Cost of business activity	-254	-136	-365	168.6%	43.6%	-339	-502	47.9%
Depreciation	-645	-784	-655	-16.4%	1.6%	-1,268	-1,439	13.5%
Other tax payable	-8	-20	-8	-62.7%	-8.4%	-31	-28	-12.2%
<b>Operating costs</b>	<b>-4,400</b>	<b>-4,424</b>	<b>-5,155</b>	<b>16.5%</b>	<b>17.2%</b>	<b>-8,241</b>	<b>-9,579</b>	<b>16.2%</b>
<b>Income before income taxes</b>	<b>-4,357</b>	<b>-1,153</b>	<b>-2,996</b>	<b>159.9%</b>	<b>-31.2%</b>	<b>-2,775</b>	<b>-4,149</b>	<b>49.5%</b>
Income taxes	803	-2,651	1,505	-	87.5%	366	-1,146	-
<b>Profit after tax</b>	<b>-3,554</b>	<b>-3,804</b>	<b>-1,491</b>	<b>-60.8%</b>	<b>-58.0%</b>	<b>-2,409</b>	<b>-5,295</b>	<b>119.8%</b>
<b>After tax profit w/o special banking tax and other one-offs</b>	<b>1,062</b>	<b>-1,085</b>	<b>-91</b>	<b>-91.6%</b>	<b>-</b>	<b>2,943</b>	<b>-1,176</b>	<b>-</b>

The Bank's consolidated profit after tax according to IFRS amounted to HUF 5,295 million losses in H1 2015.

The negative result is mainly due to the significant drop of net interest income and also due to the negative financial trading result, which is caused by the changes of interests and exchange rates. In H1, the completed FX loan settlements generated HUF 36.5 billion expenses, which were compensated by the proportional release of provisions and the income raising effects of the settlements.

In addition, amount of HUF 1,413 million of special banking tax, the financial institution levy related to exchange rate protection scheme and non-shifted financial transaction levy had negative impact on the result.

The Bank Group's IFRS consolidated profit before tax – ignoring the special banking tax and above-mentioned one-off items – was HUF 91.1 million in Q2 of 2015.

### *Net interest income*

Net interest income was HUF 3.3 billion in Q2 2015, 33.9% lower than a year before and 35.1% lower compared to the previous quarter. The net figure emerged as a balance of HUF 10.0 billion interest income (24.5% lower quarter-on-quarter and 28.9% lower year-on-year, respectively) and HUF 6.6 billion interest expense (q/q: 17.8%, y/y: -26.1%). This figure does not include the interest incomes which were levied during the settlements, because these incomes were showed in other operational expenses in the IFRS profit and loss account in order to be able to compare these amounts with the amounts of the previous period.

Distribution of interest income and expenses shows the following table:

	Q2 2014	Q1 2015	Q2 2015	Q2 2015 / Q1 2015	Q2 2015 / Q2 2014	H1 2014	H1 2015	H1 2015 / H1 2014
<b>Interest income</b>								
Loans	43.6%	43.4%	44.4%	1.0%-pt	0.9%-pt	42.2%	43.9%	1.6%-pt
Refinancing	9.0%	8.2%	9.0%	0.8%-pt	0.0%-pt	9.2%	8.5%	-0.6%-pt
Mortgage bond interest subsidy	14.6%	12.5%	16.1%	3.6%-pt	1.5%-pt	14.5%	14.0%	-0.5%-pt
Supplementary interest subsidy	1.2%	1.1%	1.4%	0.3%-pt	0.1%-pt	1.3%	1.2%	-0.1%-pt
Securities and interbank activities	11.1%	15.9%	17.2%	1.4%-pt	6.1%-pt	12.5%	16.4%	4.0%-pt
Swap transactions	20.5%	19.0%	11.9%	-7.1%-pt	-8.6%-pt	20.4%	15.9%	-4.5%-pt
<b>Interest expenses</b>								
Bonds issued	57.9%	60.1%	71.4%	11.3%-pt	13.4%-pt	54.2%	65.2%	10.9%-pt
Interbank activities	1.9%	0.9%	0.5%	-0.4%-pt	-1.4%-pt	4.9%	0.8%	-4.1%-pt
Customer deposits	16.7%	17.0%	18.9%	1.8%-pt	2.1%-pt	17.2%	17.8%	0.6%-pt
Derivatives	20.5%	21.4%	8.6%	-12.8%-pt	-11.8%-pt	20.8%	15.6%	-5.1%-pt
Other interest expense	3.0%	0.5%	0.6%	0.1%-pt	-2.4%-pt	2.8%	0.6%	-2.2%-pt

The net interest margin to average total assets (NIM) was 1.70% in Q2 2015, 92 bps lower compared to Q1 2015 (2.63%). The decrease was mainly due to the new interest rates of settlement affected loans and the decreasing margin on bond portfolio.

### *Net fee and commission income*

In Q2 2015, the Bank achieved a positive balance of HUF 1,697 million from income and expenditures on commissions and fees; 7.4% higher than in Q1 2015 and 61.9% higher than a year before. Net fees and commissions adjusted by financial transaction levy performed an 6.1% and 72.7% increase quarter-on-quarter and year-on-year, respectively.

Compared to the previous quarter, fund management fee income and account related fees increased but mortgage loan commissions, insurance agent fees and guarantee fees decreased.

Income from fees and commissions in Q2 2015 amounted to HUF 1,985 million, of which 8.0% was contributed by charges related to loans (10.4% in Q1 2015) and 39.6% by accounts and card related banking charges without financial transaction levy (39.4% in Q1 2015). Volume of HUF 453 million of fund management fees contributed by 22.8% to quarterly fee incomes.

Card related fee expenses (HUF 117 million) increased by 14.3% quarter-on-quarter, while payment fees reached HUF 47 million in Q2 2015.

### *Net result of financial transactions*

In H1 2015, the balance of financial transactions was HUF 1,322 million losses, which is by HUF 3,620 million lower than a year before. The net result of financial transactions was HUF 87.1 million in the second quarter of 2015, which is HUF 1,496 million higher than it was in Q1 of 2015.

In Q2 2015, the volume of foreign exchange profit was HUF 301 million, more favourable than the previous quarter's figure (HUF 1,225 million losses) primarily due to unrealised FX loss from revaluation.

In Q2 2015, the change in the value of financial instruments reported at fair value through P&L was HUF 437 million losses, which is better than the HUF 1,404 million losses in Q1 2015, but worse than a year before.

In the second quarter of 2015, the securities transactions resulted in HUF 236 million profits as opposed to HUF 1,188 million profits in the previous quarter.

### *Other operating income and expenditure*

In H1 2015, the balance of other operating income and expenditure was HUF 9 billion net expenditure; arising from HUF 21.6 billion incomes and HUF 30.5 billion expenditures. In Q2 2015, the balance of other operating income and expenditure was HUF 1.2 billion net expenditures; arising from HUF 5.3 billion incomes and HUF 6.6 billion expenditures.

The other expenses mainly were amounted to the P&L effects of settlement law in first half-year (HUF 26.4 billion net expenditures). These items were partly compensated by HUF 20 billion provision and – approx. HUF 6.6 billion - impairment release.

In Q2 2015, real estate related income contributed HUF 46 million to other operating income (real estate rent, sales). Special banking tax amounted to HUF 703 million in Q2 2015.

Net income of associated companies contributed HUF 412 million to consolidated figures in Q2 2015, which mainly resulted from the HUF 345 million (proportional, consolidated) profit of Magyar Takarék Asset Management (MATAK) Ltd. and its investments.

### *Impairments and provisions for possible loan losses*

The risk costs amounted to HUF -3.3 billion (release) in H1 2015. After the significant HUF 6.6 billion release of Q1 – due to the fact, that - due to the implementation of settlement law - the exposures and arrears of affected FX loans was decreased -, in Q2 a HUF 2.1 billion loan risk cost was generated. This amount was contributed primarily by the written off losses and sold claims. The impairments amount raised by 4.1%, HUF 1.2 billion compared to the end of last quarter.

### *Operating expenses*

Operating costs amounted to HUF 5.2 billion in Q2 2015 which is 17.2% higher than in the same period of 2014. Operating expenses are 16.5% higher than in the previous quarter, mainly caused by the rose of administrative expenses and expenses of business activity.

Personnel expenses were higher than in the same period of 2014 (+5.5%) and in the previous quarter (+4.7%). The main reason behind the significant year-on-year raise of personnel expenses is the growth of the headcount associated mainly with the expansion of the Bank Group. The effect of the outsourced IT activities were eliminated by the expenses of the extraordinary work relating to the settlements.

Administrative expenses in Q2 2015 (HUF 2,338.1 million) reveal a significant increase compared to the first quarter of 2015 (HUF 1,776.5 million), and also to the same period of 2014 (HUF 1,796.8 million).

Expenses of business activity (HUF 365.5 million) were higher than in the same period in 2014 (HUF 254.5 million), and also significantly more than it was in the previous quarter (HUF 136.1 million).

Depreciation was HUF 655.1 million in Q2 2015, which means a significant decrease compared to the previous quarter (HUF 783.6 million). Approximately three-quarters of depreciation are related to intangibles.

Other taxes paid reported among operating costs amounted to HUF 7.5 million in Q2 2015. The amount of other taxes among cost (for example real estate tax, vehicle tax, etc.) is significantly lower than in Q1 2015 (HUF 20.2 million).



## 2. Balance Sheet

in HUF million	30/06/2014	31/03/2015	30/06/2015	30/06/2015/ 31/03/2015	30/06/2015/ 30/06/2014
Cash	1,865	2,331	2,770	18.9%	48.5%
Due from banks & NBH	35,930	274,758	235,714	-14.2%	-
Financial assets available-for-sale and held for trading	133,856	80,996	87,403	7.9%	-34.7%
Fair value of derivative financial assets	541	11,972	2,211	-81.5%	-
Investment in associates and jointly controlled companies	6,484	7,123	7,615	6.9%	17.4%
Refinanced mortgage loans	125,053	104,711	93,329	-10.9%	-25.4%
Loans and advances	365,206	333,654	326,211	-2.2%	-10.7%
Impairment and provision	-39,293	-28,710	-29,897	4.1%	-23.9%
Tangible assets	7,008	6,507	6,395	-1.7%	-8.7%
Goodwill and other intangible assets	10,600	7,771	2,830	-63.6%	-73.3%
Other assets	27,466	20,860	19,048	-8.7%	-30.6%
<b>Total Assets</b>	<b>674,715</b>	<b>821,973</b>	<b>753,629</b>	<b>-8.3%</b>	<b>11.7%</b>
<b>Liabilities total</b>	<b>601,319</b>	<b>738,056</b>	<b>671,101</b>	<b>-9.1%</b>	<b>11.6%</b>
Interbank borrowings	36,616	42,466	42,876	1.0%	17.1%
Mortgage bonds	177,310	190,604	163,370	-14.3%	-7.9%
Bonds issued	99,533	110,341	108,443	-1.7%	9.0%
Deposits	259,887	346,811	337,388	-2.7%	29.8%
Fair value of derivative financial liabilities	6,087	27,166	4,292	-84.2%	-29.5%
Leasing liability	8,736	4,716	12	-99.7%	-99.9%
Reserves for annuity	2,567	0	0	-	-
Other liabilities	10,582	15,951	14,720	-7.7%	39.1%
<b>Shareholders' equity</b>	<b>73,397</b>	<b>83,917</b>	<b>82,528</b>	<b>-1.7%</b>	<b>12.4%</b>
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	-207	-207	-207	0.0%	0.0%
Subordinated Tier1 capital	31,749	31,749	31,749	0.0%	0.0%
Other reserves	293	-322	-195	-39.5%	-
Retained earnings	35,663	24,444	24,444	0.0%	-31.5%
Non-controlling interest	0	22,008	20,931	-4.9%	-
Balance sheet profit	-2,409	-2,064	-2,502	21.2%	3.9%
<b>Total liabilities and shareholders' equity</b>	<b>674,715</b>	<b>821,973</b>	<b>753,629</b>	<b>-8.3%</b>	<b>11.7%</b>

As of 30 June 2015, the Bank's consolidated balance sheet total by IFRS amounted to HUF 753.6 billion, moving 8.3% down from the end of previous quarter or HUF 68.3 billion, 11.7% higher than the balance sheet total as of 30 June 2014.

On the asset side on an annual basis, the volume of financial assets available-for-sale and held for trading – primarily due to conversion of NBH 2 weeks instruments into deposit of August 2014– dropped by HUF 46.5 billion, or 34.7%, while the refinanced loans fell by 31.7 billion and 25.4%. During the first six months, the due from banks and NBH decreased by 14.2%, and the fair value of derivative financial assets fell by 81.5%.

Liabilities increased by 11.7% compared to the reference figures of 2014. Compared to the same period in 2014 interbank liabilities increased by 17.1%, the portfolio of mortgage bonds issued decreased by 7.9%, the volume of bonds issued increased by 9.0% respectively. In contrast, the deposits grew by 29.8% over a year. In the second quarter the volume of the financial assets - especially the mortgage bonds – decreased more than HUF 29 million, and the volume of derivative financial assets decreased by HUF 22.9 million.

Shareholders' equity increased by HUF 9.1 billion or 12.4% year-on-year, while during the second quarter it decreased by HUF 1.4 billion.

### *Interest earning assets*

The Group's interest earning assets increased from HUF 660.0 billion as of 30 June 2014 to HUF 742.7 billion as of 30 June 2015. Interest earning assets contributed 98.8% to the balance sheet total.

NBH and other interbank lending increased from HUF 35.9 billion as of 30 June 2014 to HUF 235.7 billion as of 30 June 2015. The ratio of this item in interest earning assets was 31.7% at the first half of 2015. During the quarter the volume of interbank lending was HUF 39.0 billion, which meant a 14.2% decrease.

The value of Bank's securities available-for-sale and held for trading decreased from HUF 133.9 billion as of 30 June 2014 to HUF 87.4 billion, while to HUF 81.0 billion as of 31 March 2015, increased by 7.9%. At the end of 2015 H1, securities available for sale and held for trading contributed 11.7% to interest earning assets.

### *Loans*

As of 30 June 2015, volume of loans was 10.7% down year-on-year, and decreased quarterly by 2.2%. Impairment to cover loan losses amounted HUF 29.9 billion compared to 31 March 2015, in the reported quarter showed 4.1% increase (from HUF 28.7 billion as of 31 March 2015).

Year-on-year decline in refinanced loans was 25.4% to HUF 93.3 billion, and there was also a 10.9% drop in this item over the last quarter. As of 30 June 2015, contribution of refinanced loans and gross own lending was 56.4% to interest earning assets; this rate was 74.1% a year before.

### *Portfolio quality*

In the second quarter volume of non-performing loans rose by 4.1% quarter-on-quarter, while it has decreased by 20.1% year-on-year mainly because of the settlement. NPL ratio increased back from 16.9% to 18.0% by 30 June 2015, while a year before it was 20.1%. The coverage of non-performing loans is 50.9% according to IFRS.

### *Other assets*

Tangible assets amounted to HUF 6.4 billion as of 30 June 2015 and decreased by HUF 0.6 billion year-on-year and by HUF 0.1 million quarter-on-quarter. As of 30 June 2015, intangibles amounted to HUF 2.8 billion, down by HUF 7.8 billion or 73.3% year-on-year and HUF 4.9 billion (-63.6%) below the 31 March 2015 figure. The main reason of this quarterly change was the change in IFRS evaluation of software rented from DOM-P (previously EXO-BIT) Ltd. due to modification of the service contract. Among other changes, due to this modification the Bank Group's former exclusivity relating to rented software ceased, so the way of reporting of these assets according to IFRS changed.

Value of investment in associated and jointly controlled companies consolidated by equity method amounted to HUF 7.6 billion as of 30 June 2015.

Other assets amounted to HUF 19.0 billion as of 30 June 2015, decreasing by 30.6% (HUF 8.4 billion) year-on-year. Deferred tax assets reached HUF 9.6 billion while value of real estates reported as inventory was HUF 0.7 billion.

### *Interest bearing liabilities*

Interest bearing liabilities increased from HUF 582.1 billion as of 30 June 2014 to HUF 652.1 billion as of 30 June 2015, representing approximately 86.5% to the balance sheet total. As a year before, issued securities gave major part of interest bearing liabilities with a share of 47.6%. For the end of June 2015 their proportion decreased to 41.7%, while share of client deposits within interest bearing liabilities grew even higher, from

44.6% to 51.7% year-on-year giving the biggest ratio of interest bearing liabilities for the end of June 2015. Compared to 31 March 2015, the volume of interest bearing liabilities decreased by HUF 42.9 billion, 6.2%.

#### *Interbank funds*

As of 30 June 2015, interbank funds amounted to HUF 42.9 billion showing 1.0% increase compared to previous quarter, and volume was 17.1% down year-on-year. The volume of interbank funds at the end of the half includes the amount of refinancing within the framework of Funding for Growth Scheme (NHP). Contribution of interbank borrowings to interest bearing liabilities was 6.6% as of the first the six months of 2015.

#### *CMBs issued*

The Bank completed five bond issuances in the second quarter: five mortgage bonds were issued which took place through auctions. In the first half of 2015 FHB raised HUF 34.9 billion new funds from covered mortgage bonds and senior unsecured bonds.

HUF 163.4 billion book value of mortgage bonds as of 30 June 2015 decreased by 7.9% or HUF 13.9 billion from figures of 30 June 2014 (HUF 177.3 billion).

in HUF million	30/06/2014		30/06/2015	
	Book value	Nominal value	Book value	Nominal value
<b>Non-listed mortgage bonds</b>				
Fixed	29,356	29,226	33,203	33,050
Floating	0	0	0	0
<b>Listed mortgage bonds</b>				
Fixed	141,181	136,249	107,712	100,873
Floating	0	0	17,130	17,149
<b>Total</b>	<b>170,537</b>	<b>165,475</b>	<b>158,045</b>	<b>151,072</b>
<b>Accrued interest</b>	<b>6,772</b>		<b>5,324</b>	
<b>Mortgage bonds Total</b>	<b>177,309</b>	<b>165,475</b>	<b>163,369</b>	<b>151,072</b>
<b>Non-listed bonds</b>				
Fixed	32,157	32,138	34,247	34,190
Floating	4,193	4,147	9,556	9,612
<b>Listed bonds</b>				
Fixed	54,881	55,944	56,488	61,229
Floating	4,614	4,732	4,474	7,011
<b>Total</b>	<b>95,844</b>	<b>96,961</b>	<b>104,765</b>	<b>112,042</b>
<b>Accrued interest</b>	<b>3,689</b>		<b>3,678</b>	
<b>Bonds Total</b>	<b>99,533</b>	<b>96,961</b>	<b>108,443</b>	<b>112,042</b>

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

The net collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank amounted to HUF 346.0 billion as of 30 June 2015 (HUF 244.2 billion of capital and HUF 101.9 billion of interests), 6.6% less than the HUF 370.3 billion as of 31 March 2015 and 18.7% below the figure of 30 June 2014 (HUF 425.6 billion).

<sup>1</sup> 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	30/06/2014	31/03/2015	30/06/2015
<b>Outstanding mortgage bonds in circulation</b>			
Face value	196,809	207,846	180,441
Interest	43,754	39,542	35,385
<b>Total</b>	<b>240,562</b>	<b>247,387</b>	<b>215,825</b>
<b>Value of the regular collateral</b>			
Principal	293,257	262,509	244,162
Interest	132,314	107,784	101,871
<b>Total</b>	<b>425,571</b>	<b>370,294</b>	<b>346,033</b>

As of 30 June 2015, the present value of ordinary collateral was HUF 278.0 billion and the present value of mortgage bonds were HUF 207.4 billion, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid, ratio was 134.0%. As of 30 June 2015, net value of ordinary and supplementary collateral principal to unpaid face value of mortgage bonds in circulation was 135.3%, and the net ordinary and supplementary collateral principal to the unpaid interest on mortgage bonds in circulation was 287.9%.

The collateral value of real estate covering ordinary collaterals amounted to HUF 760.4 billion as of 30 June 2015, 3.8% below the 31 March 2015 value (HUF 790.1 billion) and 6.0% down compared to 30 June 2014 (HUF 808.6 billion). The LTV ratio applicable for ordinary collateral was 32.1% as of 30 June 2015, lower than the 34.3% LTV as of 30 June 2014.

#### *Bonds issued*

The book value of bonds was HUF 108.4 billion as of 30 June 2015, compared to 31 March 2015 (110.3 billion HUF) decreasing by HUF 1.9 billion or 1.7%. The stock of bonds increased by HUF 8.9 billion (9.0%) in one year.

#### *Deposits*

As of 30 June 2015, deposits amounted to HUF 337.4 billion increasing by 29.8% year-on-year and decreasing by 2.7% quarterly. In the last year, volume of corporate deposits increased (+38.1%), similarly to retail deposits (+19.5%).

The sight deposit ratio changed to 32.1% on 30 June 2015 from 34.8% a year before and 31.3% at the end of previous quarter.

#### *Other liabilities*

The Bank reported among the HUF 14.7 billion of other liabilities the generated provisions related to settlement and unused during the settlement of FX based loans, and provisions related to other expected losses. At the end of June 2015 early instalments of clients reached HUF 769.3 million. The Bank reported accounts payable HUF 262.8 million as of the first half of 2015, accruals HUF 1,991.8 million.

#### *Shareholders' equity*

Within one year, shareholders' equity increased by 12.4% to HUF 82.5 billion to 30 June 2015. In line with IFRS, the Bank reported the EUR 112 million Tier 1 subordinated bond as part of shareholder's equity. Due to the selling of share package representing 49% of FHB Commercial Bank, the Bank reported HUF 20.9 billion

as minority interest as part of shareholder's equity. Balance sheet profit relating to the parent company was HUF 2.5 billion loss at the end of June 2015.

#### *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) including also additional supervisory capital requirements (SREP) is 10.8% as of 30 June 2015, compared to 10.0% in the previous quarter. CET1 ratio is 7.9% on 30 June 2015 and it was 7.8% on 31 March 2015. Total risk exposure amount reached HUF 385 billion at the end of the period, representing 3.9% decrease compared to the previous quarter.

## 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.

Please note, that according to the rules of Act XXXVIII of 2014 on the settlement of particular issues related to the uniformity decision of the Supreme Court (Curia) on consumer loans provided by financial institutions ("Curia Act") and Act XL of 2014 on the rules of settlement defined in Curia Act and on certain other provisions – taking into account the pending legal procedures and those that may be initiated by the clients in this connection, furthermore taking into consideration that the accounting date (1 February 2015) of the settlements and re-pricings may cause measures with retroactive effect – the facts and figures provided in this interim management report may change significantly.

Budapest, August 31, 2015

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 June 2014, and 30 June 2015 according to IFRS)

in HUF million	2014 H1	2015 H1	2015 H1/ 2014 H1
Interest income	28,838	23,139	-19.8%
Interest expense	-18,550	-14,637	-21.1%
<b>Net interest income</b>	<b>10,288</b>	<b>8,502</b>	<b>-17.4%</b>
Fee and commission income	2,802	3,854	37.6%
Fee and commission expense	-474	-578	21.9%
<b>Net fee and commission income</b>	<b>2,328</b>	<b>3,277</b>	<b>40.8%</b>
Profit/(Loss) from FX transactions	695	-924	-
Change in fair value of financial instruments	279	-1,842	-
Gains from securities	1,324	1,425	7.6%
Gains from investment services	0	19	-
<b>Net trading result</b>	<b>2,298</b>	<b>-1,322</b>	<b>-</b>
Other operating income	720	21,579	-
Other operating expense	-8,237	-30,543	270.8%
<b>Net other operating result</b>	<b>-7,517</b>	<b>-8,964</b>	<b>19.2%</b>
<b>Net income of associated companies</b>	<b>658</b>	<b>603</b>	<b>-8.4%</b>
<b>Operating income</b>	<b>8,055</b>	<b>2,095</b>	<b>-74.0%</b>
Provision for impairment on loan losses	-2,589	3,335	-
General and administrative expense	-8,241	-9,579	16.2%
<b>Profit/(Loss) before tax</b>	<b>-2,775</b>	<b>-4,149</b>	<b>49.5%</b>
Income tax benefit/(expense)	366	-1,146	-
<b>Profit/(Loss) for the period</b>	<b>-2,409</b>	<b>-5,295</b>	<b>119.8%</b>

Basic EPS (yearly)	-73.8 Ft	-76.7 Ft	4.0%
Diluted EPS (yearly)	-73.8 Ft	-76.7 Ft	4.0%

	2014 H1	2015 H1	2015 H1/ 2014 H1
Profit/(Loss) for the period	-2,409	-5,295	119.8%
Change in cash-flow hedge reserve	0	0	-
Change in fair value of financial assets available for sale	-126	-363	188.2%
FX translation reserve	-17	-5	-71.4%
Deferred tax effect for other comprehensive income	27	69	153.4%
Other comprehensive income/(loss) for the period net of taxes	-114	-299	162.2%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-2,523</b>	<b>-5,594</b>	<b>121.7%</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 June 2014, 31 March 2015, and of 30 June 2015 according to IFRS)

in HUF million	Q2 2014	Q1 2015	Q2 2015	Q2 2015 / Q1 2015	Q2 2015 / Q2 2014
Interest income	13,998	13,187	9,951	-24.5%	-28.9%
Interest expense	-8,935	-8,032	-6,605	-17.8%	-26.1%
<b>Net interest income</b>	<b>5,062</b>	<b>5,155</b>	<b>3,347</b>	<b>-35.1%</b>	<b>-33.9%</b>
Fee and commission income	1,332	1,869	1,985	6.2%	49.1%
Fee and commission expense	-284	-289	-289	-0.3%	1.7%
<b>Net fee and commission income</b>	<b>1,048</b>	<b>1,580</b>	<b>1,697</b>	<b>7.4%</b>	<b>61.9%</b>
Profit/(Loss) from FX transactions	-497	-1,225	301	-	-
Change in fair value of financial instruments	755	-1,404	-437	-68.9%	-
Gains from securities	930	1,188	236	-80.1%	-74.6%
Gains from investment services	0	31	-13	-	-
<b>Net trading result</b>	<b>1,188</b>	<b>-1,409</b>	<b>87</b>	<b>-</b>	<b>-92.7%</b>
Other operating income	92	16,256	5,323	-67.3%	-
Other operating expense	-6,488	-23,974	-6,569	-72.6%	1.3%
<b>Net other operating result</b>	<b>-6,397</b>	<b>-7,718</b>	<b>-1,246</b>	<b>-83.9%</b>	<b>-80.5%</b>
<b>Net income of associated companies</b>	<b>256</b>	<b>191</b>	<b>412</b>	<b>116.0%</b>	<b>60.6%</b>
<b>Operating income</b>	<b>1,560</b>	<b>-2,201</b>	<b>4,296</b>	<b>-</b>	<b>175.4%</b>
Provision for impairment on loan losses	-1,115	5,473	-2,137	-	91.7%
General and administrative expense	-4,400	-4,424	-5,155	16.5%	17.2%
<b>Profit/(Loss) before tax</b>	<b>-3,955</b>	<b>-1,153</b>	<b>-2,996</b>	<b>159.9%</b>	<b>-24.2%</b>
Income tax benefit/(expense)	803	-2,651	1,505	-	87.5%
<b>Profit/(Loss) for the period</b>	<b>-3,152</b>	<b>-3,804</b>	<b>-1,491</b>	<b>-60.8%</b>	<b>-52.7%</b>

Basic EPS (yearly)	-214.5 Ft	-127.3 Ft	-26.7 Ft	-79.0%	-87.5%
Diluted EPS (yearly)	-214.5 Ft	-127.3 Ft	-26.7 Ft	-79.0%	-87.5%

	2014 Q2	2015 Q1	2015 Q2	2015 Q2 / 2015 Q1	2015 Q2 / 2014 Q2
Profit/(Loss) for the period	-3,554	-3,804	-1,491	-60.8%	-58.0%
Change in cash-flow hedge reserve	0	0	0	-	-
Change in fair value of financial assets available for sale	42	-474	111	-	164.7%
FX translation reserve	-7	16	-21	-	183.3%
Deferred tax effect for other comprehensive income	-7	90	-21	-	221.4%
Other comprehensive income/(loss) for the period net of taxes	28	-368	69	-	146.5%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-3,526</b>	<b>-4,171</b>	<b>-1,422</b>	<b>-65.9%</b>	<b>-59.7%</b>

## Consolidated Income Statement 'B'

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

(consolidated, non-audited data as of 30 June 2014, and 30 June 2015 according to IFRS)

in HUF million	2014 H1	2015 H1	2015 H1/ 2014 H1
Interest income	28,838	23,139	-19.8%
Interest expense	-18,550	-14,637	-21.1%
<b>Net interest income</b>	<b>10,288</b>	<b>8,502</b>	<b>-17.4%</b>
Fee and commission income	2,802	3,854	37.6%
Fee and commission expense	-474	-578	21.9%
<b>Net fee and commission income</b>	<b>2,328</b>	<b>3,277</b>	<b>40.8%</b>
Profit/(Loss) from FX transactions	695	-924	-
Change in fair value of financial instruments	279	-1,842	-
Dividend received	0	0	-
Gains from securities	1,324	1,425	7.6%
Gains from investment services	0	19	-
<b>Net trading result</b>	<b>2,298</b>	<b>-1,322</b>	<b>-</b>
Other operating income	720	21,579	-
Other operating expense	-9,649	-31,956	-
<b>Net other operating result</b>	<b>-8,930</b>	<b>-10,377</b>	<b>16.2%</b>
<b>Net income of associated companies</b>	<b>658</b>	<b>603</b>	<b>-8.4%</b>
<b>Operating income</b>	<b>6,642</b>	<b>683</b>	<b>-89.7%</b>
Provision for impairment on loan losses	-2,589	3,335	-
General and administrative expense	-8,241	-9,579	16.2%
<b>Profit/(Loss) before tax</b>	<b>-4,188</b>	<b>-5,561</b>	<b>-</b>
Income tax benefit/(expense)	635	-878	-
<b>Profit/(Loss) for the period</b>	<b>-3,553</b>	<b>-6,439</b>	<b>-</b>

Basic EPS (yearly)	-108.8 Ft	-111.8 Ft	2.8%
Diluted EPS (yearly)	-108.8 Ft	-111.8 Ft	2.8%

	2014 H1	2015 H1	2015 H1/ 2014 H1
Profit/(Loss) for the period	-3,553	-6,439	-
Revaluation reserve	2	0	-
Change in cash-flow hedge reserve	0	0	-
Change in fair value of financial assets available for sale	-126	-363	188.2%
FX translation reserve	-17	-5	-71.4%
Deferred tax effect for other comprehensive income	27	69	153.4%
Other comprehensive income/(loss) for the period net of taxes	-114	-299	162.2%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-3,667</b>	<b>-6,738</b>	<b>-</b>

## Consolidated Income Statement 'B' (quarterly)

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

(consolidated, non-audited data as of 30 June 2014, 31 March 2015, and of 30 June 2015 according to IFRS)

in HUF million	Q2 2014	Q1 2015	Q2 2015	Q2 2015 / Q1 2015	Q2 2015 / Q2 2014
Interest income	13,998	13,187	9,951	-24.5%	-28.9%
Interest expense	-8,935	-8,032	-6,605	-17.8%	-26.1%
<b>Net interest income</b>	<b>5,062</b>	<b>5,155</b>	<b>3,347</b>	<b>-35.1%</b>	<b>-33.9%</b>
Fee and commission income	1,332	1,869	1,985	6.2%	49.1%
Fee and commission expense	-284	-289	-289	-0.3%	1.7%
<b>Net fee and commission income</b>	<b>1,048</b>	<b>1,580</b>	<b>1,697</b>	<b>7.4%</b>	<b>61.9%</b>
Profit/(Loss) from FX transactions	-497	-1,225	301	-	-
Change in fair value of financial instruments	755	-1,404	-437	-68.9%	-
Dividend received	0	0	0	-	-
Gains from securities	930	1,188	236	-80.1%	-74.6%
Gains from investment services	0	31	-13	-	-
<b>Net trading result</b>	<b>1,188</b>	<b>-1,409</b>	<b>87</b>	<b>-</b>	<b>-92.7%</b>
Other operating income	92	16,256	5,323	-	-
Other operating expense	-5,782	-26,093	-5,863	-77.5%	-
<b>Net other operating result</b>	<b>-5,690</b>	<b>-9,837</b>	<b>-540</b>	<b>-94.5%</b>	<b>-90.5%</b>
<b>Net income of associated companies</b>	<b>256</b>	<b>191</b>	<b>412</b>	<b>116.0%</b>	<b>60.6%</b>
<b>Operating income</b>	<b>1,864</b>	<b>-4,320</b>	<b>5,003</b>	<b>-</b>	<b>168.3%</b>
Provision for impairment on loan losses	-1,115	5,473	-2,137	-	91.7%
General and administrative expense	-4,400	-4,424	-5,155	16.5%	17.2%
<b>Profit/(Loss) before tax</b>	<b>-3,650</b>	<b>-3,272</b>	<b>-2,290</b>	<b>-30.0%</b>	<b>-</b>
Income tax benefit/(expense)	669	-2,248	1,371	-	-
<b>Profit/(Loss) for the period</b>	<b>-2,982</b>	<b>-5,520</b>	<b>-919</b>	<b>-83.4%</b>	<b>-</b>

Basic EPS (yearly)	-179.6 Ft	-233.2 Ft	8.2 Ft	-	-
Diluted EPS (yearly)	-179.6 Ft	-233.2 Ft	8.2 Ft	-	-

	2014 Q2	2015 Q1	2015 Q2	Q2 2015 / Q1 2015	Q2 2015 / Q2 2014
Profit/(Loss) for the period	-2,982	-5,520	-919	-83.4%	-
Revaluation reserve	0	0	0	-	-
Change in cash-flow hedge reserve	0	0	0	-	-
Change in fair value of financial assets available for sale	42	-474	111	-	164.7%
FX translation reserve	-7	16	-21	-	183.3%
Deferred tax effect for other comprehensive income	-7	90	-21	-	221.4%
Other comprehensive income/(loss) for the period net of taxes	28	-368	69	-	146.5%
<b>Total comprehensive income/(loss) for the period, net of income taxes</b>	<b>-2,954</b>	<b>-5,888</b>	<b>-850</b>	<b>-85.6%</b>	<b>-</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 June 2014, 31 March 2015 and 30 June 2015 according to IFRS)

in HUF million	Jun 30, 2014	Mar 31, 2015	Jun 30, 2015	30/06/2015/ 31/03/2015	30/06/2015/ 30/06/2014
Cash on hand	1,865	2,331	2,770	18.9%	48.5%
Due from banks & NBH	35,930	274,758	235,714	-14.2%	-
Securities held for trading	36,024	21,083	38,013	80.3%	5.5%
Financial assets available for sale	97,832	59,912	49,390	-17.6%	-49.5%
Investment in associates	6,484	7,123	7,615	6.9%	17.4%
Derivate financial assets	541	11,972	2,211	-81.5%	-
Refinanced mortgage loans	125,053	104,711	93,329	-10.9%	-25.4%
Loans and advances to consumers	365,206	333,654	326,211	-2.2%	-10.7%
Impairment and provision	-39,293	-28,710	-29,897	4.1%	-23.9%
Investment property	10,944	0	0	-	-100.0%
Tangible assets	7,008	6,507	6,395	-1.7%	-8.7%
Goodwill and other intangible assets	10,600	7,771	2,830	-63.6%	-73.3%
Deferred tax asset	8,297	8,857	9,631	8.7%	16.1%
Other assets	8,226	12,003	9,417	-21.5%	14.5%
<b>Total assets</b>	<b>674,715</b>	<b>821,973</b>	<b>753,629</b>	<b>-8.3%</b>	<b>11.7%</b>
Due to banks	36,616	42,466	42,876	1.0%	17.1%
Issued securities	240,418	267,743	240,397	-10.2%	0.0%
Mortgage bonds	155,018	170,738	143,723	-15.8%	-7.3%
Bonds	85,399	97,004	96,674	-0.3%	13.2%
Deposits from customers	259,887	346,811	337,388	-2.7%	29.8%
Derivative financial liabilities	6,087	27,166	4,292	-84.2%	-29.5%
Financial liabilities at fair value through profit or loss	36,426	33,203	31,416	-5.4%	-13.8%
Finance lease liabilities	8,736	4,716	12	-99.7%	-99.9%
Reserve for annuity payments	2,567	0	0	-	-
Current tax liability	26	30	23	-22.1%	-10.0%
Deferred tax liability	430	0	0	-	-
Provisions	5,858	8,716	4,279	-50.9%	-27.0%
Other liabilities	4,268	7,205	10,417	44.6%	144.1%
<b>Total liabilities</b>	<b>601,319</b>	<b>738,056</b>	<b>671,101</b>	<b>-9.1%</b>	<b>11.6%</b>
Share capital	6,600	6,600	6,600	0.0%	0.0%
Share premium	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-207	-207	-207	0.0%	0.0%
Subordinated Tier 1 capital	31,749	31,749	31,749	0.0%	0.0%
Other reserves	293	-322	-195	-39.5%	-166.5%
Retained earnings	35,663	24,444	24,444	0.0%	-31.5%
Minority interest	0	22,008	20,931	-4.9%	-
Balance sheet profit	-2,409	-2,064	-2,502	21.2%	3.9%
<b>Total shareholders' equity</b>	<b>73,397</b>	<b>83,917</b>	<b>82,528</b>	<b>-1.7%</b>	<b>12.4%</b>
<b>Total liabilities and shareholders' equity</b>	<b>674,715</b>	<b>821,973</b>	<b>753,629</b>	<b>-8.3%</b>	<b>11.7%</b>

## Consolidated Financial Position 'B'

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

(consolidated on-audited data as of 30 June 2014, 31 March 2015 and 30 June 2015 according to IFRS)

in HUF million	Jun 30, 2014	Mar 31, 2015	Jun 30, 2015	30/06/2015/ 31/03/2015	30/06/2015/ 30/06/2014
Cash on hand	1,865	2,331	2,770	18.9%	48.5%
Due from banks & NBH	35,930	274,758	235,714	-14.2%	-
Securities held for trading	36,024	21,083	38,013	80.3%	5.5%
Financial assets available for sale	97,832	59,912	49,390	-17.6%	-49.5%
Investment in associates	6,484	7,123	7,615	6.9%	17.4%
Derivative financial assets	541	11,972	2,211	-81.5%	-
Refinanced mortgage loans	125,053	104,711	93,329	-10.9%	-25.4%
Loans and advances to consumers	365,206	333,654	326,211	-2.2%	-10.7%
Impairment and provision	-39,293	-28,710	-29,897	4.1%	-23.9%
Investment property	10,944	0	0	-	-100.0%
Tangible assets	7,008	6,507	6,395	-1.7%	-8.7%
Goodwill and other intangible assets	10,600	7,771	2,830	-63.6%	-73.3%
Deferred tax asset	8,565	9,260	9,899	6.9%	15.6%
Other assets	8,208	11,977	9,400	-21.5%	14.5%
<b>Total assets</b>	<b>674,966</b>	<b>822,349</b>	<b>753,880</b>	<b>-8.3%</b>	<b>11.7%</b>
Due to banks	36,616	42,466	42,876	1.0%	17.1%
Issued securities	240,418	267,743	240,397	-10.2%	0.0%
Mortgage bonds	155,018	170,738	143,723	-15.8%	-7.3%
Bonds	85,399	97,004	96,674	-0.3%	13.2%
Deposits from customers	259,887	346,811	337,388	-2.7%	29.8%
Derivative financial liabilities	6,087	27,166	4,292	-84.2%	-29.5%
Financial liabilities at fair value through profit or loss	36,426	33,203	31,416	-5.4%	-13.8%
Finance lease liabilities	8,736	4,716	12	-99.7%	-99.9%
Reserve for annuity payments	2,567	0	0	-	-
Current tax liability	26	30	23	-22.1%	-10.0%
Deferred tax liability	430	0	0	-	-
Provisions	5,858	8,716	4,279	-50.9%	-27.0%
Other liabilities	5,664	9,298	11,813	27.0%	108.6%
<b>Total liabilities</b>	<b>602,714</b>	<b>740,149</b>	<b>672,496</b>	<b>-9.1%</b>	<b>11.6%</b>
Share capital	6,600	6,600	6,600	0.0%	0.0%
Share premium	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-207	-207	-207	0.0%	0.0%
Subordinated Tier 1 capital	31,749	31,749	31,749	0.0%	0.0%
Other reserves	293	-322	-195	-39.5%	-166.5%
Retained earnings	35,663	24,444	24,444	0.0%	-31.5%
Minority interest	0	22,008	20,931	-4.9%	-
Balance sheet profit	-3,553	-3,780	-3,646	-3.5%	2.6%
<b>Total shareholders' equity</b>	<b>72,252</b>	<b>82,200</b>	<b>81,384</b>	<b>-1.0%</b>	<b>12.6%</b>
<b>Total liabilities and shareholders' equity</b>	<b>674,966</b>	<b>822,349</b>	<b>753,880</b>	<b>-8.3%</b>	<b>11.7%</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 2014 and non-audited data as of 30 June 2015 according to IFRS)

in HUF million	31 December 2014	30 June 2015
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>-16,196</b>	<b>-5,295</b>
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	2,452	1,442
Extraordinary depreciation and amortization	2,236	0
(Increase)/Decrease in fair value of Investment property	0	0
Recognition of investment property through income statement	-166	0
Provision for losses	24,798	-29,696
(Gain)/Loss on tangible assets derecognized	52	50
(Gain)/Loss on intangible assets derecognized	0	48
Capitalized interest	-1,138	225
Fair value of derivatives	-1,597	-8,108
Fair value adjustment on financial liabilities through profit and loss	-1,043	-1,622
Change in fair value of annuity reserve	0	0
Change in foreign currency translation reserve	-15	-4
Change in minority interest	23,717	7
Change of investments in associates	-774	-683
Change in leasing liabilities	-2,236	0
<b>Operating profit before change in operating assets</b>	<b>30,089</b>	<b>-43,566</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	7,354	-3,417
Financial assets available for sale	76,358	25,693
Refinanced mortgage loans	17,510	22,853
Loans and advances to customers	1,370	31,337
Other assets	-2,848	565
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits	76,261	38,626
Due to banks	-91,314	721
Other liabilities	2,028	6,399
<b>Net cash flow from operating activities</b>	<b>116,808</b>	<b>79,210</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	56	116
Purchase of tangible and intangible assets	-2,857	-633
Net cash flow from disposal of subsidiaries	12,626	0
<b>Net cash flow from investing activities</b>	<b>9,826</b>	<b>-517</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	90,883	-1,650
Principal repayment on issued securities	-70,326	-16,759
Treasury shares purchased	-178	0
Long term loans repayment	-557	-881
Long term loan borrowings	78	0
Finance lease liabilities repayment	-1,284	-949
<b>Net cash flow from financing activity</b>	<b>18,616</b>	<b>-20,239</b>
Net increase in cash and cash equivalents	145,250	58,455
Opening balance of cash and cash equivalents	34,778	180,028
<b>Closing balance of cash and cash equivalents</b>	<b>180,028</b>	<b>238,483</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	2,348	2,770
Balances with National Bank of Hungary	158,616	208,262
Dues from banks with a maturity of less than 90 days	19,064	27,451
<b>Closing balance of cash and cash equivalents</b>	<b>180,028</b>	<b>238,483</b>
<i>Supplementary data</i>		
Tax paid	-1,139	-448
Interest received	56,680	27,351
Interest paid	-37,326	-21,359

## Cash Flow Statement 'B'

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

(consolidated audited data as of 31 December 2014 and non-audited data as of 30 June 2015 according to IFRS)

in HUF million	31 December 2014	30 June 2015
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>-16,196</b>	<b>-6,439</b>
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	2,452	1,442
	2,236	0
(Increase)/Decrease in fair value of Investment property	0	0
Recognition of investment property through income statement	-166	0
Provision for losses	24,798	-29,696
(Gain)/Loss on tangible assets derecognized	52	50
(Gain)/Loss on intangible assets derecognized	0	48
Capitalized interest	-1,138	225
Fair value of derivatives	-1,597	-8,108
Fair value adjustment on financial liabilities through profit and loss	-1,043	-1,622
Change in fair value of annuity reserve	0	0
Change in foreign currency translation reserve	-15	-4
Change in minority interest	23,717	7
Change of investments in associates	-774	-683
Leasing liabilities	-2,236	0
<b>Operating profit before change in operating assets</b>	<b>30,089</b>	<b>-44,710</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	7,354	-3,417
Financial assets available for sale	76,358	25,693
Refinanced mortgage loans	17,510	22,853
Loans and advances to customers	1,370	31,337
Other assets	-2,848	314
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits	76,261	38,626
Due to banks	-91,314	721
Other liabilities	2,028	7,794
<b>Net cash flow from operating activities</b>	<b>116,808</b>	<b>79,210</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	56	116
Purchase of tangible and intangible assets	-2,857	-633
Net cash flow from disposal of subsidiaries	12,626	0
<b>Net cash flow from investing activities</b>	<b>9,826</b>	<b>-517</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	90,883	-1,650
Principal repayment on issued securities	-70,326	-16,759
Treasury shares purchased	-178	0
Long term loans repayment	-557	-881
Long term loan borrowings	78	0
Finance lease liabilities repayment	-1,284	-949
<b>Net cash flow from financing activity</b>	<b>18,616</b>	<b>-20,239</b>
Net increase in cash and cash equivalents	145,250	58,455
Opening balance of cash and cash equivalents	34,778	180,028
<b>Closing balance of cash and cash equivalents</b>	<b>180,028</b>	<b>238,483</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	2,348	2,770
Balances with National Bank of Hungary	158,616	208,262
Dues from banks with a maturity of less than 90 days	19,064	27,451
<b>Closing balance of cash and cash equivalents</b>	<b>180,028</b>	<b>238,483</b>
<i>Supplementary data</i>		
Tax paid	-1,139	-448
Interest received	56,680	27,351
Interest paid	-37,326	-21,359

Name: FHB Mortgage Bank Plc.  
Address: 1082 Budapest, Üllői út 48.  
Sector: Financial services  
Reporting period: 01.01.2015 – 30.06.2015

Telephone: (1) 452 - 9100  
Fax: (1) 452 - 9200  
E-mail: Bozzai.Rita@fhb.hu  
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 2014, and 1 January 2015 and non-audited data as of 30 June 2015 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	General reserve	Share option reserve	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 2014</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>194</b>	<b>0</b>	<b>31,749</b>	<b>156</b>	<b>29</b>	<b>0</b>	<b>35,664</b>	<b>76,072</b>
Transfer to general reserve				-194						194	0
Profit/(Loss)									-1,316	-14,880	-16,196
Other comprehensive income							-138	-15			-153
Purchase/(Sale) of treasury shares		-178									-178
Subordinated Tier 1 capital											0
Change in share option reserve											0
Change in non-controlling interest									25,033	3,470	28,503
<b>1 January 2015</b>	<b>6,600</b>	<b>-207</b>	<b>1,709</b>	<b>0</b>	<b>0</b>	<b>31,749</b>	<b>18</b>	<b>14</b>	<b>23,717</b>	<b>24,448</b>	<b>88,048</b>
Transfer to general reserve											0
Profit/(Loss)									-2,793	-2,502	-5,295
Other comprehensive income							-294	-4			-298
Purchase/(Sale) of treasury shares											0
Changes due to minority interest											0
Subordinated Tier 1 capital						0					0
Change in share option reserve					70						70
Change in non-controlling interest									47	-4	43
Dividend in 2015									-41		-41
<b>30 June 2015</b>	<b>6,600</b>	<b>-207</b>	<b>1,709</b>	<b>0</b>	<b>70</b>	<b>31,749</b>	<b>-276</b>	<b>10</b>	<b>20,931</b>	<b>21,942</b>	<b>82,527</b>

Name: FHB Mortgage Bank Plc.  
Address: 1082 Budapest, Üllői út 48.  
Sector: Financial services  
Reporting period: 01.01.2015 – 30.06.2015

Telephone: (1) 452 - 9100  
Fax: (1) 452 - 9200  
E-mail: Bozzai.Rita@fhb.hu  
Investor relations: Rita Bozzai

## Statement of Shareholders' Equity 'B'

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

(consolidated audited data as of 1 January 2014, and 1 January 2015 and non-audited data as of 30 June 2015 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	General reserve	Share option reserve	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 2014</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>194</b>	<b>0</b>	<b>31,749</b>	<b>156</b>	<b>29</b>	<b>0</b>	<b>35,664</b>	<b>76,072</b>
Transfer to general reserve				-194						194	0
Profit/(Loss)									-1,316	-14,880	-16,196
Other comprehensive income							-138	-15			-153
Purchase/(Sale) of treasury shares		-178									-178
Subordinated Tier 1 capital											0
Change in share option reserve											0
Change in non-controlling interest									25,033	3,470	28,503
<b>1 January 2015</b>	<b>6,600</b>	<b>-207</b>	<b>1,709</b>	<b>0</b>	<b>0</b>	<b>31,749</b>	<b>18</b>	<b>14</b>	<b>23,717</b>	<b>24,448</b>	<b>88,048</b>
Transfer to general reserve											0
Profit/(Loss)									-2,793	-3,647	-6,440
Other comprehensive income							-294	-4			-298
Purchase/(Sale) of treasury shares											0
Changes due to minority interest											0
Subordinated Tier 1 capital						0					0
Change in share option reserve					70						70
Change in non-controlling interest									47	-4	43
Dividend in 2015									-41		-41
<b>30 June 2015</b>	<b>6,600</b>	<b>-207</b>	<b>1,709</b>	<b>0</b>	<b>70</b>	<b>31,749</b>	<b>-276</b>	<b>10</b>	<b>20,931</b>	<b>20,797</b>	<b>81,382</b>

## Off-balance Sheet items – Commitments

(consolidated non-audited data as of 30 June 2014, 31 March 2015 and 30 June 2015 according to IFRS)

in HUF million	30 June 2014	31 March 2015	30 June 2015
Guarantees	14,896	13,969	15,700
Undrawn commitments	43,764	37,918	41,082
<b>Total</b>	<b>58,660</b>	<b>51,887</b>	<b>56,781</b>

## Transactions with related parties

(consolidated non-audited data as of 30 June 2014 and 30 June 2015 according to IFRS)

in HUF million	Transactions between FHB Mortgage Bank and owners with influential share	
	30 June 2014	30 June 2015
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	2	0
<b>Total liabilities</b>	<b>2</b>	<b>0</b>
	<b>30 June 2014</b>	<b>30 June 2015</b>
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	-36	-37
<b>Profit for the year</b>	<b>-36</b>	<b>-37</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.

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

### Ownership structure, participation and voting rates (as at 30 June 2015)

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

Description of owner	Total equity <sup>1</sup>					
	At the beginning of actual year			End of actual period		
	% <sup>2</sup>	% <sup>3</sup>	Qty	%	%	Qty
Domestic institution/company	61.3%	61.6%	40,475,017	63.6%	63.8%	41,963,930
Foreign institution/company	21.7%	21.7%	14,297,742	17.8%	17.8%	11,724,614
Domestic individual	7.5%	7.5%	4,943,054	7.3%	7.3%	4,796,731
Foreign individual	0.1%	0.1%	45,045	0.0%	0.0%	20,823
Employees, senior officers	0.2%	0.2%	148,055	0.1%	0.1%	46,200
Treasury shares	0.4%	-	253,601	0.4%	0.0%	253,601
Government held owner <sup>4</sup>	7.3%	7.3%	4,832,225	7.3%	7.3%	4,832,225
International Development Institutions <sup>5</sup>	0.0%	0.0%	0	0.0%	0.0%	0
Other	1.5%	1.5%	1,005,271	3.6%	3.6%	2,361,886
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>66,000,010</b>	<b>100.0%</b>	<b>100.0%</b>	<b>66,000,010</b>

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

<sup>2</sup>Ownership share

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

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

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

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

	30 June 2014		31 March 2015		30 June 2015	
FHB Mortgage Bank Plc.	253,601	0.38%	253,601	0.38%	253,601	0.38%

### Owners with more than 5% ownership (as at 30 June 2015)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)
VCP Finanz Holding Ltd.	no	15,970,000	24.20%
A64 Vagyonkezelő Ltd.	no	16,172,668	24.50%
Allianz Hungária Biztosító Ltd.	no	6,874,162	10.42%
Silvermist Estate SA	no	6,337,089	9.60%
Hungarian National Asset Management Inc.	no	4,832,225	7.32%
<b>Total</b>		<b>50,186,144</b>	<b>76.04%</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 30/06/2014	End of last quarter 31/03/2015	Current period closing 30/06/2015
Bank	185	183	130
Consolidated	816	852	805

### Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 30 June 2015)

Type <sup>1</sup>	Name	Position	Beginning of mandate	End/ termination of mandate	No. of shares held
BoD	Dr. Zoltán Spéder	Chairman	29.04.2008	29.04.2018	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	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
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	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
<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)

## Information and disclosures in second quarter of 2015

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
- 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)