



**Stock Market Preliminary Report of
FHB Land Credit and Mortgage
Bank for the 1st quarter of 2004**

Budapest, 29 April 2004

The preliminary report of FHB Land Credit and Mortgage Bank for the first quarter of 2004 on the activities and results of the Company

The preliminary report of FHB Land Credit and Mortgage Bank for the first quarter of 2004 contains the non-audited consolidated balance sheet and profit and loss account prepared according to Hungarian Accounting Standards. The consolidation applies only to FHB Szolgáltató Rt. (FHB Service Ltd.), 100% owned subsidiary of FHB, which operates as an acquiring agent. As the balance sheet and the profit and loss statement of FHB Service Ltd. have no significant bearing on the Bank's data, preliminary report contains consolidated figures all along. The narratives compare the data as of 31 March 2004, 31 March 2003 and those of 31 December 2003.

Summary figures of the latest period

FHB closed the first quarter of 2004 with success in term of both business and finance. The increase in both results and assets is in harmony with the Bank's financial plan for 2004. The **consolidated after-tax profit** was 1,517 million forints as of 31 March 2004, 3.4 times the figure of the same period in the previous year. In the period between 31 March 2003 and 31 March 2004 the **consolidated balance sheet total** grew from 154,837 million to 337,219 million forints, which means a 217.8% annual increase over the previous year. The main contributor to the increase of the balance sheet total was the growth of accounts receivable from customers and credit institutions (including refinancing), the entire volume of which grew by 186,083 million forints (or 131%) over the past 12 months.

Major financial indicators	Consolidated figures		
	31 March 2003	31 March 2004	March 2004 / March 2003
Balance sheet total (million HUF)	154,837	337,219	217.8%
Mortgage loan portfolio (million HUF)	141,979	328,063	231.1%
Mortgage bonds outstanding (million HUF)	140,644	308,113	219.1%
Own equity (million HUF)	6,114	13,045	213.4%
Adjusted capital (million HUF) ¹	5,546	11,274	203.3%
Capital adequacy ratio ¹	9.12%	10.0%	109.6%
After tax profit (million HUF)	451	1,517	336.0%
CIR (operating costs / gross operating profit)	58.3%	39.1%	67.0%
EPS (HUF)	110	230	208.7%
ROAA (return on average assets)	1.3%	1.9%	146.2%
ROAE (return on average equity)	30.6%	45.9%	149.9%

¹ The calculation takes into consideration the profit on the audited balance sheet for 2003.

The amendment in December 2003 of the Government's Decree on State Support to Housing provided for a decrease in the rate of subsidised interest and an increase in interest to be paid by the client. At the same time the size of subsidised loans was reduced. The amendment, coupled with currency-based loans offered by commercial banks gaining ground, resulted in a drop in the demand for subsidised loans in the first quarter.

New loan transactions were further hit by customers' expectations of expanding the scope of preferences attached to home construction, which resulted in clients holding back on submitting their loan applications. The decree on housing support entered into effect on 1st April 2004.

Due to an intensive last quarter in 2003 there is no drop in the loan disbursement figures for the first quarter of 2004. The Bank's own lending activity in the first quarter did not prove to be significantly different from the same period of last year, taking into consideration that seasonally, the first quarter of the year is generally the least dynamic period in home lending. In the first quarter, as a response to changing demands from the market, the Bank introduced a new combined subsidised and market-based forint loan product, the so-called Tandem loan.

In the refinancing business, FHB Rt. has currently nine partners (including Postabank and Konzumbank). In the first three months of 2004 the total amount of refinanced loans was 25,476 million forints, about 14% less than in the same period last year. In an attempt to achieve more favourable interest terms the Partners deferred their refinancing needs to the second quarter.

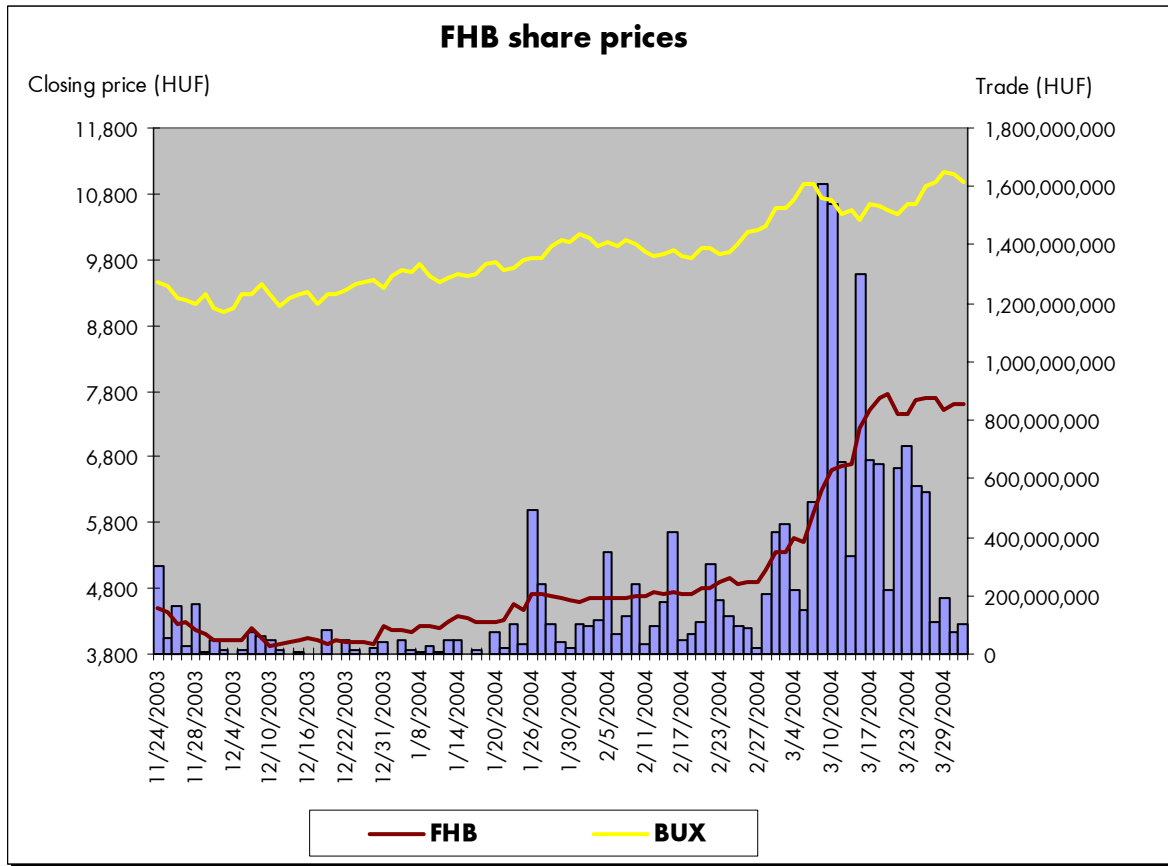
The 2004 Business Plan lays particular emphasis on stepping up sales by agents. To this end, the Bank set up a special independent department within the Business Directorate in the first quarter for the coordination of sales by agents. The goal of the new organisational unit is to provide efficient incentives to the 1300-strong network of agents, to reform training and overall, to promote the quality and quantity of distribution by agents.

In the first quarter of 2004 the **aggregate face value of mortgage bonds issued** by the Bank **reached 30 billion forints**. The overwhelming majority of mortgage bonds were issued in private placement outside Hungary. Rating continued to support foreign distribution: **on 18 March Moody's confirmed the "A1" rating of the Bank's mortgage bonds**.

The Bank continued to launch its mortgage bonds on the Budapest Stock Exchange sold in the context of public placement. Trading of mortgage bonds on the Stock Exchange was 10.5 billion forints in the first quarter, significantly less than in the same period of 2003 (14.6 billion forints), or in the fourth quarter of 2003, when trading amounted to 33.3 billion forints. (Nevertheless, based on historical figures, the last quarter of 2003 showed extraordinary trading figures.)

The price of FHB shares leaped from 4220 forints as of 31 December 2003 to 7600 forints as of 31 March 2004, which means an 80.1% increase (or a 76.7% increase over the price at issue). FHB shares were traded to the amount of 16.1 billion forints in the first quarter of 2004, which is an average of 260 million forints daily transactions. The shares contributed 2.6% to the turnover of the Budapest Stock Exchange BÉT.

In terms of capitalisation, FHB is ranked eighth among Hungarian stock exchange companies. The total market value of ordinary shares was 1.09% of BÉT's capitalisation as of 31 March 2004. **Since 1 April FHB has featured in the BUX index, with a weight of 1.17%.**



P/L structure

Data in million HUF

DESCRIPTION	Q1 2003	Q4 2003	Q1 2004	Q1 2004 / Q1 2003	Q1 2004 / Q4 2003
Net interest income	1.635	2.921	2.956	180.8%	101.2%
Net fees and commission income	212	-50	181	85.3%	-
Net profit from financial transactions	1	605	35	2,571.6%	5.8%
Gross operating income	1.848	3.476	3.172	171.6%	91.2%
Operating expenses	-1.077	-1.757	-1.239	115.1%	70.5%
Other income and expenditures	-59	-38	-99	166.7%	259.3%
Net operating income	712	1.680	1.834	257.5%	109.1%
Net provisions and loss write-off	-161	-8	-30	18.8%	381.4%
Extraordinary income / expenditures	0	-1	0	0.0%	0.0%
Profit before tax	551	1.672	1.804	327.2%	107.9%
Income tax	-100	-314	-287	287.4%	91.5%
After-tax profit	451	1.358	1.517	336.0%	111.7%

At the end of the first quarter of 2004 the Bank's gross operating income amounted to 3.2 billion forints, which means a 72% year-on-year increase, almost reaching the figure for the fourth quarter of 2003. Disregarding the one-time exchange rate profit of 563 million forints resulting from the Bank's privatisation and share sales, the gross operating income of the first quarter of 2004 exceeds that of the last quarter of 2003 by 8.9%. Net interest income, a dominant item in the gross operating income, was similar to the preceding quarter; however, it was 81% up over a period of a year. Operating costs were 15% higher than as of 31 March 2003, while 30% saving was achieved over the operating costs of the last quarter of 2003.

Net interest income

By 31 March 2004 the Bank's net interest income was similar to the previous quarter's figure, almost 3 billion forints, surpassing the base year's figure by 1,321 million forints. This figure emerged as the balance of 9,440 million forints interest income (113% year-on-year increase) and 6,485 million forints interest expenditure (131.8% increase). Interest payable was almost entirely interest payable on mortgage bonds (96.8% in March 2003, and 97.8% in 2004). Due partly to the expansion of the loan portfolio and partly to the repricing of loans and the mortgage bonds funding them, there was an 11.3% growth in interest income and a 16.6% growth in interest expense in the past quarter, which means a total increase in net interest income of 1.2%.

The average net interest margin (NIM) was 3.7% as of 31 March 2004, almost one percent lower than a year ago. The decrease can be attributed to the combined effect of a drop in the proportion of own lending compared to refinancing, a massive increase in the refinanced portfolio, and a growth in the cost of funds.

Net fees and commission income

In the first quarter the Bank's income from fees and commission totaled 346 million forints, 17.6% below the base year figure. More than half of the income from fees was generated by fees charged for valuation (61% in the first quarter of 2003, 57% in the fourth quarter of 2003), while there was an increase in commission received from customers and fees charged for credit scoring. Expenses on fees dropped from 208 million forints at the end of the first quarter of 2003 to 165 million forints by the end of the first quarter of 2004. In the first quarter of 2003 61% of expenditure on fees were contributed by fees associated with the issuance of mortgage bonds used as sources of funds from loans; the same figure dropped to 41% in the first quarter of 2004 due to an increase in commissions paid to agents in the same line item. The combined impact of the above factors was a 14.7% decrease in the net fee income compared to the base year.

In the first quarter of 2003 the net fee income contributed 11.5% of operating income. By contrast, in March 2004 net income from fees dropped to 5.7% due to an increasing dominance of net income from interest and a decreasing demand for valuation of property.

Net profit from financial transactions

As of 31 March 2004 the net profit from financial transactions was insignificant, the 35 million forints operating profit realised in the quarter resulted from the gains on mortgage bonds issued. The one-time peak in this item in the last quarter was the result of the profit achieved in the course of the Bank's privatisation last November.

Operating costs

Data in million HUF

DESCRIPTION	Q1 2003	Q4 2003	Q1 2004	Q1 2004 / Q1 2003	Q1 2004 / Q4 2003
General administrative costs	982	1,691	1,175	119.7%	69.5%
Personnel expenses	342	942	408	119.4%	43.3%
- wages	215	415	272	126.5%	65.6%
- other personnel expenses	45	165	37	83.1%	22.6%
- social security expenses	82	362	98	120.5%	27.2%
Other administrative costs	640	749	767	119.9%	102.4%
- incl. special mortgage bank costs	338	374	300	88.6%	80.2%
Depreciation	95	66	64	67.1%	96.5%
TOTAL OPERATING EXPENSES	1,077	1,758	1,239	115.1%	70.5%

The Bank's year-on-year operating costs were 15.1% higher as of 31 March 2004, which is merely one-eighth of the 118% increase in the balance sheet total, indicating further improvement in cost-effective operation. Cost-income ratio (CIR) improved, dropping from 58.3% in the previous year to 39.1% as of 31 March 2004. Costs were almost 30% down compared to the last quarter of 2003, due to less expenditure primarily in the item of other personnel costs.

The combined figure of other personnel costs and employer's social security contribution amounted to 408 million forints in the first quarter of this year contributing one-third to operating costs.

As of 31 March 2003 other costs amounted to 640 million forints (almost 60% of total operating expenses). Compared to this base figure, administrative costs were 127 million forints higher in the first quarter of 2004, and the rate of this item within the total operating expenses item increased by 2.5 percentage points, to 62%. Until March 2004 almost 40% of the other expenses item (300 million forints) were contributed by special costs associated with mortgage banking. In the first quarter, 43% of this specific expenditure was contributed by fees paid to valuation subcontractors, 6% by fees paid in conjunction with bond issuance, 5% by agents' fees, and 40% by premium paid on life insurance related to collateral coverage.

In the first quarter of 2004 the 64 million forints sum of depreciation was one-third, or 31 million forints less than in the base period of 2003, the year-on-year weight of depreciation within total operating costs dropped from 8.8% to 5.2%.

Portfolio quality, loss in value and provisions

Data in million HUF

Breakdown of classified portfolio by loss in value and provisions									
CLASSIFICATION	31 March 2003			31 December 2003			31 March 2004		
	Total accounts receivable	Loss in value and prov.	Ratio	Total accounts receivable	Loss in value and prov.	Ratio	Total accounts receivable	Loss in value and prov.	Ratio
Standard	149,612	0	0.0%	306,736	0	0.0%	336,169	0	0.0%
Watch	1,577	15	1.0%	1,882	1	0.0%	2,083	0	0.0%
Substandard	783	161	20.5%	324	37	11.5%	314	34	11.0%
Doubtful	475	185	38.9%	508	185	36.3%	597	212	35.5%
Bad	24	24	100.0%	28	28	100.0%	35	34	96.9%
TOTAL	152,471	385	0.3%	309,478	250	0.1%	339,198	280	0.1%

Parallel with a rapid growth the Bank's portfolio has managed to retain its high quality over the past period. Owing to the special features of collateral for mortgage loans, the solvency of the customers exceeds the average value in banking: the rate of problem-free accounts receivable was 98.1% within the portfolio at the end of the first quarter of 2003; on 31 December 2003 and 31 March 2004, it was 99.1%. Loss in value and provisions to cover for credits classified as substandard decreased by over 100 million forints, the 30 million forints increase in the first quarter is not significant compared to the total loan portfolio and its growth.

Structure of the balance sheet

As of 31 March 2004 the balance sheet total of the Bank was 337,219 million forints, 118% higher than in the same period of last year. The quarterly growth is about 9% compared to year-end of 2003, due mainly to the expansion of refinancing. Compared to the end of 2003, the expansion of the portfolio of refinanced loans was above 11%, which is higher than the increase in the balance sheet total, and 208% higher than a year earlier.

Data in million HUF

DESCRIPTION	Q1 2003	Q4 2003	Q1 2004	Q1 2004 / Q1 2003	Q1 2004 / Q4 2003
Interest earning assets (at net value)	151,241	304,240	333,428	220.5%	109.6%
- Retail loans	71,133	104,998	113,322	159.3%	107.9%
- Other loans	1,093	204	188	17.2%	92.2%
- Refinanced loans	69,753	192,538	214,553	307.6%	111.4%
- Securities	2,396	3,447	2,961	123.6%	85.9%
- Interbank	6,866	3,053	2,405	35.0%	78.8%
Own assets and investment	1,226	763	801	65.3%	105.0%
Other assets	2,370	5,147	2,990	126.2%	58.1%
Assets total	154,837	310,149	337,219	217.8%	108.7%
Interest bearing liabilities	144,144	283,906	310,113	215.1%	109.2%
- Mortgage bonds	140,644	277,906	308,113	219.1%	110.9%
- Interbank loan	2,000	6,000	2,000	100.0%	33.3%
- Subordinated loan capital	1,500	0	0	0.0%	-
Other liabilities	4,578	14,713	14,058	307.1%	95.6%
Own equity and provisions	6,115	11,531	13,048	213.4%	113.2%
Liabilities total	154,837	310,149	337,219	217.8%	108.7%

Interest earning assets

Interest earning assets reached 333,428 million forints by 31 March 2004, which means a 121% year-on-year growth, and a 10% growth over the end of 2003. The growth was triggered by the expansion of refinancing and own lending to retail customers. **Refinancing** showed the highest increase, by 144,800 million forints over a period of one year and 22,015 million forints in the first quarter. Consequently, the rate of refinanced loans within the category of total net interest earning assets grew further, from 46.1% on 31 March 2003 to 64.4% by March 2004. **The portfolio of loans to retail customers** distributed by the Bank's branches, network of agents and consortial partners increased by 60% over March 2003 and 8% over December 2003, amounting to 113,322 million forints as of 31 March 2004. Retail lending accounted for 34% of interest earning assets at the end of the first quarter.

The value of the **mortgage loan portfolio** was 328,063 million forints as of 31 March 2003, 131% exceeding the previous year's figure and 10% higher than at year-end 2003.

At the end of the first quarter the principal accounts receivable from customers of 326,649 million forints was covered by real estate collateral to the value of 791,899 million forints. Thus the **loan**

to value ratio (LTV) was 41.3% as of 31 March 2004 compared to 38.9% on 31 March 2003, and remained practically the same as the year-end ratio.

The portfolio of **interbank deposits** lent amounted to 6,866 million forints on 31 March 2003 compared to 2,405 million forints as of 31 March 2004, which contributes 0.7% to interest earning assets. In the first quarter of 2004 interbank deposit placements included in part two-week deposits with the NBH and also deposits with other banks with a maximum maturity of two weeks.

The value of the **securities portfolio** of the Bank was 2,396 million forints as of 31 March 2003, which increased to 2,961 million forints by 31 March 2004. The Bank treats the securities portfolio as liquidity reserve and holds it for the purpose of risk management. Ninety-three percent of the portfolio consists of government bonds, NBH bonds and discount treasury bills. The rate of securities within interest earning assets was under 1%.

Own assets

Tangible and intangible assets amounted to 801 million forints as of 31 March 2004. This meant a year-on-year decrease of 9% and a 5% increase over the end of 2003. The increase compared to the closing figure of 2003 resulted from ongoing investment projects. Own assets are used solely to support the operation of the Bank.

Interest bearing liabilities

As of 31 March 2004 more than 99% of interest bearing liabilities were contributed by the mortgage bonds portfolio, which serves for long-term financing of mortgage loans. The remaining portion was contributed by funds drawn down from revolving credit facilities.

The portfolio of **mortgage bonds** issued by the Bank was 308,113 million forints at the end of the first quarter, which represents an increase of about 11% over the portfolio of 31 December 2003. The change was due exclusively to new mortgage bond issues in the course of the first quarter. **The aggregate face value of mortgage bonds issued** by the Bank amounted to **30,206 million forints in the first quarter of 2004**, which is 77% of the issues amounting to 39 billion forints in the same period of 2003 and 51% of the issues amounting to 59 billion forints in the fourth quarter of 2003.

Mortgage bonds issued in the first quarter of 2004

Series	Date of issue	Total face value offered (Mn HUF)	Bids received (Mn HUF)	Bid/Offer ratio (%)	Total face value sold (Mn HUF)	Maturity (year)
FJ09ZF05	07.01.2004	5,500.00	5,500.00	Closed	5,500.00	5
FJ05NF01	11.02.2004	5,000.00	7,663.39	153%	5,000.00	1
FJ12ZF01	19.02.2004	19,706.25	19,706.25	Closed	19,706.25	8
Total		30,206.25	32,869.64		30,206.25	

All of the series issued in 2004 contained mortgage bonds bearing fixed interest. Of the total volume of issue, 83% were issues outside Hungary and only 17% were issued domestically.

In contrast to the previous practice of monthly auctions, the Bank only appeared once in the Hungarian capital market requiring funds in the first quarter. This is explained by the fact that the financial uncertainties emerging at the end of 2003 extended over the first weeks of 2004 and resulted in an extremely volatile capital market while premiums on yield stabilised at an unrealistically high level.

In January 2004 the Bank concluded its second international transaction under the EMTN scheme registered in Luxembourg in November 2003. A five-year mortgage bond was issued with a face of 5.5 billion forints (20 million euros).

In February a series of favourable macroeconomic indicators coupled with the strengthening of the forint triggered a wave of declines in yield: in each category of maturity the yield dropped 30 to 70 base points and the inversion of the yield curve was reduced. In this relatively favourable environment the Bank again issued mortgage bonds with a total face value of 5 billion forints with one-year maturity in the context of the domestic public issue programme.

In March the Bank executed another issue of a mortgage bond series under the EMTN Programme with a total face value of 75 million euros equivalent to 19,706.25 million forints. The international issue was supported by a keener interest in mortgage bonds with longer maturities outside Hungary, plus also longer maturities provide better coverage for the Bank's movements on the asset side.

The value of assets used as **ordinary collateral** for the mortgage bonds issued by the Bank was 639.5 billion forints as of 31 March 2004 (327.7 billion forints collateral capital + 311.8 billion forints interest), which meant an 18% increase over the figure of 31 December 2003 and a 129% year-on-year increase.

FHB undertook to keep a stricter mortgage bond coverage ratio than prescribed by the rules in Hungary, i.e. it undertook to ensure capital-to-capital adequacy at all times. Accordingly, the aggregate amount of net ordinary collateral and supplementary collateral exceeded the aggregate face value of outstanding mortgage bonds in circulation on every day of the first quarter of 2004. The same applies to interest-to-interest adequacy.

The value of the group of assets involved as collateral as of 31 March 2004

Outstanding mortgage bonds in circulation	HUF
face value:	308,112,540,000
interest:	187,014,376,917
total:	495,126,916,917

Value of the regular collateral	HUF
principal:	327,654,403,372
interest:	311,813,185,847
total:	639,467,589,219

Value of assets involved as supplementary collateral	HUF
principal:	0
interest:	0
total:	0

The portfolio of interbank deposits borrowed by the Bank consisted of draw-downs from **revolving credit facilities**. The Bank continues to apply revolving credits as supplementary facilities to supply funds, supporting and increasing the safety of the liquidity of the Bank at all times. Currently the Bank has access to a total of 7,500 million forints of funds supplied in this way. As of 31 March 2004, 2,000 million forints were drawn down from the facility, two-thirds of the amount at 31 December 2003. In the course of the quarter the Bank renewed one of the revolving credit agreements concluded earlier.

Own equity

The value of the Bank's **own equity** was 13,045 million forints as of 31 March 2004, 113% higher than the 6,114 million forints a year earlier.

By 31 March 2004 the value of risk weighted assets and off-balance sheet assets increased to 112,746 million forints. The **adjusted capital** of the Bank was 5,546 million forints on 31 March 2003, while on 31 March 2004 the same figure was 11,274 million forints, which included the 2003 audited profit on balance amounting to 2,963 million forints.

The **capital adequacy ratio**² was 10% as of 31 March 2004.

² The calculation takes into consideration the profit on the audited balance sheet for 2003.

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Financial Statements of FHB Land Credit and Mortgage Bank for the first quarter of 2004 prepared in accordance with International Financial Reporting Standards (Non-audited, data in thousand HUF)

Consolidated Statement of Income

	2004 Q1	2003
Interest income	9,395,096	25,954,989
Interest expense	<u>(6,483,183)</u>	<u>(16,307,414)</u>
Net interest income	2,911,913	9,647,575
Fee and commission income	166,145	640,928
Fee and commission expense	(166,234)	(1,433,608)
Gain less losses from securities	86,642	151,673
Other operating income	146,854	1,457,728
Other operating expense	<u>(131)</u>	<u>(116,331)</u>
Operating income	3,145,189	10,347,965
Losses/provision on loans and advances	(30,302)	(102,294)
General and administration costs	<u>(1,339,649)</u>	<u>(5,927,812)</u>
Profit before tax	1,775,238	4,317,859
Taxation expense	<u>(282,438)</u>	<u>(893,619)</u>
Profit for the period	<u>1,492,800</u>	<u>3,424,240</u>
<i>Earnings per share (HUF 1,000 nominal amount)</i>		
<i>ordinary shares (in HUF)</i>	203.35	577.04
<i>diluted shares (in HUF)</i>	203.35	577.04

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Consolidated Balance Sheet

	2004 Q1	2003
Assets		
Cash	1,103	4,777
Due from National Bank of Hungary	91,121	17,232
Placements with other banks	2,420,622	3,055,215
Available for sale securities	3,033,026	3,490,256
Refinancing of mortgage loans	214,553,040	192,538,401
Loans	114,366,454	106,046,648
Property and equipment	800,889	763,006
Other assets	1,124,263	3,394,471
Total Assets	<u>336,390,518</u>	<u>309,310,006</u>
Liabilities		
Deposits from banks	2,000,000	6,000,000
Mortgage bond liabilities	308,629,304	278,525,898
Other liabilities	13,154,551	13,010,245
Total Liabilities	323,783,855	297,536,143
Shareholders' Equity		
Share capital	6,600,001	6,600,001
Share premium	1,709,014	1,709,014
General reserve	596,783	446,109
Retained earnings/(deficit)	3,700,865	3,018,739
Total Shareholders' Equity	<u>12,606,663</u>	<u>11,773,863</u>
Total Liabilities and Shareholders' Equity	<u>336,390,518</u>	<u>309,310,006</u>

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Consolidated Statement of Cash Flows

	2004 Q1	2003
Cash flows from operating activities		
Net profit	1,492,800	3,424,240
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	63,850	247,823
Provision for losses	30,210	25,743
Loss/(profit) on sale of fixed assets		1,336
	<hr/>	<hr/>
Operating profit / (loss) before changes in operating assets	1,586,860	3,699,142
(Increase) decrease in operating assets:		
Refinancing of mortgage loans	(22,014,639)	(151,361,818)
Loans	(8,349,059)	(40,855,468)
Accrued interest receivable	(43,253)	(201,336)
Other assets	2,313,461	(2,273,742)
Increase (decrease) in operating liabilities:		
Due to other banks	(4,000,000)	(4,000,000)
Accrued interest payable	(643,571)	7,756,262
Other liabilities	(234,956)	364,626
Net cash used in operating activities	<hr/> <u>(31,385,156)</u>	<hr/> <u>(179,072,333)</u>
Cash flows from investing activities		
Increase in available for sale investments	457,230	(1,333,198)
Proceeds from sale of property and equipment		10,013
Purchase of property and equipment	(101,733)	(223,209)
Net cash used in investing activities	<hr/> <u>355,497</u>	<hr/> <u>(1,546,394)</u>
Cash flows from financing activities		
Capital increase	-	2,500,001
Share premium received	-	4
Repayment of subordinated debt	-	(1,500,000)
Sale/(purchase) of own shares	-	913,420
Installment from mortgage bonds	-	(13,980,000)
Proceeds from issue of mortgage bonds	30,465,282	191,592,247
Net cash from financing activities	<hr/> <u>30,465,282</u>	<hr/> <u>179,525,672</u>
Net increase in cash and cash equivalents	(893,055)	(893,055)
Cash and cash equivalents at beginning of year	<hr/> <u>3,970,279</u>	<hr/> <u>3,970,279</u>
Cash and cash equivalents at end of period	<hr/> <u>3,077,224</u>	<hr/> <u>3,077,224</u>
Cash and cash equivalents comprises of:		
Cash	1,103	4,777
Due from Central Bank	91,121	17,232
Placements with other banks, with a maturity of less than 90 days	2,420,622	3,055,215
Cash and cash equivalents at end of period	<hr/> <u>2,512,846</u>	<hr/> <u>3,077,224</u>
<i>Supplemental information:</i>		
Interest received	9,378,964	25,920,917
Interest paid	(7,126,754)	(8,551,152)
Tax paid	32,312	(868,624)

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Consolidated Statement of Shareholders' Equity

	Share Capital	Treasury Shares	Share Premium	General reserve	Retained earnings (deficit)	Shareholders' Equity
31 December 2002	4,100,000	(350,000)	1,145,590	42,539	(1,931)	4,936,198
Share capital increase	2,500,001	-	4	-	-	2,500,005
Sale of treasury shares	-	350,000	563,420	-	-	913,420
Transfer to general reserve	-	-	-	403,570	(403,570)	-
Profit for the period	-	-	-	-	3,424,240	3,424,240
31 December 2003	6,600,001	-	1,709,014	446,109	3,018,739	11,773,863
Share capital increase	-	-	-	-	(660,000)	(660,000)
Sale of treasury shares	-	-	-	150,674	(150,674)	-
Profit for the period	-	-	-	-	1,492,800	1,492,800
31 March 2004	6,600,001	-	1,709,014	596,783	3,700,865	12,606,663

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LOANS

	2004 Q1	2003
Real estate purchase	70,823,445	65,225,482
Real estate construction	26,127,515	24,078,175
Real estate reconstruction	1,417,197	1,417,984
Real estate extension	10,676,028	10,047,581
Other loans secured by real estate	4,742,649	4,681,037
Employees	856,938	844,455
Loans, gross	114,643,772	106,294,713
from this: retail loans	114,440,325	106,073,734
Other	203,447	220,979
Loan loss provision	(277,318)	(248,065)
Loan, net	114,366,454	106,046,648

MORTGAGE BOND

	31 March 2004		31 December 2003	
	Carrying amount	Nominal value	Carrying amount	Nominal value
Non-listed mortgage bonds				
Fixed	102,962,366	102,958,750	77,756,310	77,752,500
Floating	5,600,000	5,600,000	5,600,000	5,600,000
Listed mortgage bonds				
Fixed	184,011,482	183,204,610	179,124,000	178,204,610
Floating	16,055,456	16,349,180	16,045,588	16,349,180
	<u>308,629,304</u>	<u>308,112,540</u>	<u>278,525,898</u>	<u>277,906,290</u>

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RECONCILIATION OF THE NET ASSETS AND RESULT UNDER HUNGARIAN ACCOUNTING STANDARDS TO THOSE UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

	2004	2003
Total Shareholders' Equity per Hungarian Statutory Financial Statements	13,045,331	12,188,596
Loan origination fee	(484,383)	(457,261)
Deferred tax asset	82,914	78,356
Mark to market of available for sale investments	(37,199)	(35,828)
Total Shareholders' Equity per IFRS Financial Statements	<u>12,606,663</u>	<u>11,773,863</u>
	2004	2003
Profit per Hungarian Statutory Financial Statements	1,516,735	4,026,294
Release of depreciation of establishment costs	-	140,376
Loan origination fee	(27,122)	(167,263)
Deferred tax benefit	4,559	26,611
Profit on sale of treasury shares	-	(563,420)
Mark to market of available for sale investments	(1,372)	(38,358)
Profit per IFRS financial statements	<u>1,492,800</u>	<u>3,424,240</u>

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DATA FORMS RELATING TO THE FINANCIAL REPORTS

PK1. General information on the financial figures

	Yes	No	
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Accounting principles	Hungarian <input checked="" type="checkbox"/>	IFRS <input type="checkbox"/>	Other <input type="checkbox"/>
Other:			

PK2. Business enterprises subject to consolidation

Name	Equity / Share capital (thousand HUF)	Ownership ratio (%)	Voting ratio (%)	Classification ¹
FHB Service Ltd.	65,000	100,00	100,00	L

¹ Full (L); Joint management (K); Affiliated (T)

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PK3. Balance sheet

The consolidated non-audited balance sheets of FHB Land Credit and Mortgage Bank for the first quarter of 2003 and for the first quarter of 2004, prepared according to the Hungarian accounting rules

Assets

Data in '000 HUF

No.	Description of the item	31 March 2003	31 March 2004	Change (%)
1.	1. Liquid assets	53,410	108,174	202.54%
2.	2. Government securities	2,395,968	2,960,730	123.57%
3.	a) for trading	2,395,968	2,960,730	123.57%
4.	b) for investment			
5.	3. Receivables from credit institutions	76,618,676	216,957,713	283.17%
6.	a) sight	15,413	12,673	82.22%
7.	b) other receivables from financial services	76,603,263	216,945,040	283.21%
8.	ba) short term	10,854,648	14,260,754	131.38%
9.	Including: - from associated enterprises			
10.	- from enterprises with participating interest			
11.	- from NBH	4,000,000		
12.	bb) long term	65,748,615	202,684,286	308.27%
13.	Including: - from associated enterprises			
14.	- from enterprises with participating interest			
15.	- from NBH			
16.	c) from investment services			
17.	Including: - from associated enterprises			
18.	- from enterprises with participating interest			
19.	4. Receivables from customers	72,226,233	113,509,516	157.16%
20.	a) from financial services	72,226,233	113,509,516	157.16%
21.	aa) short term	5,814,406	7,379,333	126.91%
22.	Including: - from associated enterprises			
23.	- from enterprises with participating interest			
24.	ab) long term	66,411,827	106,130,183	159.81%
25.	Including: - from associated enterprises			
26.	- from enterprises with participating interest			
27.	b) from investment services			
28.	Including: - from associated enterprises			
29.	- from enterprises with participating interest			
30.	ba) receivables from stock market investment services			
31.	bb) receivables from OTC investment services			
32.	bc) receivables from customers deriving from investment services			
33.	bd) receivables from clearing houses			
34.	be) receivables from other investment services			
35.	5. Debt securities, including fixed interest securities			
36.	a) securities issued by local governments and other agencies of state administration (excluding state securities)			
37.	aa) for trading			
38.	ab) for investment			
39.	b) securities issued by other issuer			
40.	ba) for trading			
41.	Including: - from associated enterprises			
42.	- from enterprises with participating interest			
43.	- own- issue repurchased			
44.	bb) held for investment			
45.	Including: - from associated enterprises			
46.	- from enterprises with participating interest			
47.	6. Shares and other securities with variable yield			
48.	a) shares and participations for trading			
49.	Including: - from associated enterprises			
50.	- from enterprises with participating interest			
51.	b) securities with variable yield			

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Assets

Data in '000 HUF

No.	Description of the item	31 March 2003	31 March 2004	Change (%)
52.	ba) for trading			
53.	bb) for investment			
54.	7. Shares and participations for investment	26		
55.	a) shares and participations for investment	26		
56.	Including: - participation in credit institutions	26		
57.	b) value adjustment of shares and participations for investment			
58.	Including: - participation in credit institutions			
59.	8. Shares and participations in associated enterprises			
60.	a) shares and participations for investment			
61.	Including: - participation in credit institutions			
62.	b) value adjustment of shares and participations for investment			
63.	Including: - participation in credit institutions			
64.	c) capital consolidation difference			
65.	- from subsidiary, jointly managed enterprise			
66.	- from associated with enterprises			
67.	9. Intangible assets	375,781	273,446	72.77%
68.	a) intangible assets	375,781	273,446	72.77%
69.	b) value adjustment of intangible assets			
70.	10. Tangible assets	500,102	527,443	105.47%
71.	a) tangible assets for financial and investment services	500,102	527,443	105.47%
72.	aa) real estate	132,295	134,437	101.62%
73.	ab) technological equipment, machines, appliances and vehicles	272,366	294,123	107.99%
74.	ac) investments	95,364	98,883	103.69%
75.	ad) advances given to investments	77		
76.	b) tangible assets not directly held for financial and investment services			
77.	ba) real estate			
78.	bb) technological equipment, machines, appliances and vehicles			
79.	bc) investments			
80.	bd) advances given to investments			
81.	c) value adjustment of tangible assets			
82.	11. Own shares	350,000		
83.	12. Other assets	1,127,064	1,344,930	119.33%
84.	a) inventories	113,130	24,640	21.78%
85.	b) other receivables	1,013,934	1,320,290	130.21%
86.	of which: - from affiliated enterprises			
87.	- from enterprises with participating interest			
88.	c) receivables for corporate tax (calculated) from consolidation			
89.	13. Accrued income and deferred expenditures	1,189,454	1,536,916	129.21%
90.	a) accrued income	340,304	662,453	194.67%
91.	b) deferred costs and expenditures	849,150	874,463	102.98%
92.	c) deferred expenditures			
93.	TOTAL ASSETS	154,836,714	337,218,868	217.79%
	of which: CURRENT ASSETS (1+2a+3a+3ba+3c+4aa+4b+5aa+5ba+6a+6ba+11+12)	20,610,909	26,066,594	126.47%
	INVESTED ASSETS (2b+3bb+4ab+5ab+5bb+6bb+7+8+9+10)	133,036,351	309,615,358	232.73%

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Liabilities

Data in '000 HUF

No.	Description of the item	31 March 2003	31 March 2004	Change (%)
94.	1. Liabilities to credit institutions	2,000,000	2,000,000	100.00%
95.	a) at sight			
96.	b) accounts payable for a definite term, deriving from financial services	2,000,000	2,000,000	100.00%
97.	ba) short term	2,000,000	2,000,000	100.00%
98.	Including: - to associated enterprises			
99.	- to enterprises with participating interest			
100.	- to NHB			
101.	bb) long term			
102.	Including: - to associated enterprises			
103.	- to enterprises with participating interest			
104.	- to NHB			
105.	c) from investment services			
106.	Including: - to associated enterprises			
107.	- to enterprises with participating interest			
108.	2. Liabilities to customers	131,593	198,018	150.48%
109.	a) savings deposits			
110.	aa) sight			
111.	ab) short term			
112.	ac) long term			
113.	b) other liabilities from financial services	131,593	198,018	150.48%
114.	ba) sight	131,593	198,018	150.48%
115.	Including: - to associated enterprises			
116.	- to enterprises with participating interest			
117.	bb) sort term			
118.	Including: - to associated enterprises			
119.	- to enterprises with participating interest			
120.	bc) maturity beyond one year			
121.	Including: - to associated enterprises			
122.	- to enterprises with participating interest			
123.	c) from investment services			
124.	Including: - to associated enterprises			
125.	- to enterprises with participating interest			
126.	ca) liabilities from stock market investment services			
127.	cb) liabilities from OTC market investment services			
128.	cc) liabilities deriving from investment services			
129.	cd) liabilities to clearing houses			
130.	ce) liabilities from other investment services			
131.	3. Liabilities from securities issued	140,643,790	308,112,540	219.07%
132.	a) bonds issued	140,643,790	308,112,540	219.07%
133.	aa) short term	980,000	5,400,000	551.02%
134.	Including: - to associated enterprises			
135.	- to enterprises with participating interest			
136.	ab) long term	139,663,790	302,712,540	216.74%
137.	Including: - to associated enterprises			
138.	- to enterprises with participating interest			
139.	b) other debt securities issued			
140.	ba) short term			
141.	Including: - to associated enterprises			
142.	- to enterprises with participating interest			
143.	bb) long term			
144.	Including: - to associated enterprises			
145.	- to enterprises with participating interest			
146.	c) debt instruments treated as securities from an accounting aspect but not classified as securities under the Securities Act			
147.	ca) short term			
148.	Including: - to associated enterprises			
149.	- to enterprises with participating interest			
150.	cb) long term			

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Liabilities

Data in '000 HUF

No.	Description of the item	31 March 2003	31 March 2004	Change (%)
151.	Including: - to associated enterprises			
152.	- to enterprises with participating interest			
153.	4. Other liabilities	422,781	1,263,109	298.76%
154.	a) short term	422,781	1,263,109	298.76%
155.	Including: - to associated enterprises			
156.	- to enterprises with participating interest			
157.	- for credit institutions operating as cooperatives, other contribution of members			
158.	b) long term			
159.	Including: - to associated enterprises			
160.	- to enterprises with participating interest			
161.	c) tax liabilities originating from consolidation			
162.	5. Accrued expenditures and deferred income	4,023,175	12,596,879	313.11%
163.	a) passive accrual of income	978,210	1,752,703	179.17%
164.	b) accrued costs and expenditures	3,044,965	10,844,176	356.13%
165.	c) deferred income			
166.	6. Provisions	1,641	2,991	182.27%
167.	a) provision for pension and severance payment			
168.	b) risk reserve for pending and certain future liabilities	1,641	2,991	182.27%
169.	c) general risk reserve			
170.	d) other reserves			
171.	7. Subordinated obligations	1,500,000		
172.	a) subordinated loan capital	1,500,000		
173.	Including: - to associated enterprises			
174.	- to enterprises with participating interest			
175.	aa) capital consolidation difference			
176.	- from subsidiary, jointly managed enterprise			
177.	b) for credit institutions operating as cooperatives, other property contribution of members			
178.	c) other subordinated liabilities			
179.	Including: - to associated enterprises			
180.	- to enterprises with participating interest			
181.	8. Subscribed capital	4,100,000	6,600,001	160.98%
182.	Including: - repurchased ownership share at face value	350,000		
183.	9. Subscribed and not yet paid-up capital (-)			
184.	10. Capital reserve	1,145,590	1,145,594	100.00%
185.	a) the outstanding balance between the face value of the participation and its placement value (premium)	1,145,590	1,145,594	100.00%
186.	b) other			
187.	11. General reserve	42,539	596,783	1402.91%
188.	12. Profit reserve (±)	-72,815	3,354,981	
189.	13. Fixed reserve	455,668		
190.	14. Valuation reserve			
191.	15. Profit as per balance sheet (±)*	451,437	1,366,061	302.60%
192.	16. Changes of equity of subsidiaries and enterprises under joint management (±)	-8,685	-18,089	208.28%
193.	17. Changes through consolidation (±)			
194.	- from debt consolidation difference			
195.	- from interim profit difference			
196.	18. Participation of external members (other owners)			
197.	TOTAL LIABILITIES	154,836,714	337,218,868	217.79%
198.	Including: - SHORT TERM LIABILITIES (1.a.+1.ba+1.c.+2.aa+2.ab+2.ba+2.bb+2.c+3.aa+3.ba+3.ca+4.a+4.c)	3,534,374	8,861,127	250.71%
199.	- LONG TERM LIABILITIES (1.bb+2.ac+2.bc+3.ab+3.bb+3.cb+4.b+7)	141,163,790	302,712,540	214.44%
200.	- SHAREHOLDER'S EQUITY (8- 9+10+11±12+13+14±15±16±17±18)	6,113,734	13,045,331	213.38%

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PK4. Profit and Loss Statement

The consolidated non-audited Profit and Loss Statement of FHB Land Credit and Mortgage Bank for the first quarter of 2003 and for the first quarter of 2004, prepared according to the Hungarian accounting rules

Data in '000 HUF

No.	Description of the item	31 March 2003	31 March 2004	Change (%)
1.	1. Interest and interest type revenues received	4,432,302	9,440,402	212.99%
2.	a) interest received due on fixed interest debenture securities	46,048	79,894	173.50%
3.	of which: - to associated enterprises			
4.	- to enterprises with participating interest			
5.	b) other interest and interest type revenues received	4,386,254	9,360,508	213.41%
6.	Within that: - from affiliated enterprise			
7.	- from enterprises with other relationship of participation			
8.	2. Interest paid and interest type payments:	2,797,707	6,484,570	231.78%
9.	of which: - to associated enterprises			
10.	- to enterprises with participating interest			
11.	INTEREST DIFFERENCE (1-2)	1,634,595	2,955,832	180.83%
12.	3. Revenues from securities			
13.	a) revenues from shares and participations for trading (dividend, participation)			
14.	b) revenues from participations in associated enterprises (dividend, profit sharing)			
15.	c) revenues from other participations (dividend, profit sharing)			
16.	4. Commission and fee revenues received (due)	419,892	345,826	82.36%
17.	a) revenues from other financial services	419,892	345,826	82.36%
18.	Including: - to associated enterprises			
19.	- to enterprises with participating interest			
20.	b) from revenues of investment services (with the exception of revenues from trading activity)			
21.	Including: - to associated enterprises			
22.	- to enterprises with participating interest			
23.	5. Commission and fees paid payable	207,623	164,847	79.40%
24.	a) from expenditures of other financial services	81,499	97,780	119.98%
25.	Including: - to associated enterprises			
26.	- to enterprises with participating interest			
27.	b) from expenditures of investment services (with the exception of expenditures of trading activity)	126,124	67,067	53.18%
28.	Including: - to associated enterprises			
29.	- to enterprises with participating interest			
30.	6. Profit on financial transactions (6.a - 6.b + 6.c - 6.d)	1,361	35,000	2571.64%
31.	a) from revenues of other financial services	30,018	77,720	258.91%
32.	Including: - to associated enterprises			
33.	- to enterprises with participating interest			
34.	b) from expenditures of other financial services	28,657	42,20	149.07%
35.	Including: - to associated enterprises			
36.	- to enterprises with participating interest			
37.	c) from the revenues of investment service (revenue of trading activity)			
38.	Including: - to associated enterprises			
39.	- to enterprises with participating interest			
40.	- reversal of impairment on securities for trading			
41.	d) from the expenditures of investment services (expenditure of commercial activity)			
42.	Including: - to associated enterprises			
43.	- to enterprises with participating interest			
44.	- impairment on securities for trading			
45.	7. Other revenues from business activities	7,039	4,523	64.26%
46.	a) revenues from non-financial and investment services	1,285	1,484	115.49%

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Data in '000 HUF

No.	Description of the item	31 March 2003	31 March 2004	Change (%)
47.	of which: - to associated enterprises			
48.	- to enterprises with participating interest			
49.	b) other revenues	5,754	3,039	52.82%
50.	Including: - to associated enterprises			
51.	- to enterprises with participating interest			
52.	- reversal of impairment on inventories			
53.	ba) Consolidation difference resulting from debt consolidation, increasing the profit			
54.	8. General administrative costs	981,603	1,175,073	119.71%
55.	a) personnel expenses	341,523	407,777	119.40%
56.	aa) wage cost	215,044	272,117	126.54%
57.	ab) other personal type disbursements	44,747	37,195	83.12%
58.	Including: - social security costs	23,645	25,652	108.49%
59.	- costs associated with pension	20,333	23,274	114.46%
60.	ac) contribution after wages	81,732	98,465	120.47%
61.	Including: - social security costs	71,274	85,711	120.26%
62.	- costs associated with pension	42,397	51,384	121.20%
63.	b) other administrative costs (material type costs)	640,080	767,296	119.88%
64.	9. Depreciation and amortization	95,099	63,850	67.14%
65.	10. Other expenditures from business activities	66,383	103,476	155.88%
66.	a) expenditures on non-financial and investment services			
67.	Including: - to associated enterprises			
68.	- to enterprises with participating interest			
69.	b) other expenditures	66,383	103,476	155.88%
70.	Including: - to associated enterprises			
71.	- to enterprises with participating interest			
72.	- impairment on inventories			
73.	ba) consolidation difference from debt consolidation, decreasing the profit			
74.	11. Value loss on receivables and risk provision from pending and certain (future) liabilities	232,714	82,444	35.43%
75.	a) value loss on receivables	232,714	81,250	34.91%
76.	b) risk reserve for pending and certain (future) liabilities		1,194	
77.	12. Reversal of value loss on receivables and risk provision	72 203	52,234	72.34%
78.	a) reversal of value loss on receivables	71,909	51,997	72.31%
79.	b) utilization of risk reserve for pending and certain (future) liabilities	294	237	80.61%
80.	13. Value loss on debt securities held as investments, shares and participations in affiliated and other associated enterprises			
81.	14. Reversal of value loss on debt securities held as investments, shares and participations in affiliated and other associated enterprises		7	
82.	15. OPERATING (BUSINESS) PROFIT	551,668	1,803,732	326.96%
83.	Including: - PROFIT FROM FINANCIAL AND INVESTMENT SERVICES (1-2+3+4-5±6+7.b-8-9-10.b-11+12-13+14)	550,383	1,802,248	327.45%
84.	- PROFIT FROM NON-FINANCIAL AND INVESTMENT SERVICES (7.a-10.a)	1,285	1,484	115.49%
85.	16. Extraordinary revenues			
86.	17. Extraordinary expenditures	375		
87.	18. Extraordinary profit (16 - 17)	-375		
88.	19. Pre-tax profit (± 15± 18)	551,293	1,803,732	327.18%
89.	20. Tax liability	99,856	286,997	287.41%
90.	a) outstanding balance of corporation tax deriving (calculated) from consolidation			
91.	21. Profit after taxes (± 19 -20)	451,437	1,516,735	335.98%

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PK6. Major off-balance sheet items

Description	31 March 2004 (Mn HUF)
Pending obligations	7,687
- available credit facility on credits extended	150
- loans committed in contract but not yet extended	7,188
- credit to be purchased from partner bank	350
Future obligations	2,885
Total	10,572

DATA FORMS RELATING TO THE STRUCTURE OF SHARES AND THE GROUP OF OWNERS

RS1. Ownership structure, participation and voting rates

The ownership share is equal to the voting rates for entire share capital.

Description of group of owners	Entire share capital				Listed series ¹					
	Beginning of target year (01.01.2004)		End of period (31.03.2004)		Beginning of target year (01.01.2004)			End of period (31.03.2004)		
	% ²	pcs	% ²	pcs	% ²	% ³	pcs	% ²	% ³	pcs
Domestic institutional / company	22.61	1,491,944	12.32%	813,408	15.58	13.70	903,374	3.88%	3.41%	224,838
Foreign institutional / company	12.33	814,031	28.02%	1,849,281	14.04	12.33	814,031	31.89%	28.02%	1,849,281
Domestic private individual	7.67	506,204	4.80%	316,950	8.72	7.67	506,204	5.46%	4.80%	316,950
Foreign private individual	0.01	347	0.00%	100	0.01	0.01	347	0.00%	0.00%	100
Employees, office holders	4.17	275,943	1.65%	108,730	4.75	4.17	275,943	1.87%	1.65%	108,730
Treasury bond	0.00	0	0.00%	0	0.00		0	0.00%	0.00%	0
Owner part of state budget ⁴	53.21	3,511,531	53.21%	3,511,532	56.90	50.00	3,300,101	56.90%	50.00%	3,300,102
International Development Institutes ⁵	0.00	0	0.00%	0	0.00	0.00	0	0.00%	0.00%	0
Other	0.00	0	0.00%	0	0.00	0.00	0	0.00%	0.00%	0
TOTAL	100.00	6,600,000	100.00%	6,600,001	100.00	87.88	5,800,000	100.00%	87.88%	5,800,001

¹ 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.

² Ownership share.

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

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

⁵ E.g.: EBRD, EIB, etc.

RS2. Changes in the number of treasury shares (pcs) in the year concerned

	1 January	31 March	30 June	30 September	31 December
FHB Rt.	0	0			

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RS3/1. List and presentation of Owners holding a share exceeding 5% (at the end of the period) regarding the listed series

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
ÁPV Rt.	B.	Á	3,511,431	53.20	53.20	

¹ Resident (B), Non-resident (K)

² Custodian (L), State Budget (Á), International Development Institute (F), Institutional (I), Business Enterprise (T) Private (M), Employee, officer (D)

³ To be given rounded up to two decimals

⁴ The voting right assuring participation in decision making in the General Shareholder's Meeting of Issuer.

⁵ E.g.: strategic investor, financial investor, etc.

RS3/2. List and presentation of Owners holding a share exceeding 5% (at the end of the period) regarding the entire share capital

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
ÁPV Rt.	B	Á	3,511,431	53.20	53.20	

¹ Domestic (B), Foreign (K)

² Custodian (L), State Budget (Á), International Development Institute (F), Institutional (I), Business Enterprise (T) Private (M), Employee, officer (D)

³ To be given rounded up to two decimals

⁴ The voting right assuring participation in decision making in the General Shareholder's Meeting of Issuer.

⁵ E.g.: strategic investor, financial investor, etc.

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DATA FORMS RELATING TO THE ORGANISATION AND OPERATION OF THE ISSUER

TSZ2. Changes in the headcount of full-time staff (persons)

	End of base period (31.03.2003)	Beginning of target year (01.01.2004)	End of target period (31.03.2004)
Bank	198	199	202
Consolidated	198	238	242

TSZ3. Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer

Type ¹	Name	Position	Beginning of mandate	End / termination of mandate	Shares held (pcs)
IT	Dr. Márton Vági	chairman	26.07.2002	26.07.2007	0
IT	Zsuzsanna Ács	member	06.09.2002	06.09.2007	0
IT	Zoltán Egressy	member	26.07.2002	26.07.2007	0
IT	Dániel Gyuris	member, CEO	11.01.1999	14.03.2007	15,080
IT	László Harmati	member, Deputy CEO	26.07.2002	26.07.2007	15,080
IT	Dr. Lajos Oláh	member	23.05.2003	23.05.2008	0
IT	Dr. Zoltán Szedlacskó	member	23.05.2003	23.05.2008	0
FB	Róbert Somfai	president	26.07.2002	26.07.2007	943
FB	Ágnes Koltai Nádházi	member	06.09.2002	06.09.2007	0
FB	Tibor Nagy Huszein	member	23.05.2003	23.05.2008	0
FB	Dr. Miklós Szőke	member	06.09.2002	06.09.2007	0
FB	Ágnes Winkler	member	26.07.2002	26.07.2007	0
SP	Jenő Siklós	Deputy CEO	21.10.1997	indefinite	15,081
Shares held (pcs) TOTAL:					46,184

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

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DATA FORMS RELATING TO PRIORITY NOTIFICATION

ST1. Priority notifications published in the target period

Date	Published in	Subject, brief contents
11.02.2004	Magyar Tőkepiac Magyar Hírlap Népszabadság	Invitation to the General Shareholders' Meeting of FHB Land Credit and Mortgage Bank Co.
12.02.2004	Magyar Tőkepiac	Stock Market Preliminary Report of FHB Rt. for the 4 th Quarter of 2003
19.03.2004	Magyar Tőkepiac	Rating of FHB Rt. by Moody's
22.03.2004	Magyar Tőkepiac Magyar Hírlap Népszabadság	Supplement to the Invitation to the General Shareholders' Meeting of FHB Land Credit and Mortgage Bank Co.

In addition to the above, other publications (primarily containing information about the mortgage bonds issued by the Bank) are available on the web site of BÉT.