



**Stock Market Preliminary Report of
FHB Land Credit and Mortgage
Bank Ltd. for the 4th quarter of
2005**

Budapest, 10 February, 2006

The preliminary report of FHB Land Credit and Mortgage Bank for the fourth quarter of 2005 on the activities and results of the Company

The preliminary report of FHB Land Credit and Mortgage Bank for the fourth quarter of 2005 contains the consolidated balance sheet and profit and loss account prepared according to the International Financial Reporting Standards (IFRS). The consolidation applies also to FHB Szolgáltató Rt. (FHB Service Ltd.), a 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, the preliminary report contains consolidated figures throughout the report. The narratives compare the audited figures as of 31 December 2004 and the non-audited figures as of 31 December 2005 and 30 September 2005. Discrepancies between the data according to the IFRS and those obtained according to the Hungarian Accounting Standards (MSZSZ by its Hungarian acronym) are presented in the Annex to the preliminary report.

I. Summary of the activities and events of the latest period

After-tax profit amounted to almost 2 billion forints in the fourth quarter. **In the last quarter of 2005 earnings before taxation under IFRS were 2.4 billion forints, which is higher by 495 million forints (or 26.6%) than in the fourth quarter of 2004.** On a yearly basis, the pre-tax profit was 10.7 billion forints, which is higher by 1.9 billion forints (22.7%) than it was in 2004.

The **balance sheet total** was **almost 484.0 billion forints** as of 31 December 2005 and showed a year-on-year growth of 16.5%. In the same period **shareholders' equity** by IFRS increased by 35.8%, **approaching 24 billion forints** by the end of the fourth quarter.

Over the period of a year the **average net interest margin dropped** by 27 basis points, from 3.90% on 31 December 2004 **to 3.63% on 31 December 2005.** The Group's **cost-income ratio (CIR) was 40.6%** as at 31 December 2005, which showed a minor change compared to the same period last year (39.1%).

Housing loan market

In 2005 the growth in housing loans has been somewhat slower compared to previous years: after a 730 billion forints (93.7%) leap in 2003, and a 402 billion forints (26.7%) growth in 2004, housing loans to retail customers increased by 373 billion forints (19.5%) during 2005. The dynamics of increase in the housing loan portfolio has been improving over the year, however the average monthly growth amounted to 31 billion forints in 2005, falling short of the 34 billion forints average for 2004.

Foreign exchange-denominated loans continued to increase within the portfolio throughout 2005, supported by low FX interest rates and the forint, which maintained its strength despite falling interest rates. At the same time there was a decline in demand for housing loans denominated in forint, particularly for subsidized loans. In 2005 forint denominated loans showed a mere 46 billion forints, or 2.6%, increase as opposed to a 327 billion forints, or 225.4%, rise in FX-based loans. Consequently, foreign exchange-denominated loans contributed 20.7% to total housing loans as of 31 December 2005 as against only 7.6% in the previous year. Of FX-denominated loans, 92.1% is contributed by non-euro-based loans, denominated primarily in Swiss francs.



Analysis of the quarterly changes in the portfolio reveals a sharp drop in the first quarter of 2005 compared to the fourth quarter of 2004. However, by the second quarter monthly growth indicators recaptured their 2004 levels and exceeded them by the third quarter. The increase slowed down in the fourth quarter in keeping with a general seasonal drop in demand, but its rate almost reached the figure of the second quarter of 2005. Apart from the poorer performance of the first quarter, in 2005 the increase in the housing loan portfolio exceeded that of the reference periods of 2004.

Changes in the legislative environment

The most important legislative change that took place in the fourth quarter of 2005 was the amendment of Decree 4/2005. (I.12.) of the Government on the Rules of State Guarantee on Housing Loans Extended to Young Persons and Its Implementation, which increased the age limit for eligibility.

A number of other legislative changes took, or will take effect as of 1 January 2006 or later which are pertinent to FHB's business, the most important ones being as follows:

- Act CXXII of 2005 amending Act CXLI of 1997 on Real Estate Registration.
- Decree No. 118/2005 (XII. 19.) FVM of the Minister of Agriculture and Rural Development on Administrative Procedure Fees of Real Estate Registration. A significant new legislative feature is the change of the old duties of procedure into administrative procedure fees, which real estate registration offices can handle as their own income.
- The latest amendment of the Act on Credit Institutions and Financial Enterprises replaced the old inter-bank debtor and credit information system (BAR by its Hungarian acronym) with a central credit information system (KHR). It revamps the rules of transfer to the KHR of data on default and amends the rules of data management. It also introduces important provisions on information intended for customer protection.
- Decree 40/2005 (XII. 9.) PM of the Minister of Finance on the Rules of Present Value Calculation in Connection with Mortgage Bonds. Created upon the authorization granted by the Act on Mortgage Loan Companies and Mortgage Bonds, the Decree defines terms and provides for the establishment of present value, sensitivity analysis, the internal regulation and changes in the calculation.

Own lending

Over the past year up to 31 December 2005 the gross amount of loans sold by the Bank grew by 39.0 billion forints or 29.5% and reached 171.3 billion forints. **The increase exceeded plans and contributed to a substantial expansion of own lending within the loans portfolio. In the fourth quarter of 2005 the Bank disbursed loans directly to customers in the amount of 16.1 billion forints**, which is essentially the same amount as in the preceding quarter but 6.5 billion forints or 67.1% higher than in the same period of 2004. FX-based loans contributed 55.6%. This means an over ten percentage points increase in the contribution of FX-based loans over the previous quarter. The proportion of FX loans is particularly high in some of the non-subsidised areas: 98.8% of home equity loans and 98.5% of home improvement loans were denominated in foreign exchange in the fourth quarter.

In the course of the year the Bank disbursed a total of 51.0 billion forints loans directly to customers through its branches, agents and consortial partners. **Compared to 2004 own lending was 43.7%, almost 15.5 billion forints higher in 2005.** The breakdown of own lending has changed: loans extended for the purchase of existing homes, previously the most popular product of FHB, came second in the fourth quarter, contributing 31.0% to disbursements in the fourth quarter. At the same time, home equity loans retained their growth rate and became the most popular product, contributing 38.8% to total disbursements in the fourth quarter. The share of building loans within the portfolio was 16.5%. Changes in the product structure compared to the previous year is marked by the fact that loans extended for the purchase of new and existing homes jointly contributed almost 44.8% to disbursements with building loans contributing 28.3% and home equity loans a mere 16.6%.

There has been a substantial change in the performance of the various channels of own lending over the year. At the end of 2004 the Bank commenced a dynamic development of its network of agents, and individual entrepreneurs as well as smaller agencies appeared in addition to former major partners. Besides expanding the network of agents the Bank has paid special attention to developing the services provided to its agents. As a result, 59.0% of disbursements in the third

quarter of 2005 were contributed by the network of agents, and their contribution reached 64.1% in the fourth quarter. In the course of 2005, 55.7% of all disbursements were extended through the network of agents.

In 2005 the Bank launched its project financing service. The first project loans were disbursed in the third quarter of 2005. **Project loan** disbursements amounted to 0.5 billion forints at the end of the fourth quarter. While project loans contributed only 1.4% to own lending in the third quarter their contribution was 1.8% in the fourth quarter and their dynamic growth is expected for the future.

In December 2005 the Bank launched its **land loan product** subsidized by the State. The first disbursement is expected in the first quarter of 2006.

Refinancing

The **portfolio of refinanced loans** showed a year-on-year increase of 18.6 billion forints or 7.7%, and amounted to **259.7 billion forints** as of 31 December 2005.

In the fourth quarter new refinanced loans amounted to 12.1 billion forints, only 86.9% of the preceding quarter's figure. Within the refinancing portfolio the proportion of FX-based loans continued their steady increase: while in the third quarter a total of 64.5% of independent lien purchases were denominated in foreign exchange, the same figure was 66.1% in October, 72.2% in November and 73.7% in December. Thus the contribution of new refinanced loans denominated in foreign exchange reached 70.6% in the fourth quarter. The Bank extended a total of 24.2 billion forints refinanced FX loans in the fourth quarter, 9.3% of the total refinanced loans portfolio.

New refinanced loans were 58,4% or 4.5 billion forints up compared to the fourth quarter of 2004 (7.6 billion forints). In 2005 the Bank disbursed a total of 44.8 billion forints new refinanced loans, 31.6% less than the new disbursements for 2004 (65.6 billion forints).

As a result of an increasing dominance of FX-denominated home loans and a drop in demand for HUF-based subsidized loans there was a major decline in partner banks' demand for HUF-based refinancing in 2005. This was partially, though not entirely, offset by the refinancing of non-subsidized FX-denominated loans. As a result, own lending covered the growth of mortgage loans to an increasing extent in 2005.

Mortgage bond issues, funds management

In the course of 2005 the Bank issued new mortgage bonds amounting to 61.6 billion forints face value. The largest amount of mortgage bonds were issued in the second quarter amounting to 41.1 billion forints face value compared to 17.2 billion forints in the first quarter and only 3.3 billion forints in the fourth quarter. There were no issues in the third quarter. Repayments amounted to 7.9 billion in 2005 in addition to almost 18.2 billion face value of mortgage bonds repurchased at the Stock Exchange in the context of auctions.

The aggregate nominal value of the mortgage bonds outstanding in circulation, issued by the Bank in the context of the international EMTN programme registered in Luxembourg, remained unchanged: 690 million euros at issue price, this means 310 million euros remaining of the original one billion euros. The Bank has concluded its steps to re-launch the programme under the new EU Prospectus Directive, the relevant license was issued by the Commission de Surveillance du Secteur Financier (CSSF) of Luxembourg with effect of 21 December.

In the fourth quarter the Bank drew down 60 million CHF of the syndicated loan available since September 2005 with a monthly distribution of 40 million - 30 million - 20 million CHF, which meant by 20 December the entire facility was drawn down.

New long-term funds involved by the end of 2005 amounted to 85.8 billion forints including mortgage bonds of 61.6 billion forints face value at issue and 24.2 billion forints syndicated loan.

The aggregate mortgage bond portfolio of the three Hungarian mortgage banks amounted to 1,286 billion forints as of 31 December 2005, showing 22,5 billion forints increase over the past quarter. The **Bank's share of the mortgage bond market is 31.4%**, essentially unchanged compared to the previous quarter.

Stock Exchange trading of FHB's mortgage bonds reached 2.7 billion forints in the fourth quarter of 2005, slightly higher than the previous quarter's figure (2.3 billion forints) but falling far short of the reference period of 2004 (15 billion forints). The bulk of trading continued to be contributed by fixed interest mortgage bonds.

Investors' trust in FHB's mortgage bonds is marked by the fact that the Bank was awarded the Budapest Stock Exchange's title of **"Debt Securities Issuer of the Year" for the fifth time in succession**. On 20 December 2005 **Moody's upgraded FHB's HUF-denominated mortgage bonds from A1 to Aa2**. The rating of FX-based mortgage bonds issued by FHB remained A1, the sole reason being Hungary's sovereign rating.

Restructuring, staff figures

The Bank had 270 staff as of 31 December 2005, 35.6% higher than a year earlier and 21 persons (8.4%) more than at the end of the third quarter of 2005. The consolidated headcount was 301 as of 31 December, which means a 7.1% increase over the previous quarter's figure and a 32.0% increase compared to 228 in the fourth quarter of 2004.

During the fourth quarter of the year the **Strategic Investment Department** was established. The major responsibilities of the department include participation in the definition of strategic investment alternatives, identification and evaluation of individual potential investment opportunities, coordination and supervision of the execution of the strategic plans approved by the management, preparation of detailed operative plans and participation in the implementation. In December 2005 the Risk Management and Regulation has been split into two separate departments. The previously existing department – handing over the internal regulatory activities – continues to operate as **Risk Management**. A new department was set up – responsible for the regulatory actions – under the name **Regulation Department**.

II. Summary figures of the latest period (IFRS)

Based on the International Financial Reporting Standards the year-on-year **consolidated balance sheet total increased** from 415.6 billion forints **to 484.0 billion forints** or **by 16.5%** compared to the previous year. The growth was mainly generated by the increase of the mortgage loan portfolio and particularly the retail loan portfolio.

Shareholders' equity by 35.8% to reach 23.8 billion forints, due primarily to an increase in assets accumulated from profits.

The year-on-year **increase of earnings before taxation was 22.7%**. **After-tax profit by IFRS was 8.5 billion forints** as of 31 December 2005, **12.7% higher** than in the same period of 2004.

Major financial indicators	Consolidated, audited data according to IFRS		
	December 31, 2005	December 31, 2004	Dec. 2005/ Dec. 2004
Balance sheet total (million HUF)	484,026	415,586	116.5%
Mortgage loan portfolio (million HUF)	430,425	373,095	115.4%
Mortgage bonds outstanding (million HUF)	404,515	367,279	110.1%
Shareholder's equity (million HUF)	23,755	17,497	135.8%
Pre-tax profit (million HUF)	10,716	8,732	122.7%
After-tax profit (million HUF)	8,481	7,523	112.7%
Net interest margin (NIM)	3.6%	3.9%	92.3%
CIR (operating costs / gross operating income)	40.6%	39.1%	104.0%
EPS (HUF)*	128	114	112.3%
P/E (share price/EPS)	10.2	11.5	89.0%
P/BV (share price/equity/number of shares)	3.63	4.92	73.8%
Tier 1**	24,758	18,079	136.9%
Tier 1 capital adequacy	15.6%	13.8%	113.3%
ROAA (return on average assets)	1.9%	2.0%	94.7%
ROAE (return on average equity)	42.9%	48.1%	89.1%

* Adjusted due to the share split

** Excluding cash flow hedge reserve, including profit for 2005

III. Analysis of FHB Land Credit and Mortgage Bank's financial statements prepared according to the IFRS

Profit and Loss structure

Data in million HUF

DESCRIPTION	Q4 2005 (Oct – Dec)	Q3 2005 (Jul - Sep)	Q4 2004 (Oct - Dec)	Q4 2005 / Q4 2004	Q4 2005 / Q3 2005
Net interest income	4,305	4,178	4,229	101.8%	103.0%
Net fees and commissions income	74	85	83	89.2%	87.4%
Net profit from financial transactions	- 12	255	- 1,020	1.2%	-
Other income and expenditure	202	174	-10	-	115.8%
Gross operating income	4,569	4,692	3,282	139.2%	97.4%
Operating expenses	- 2,157	- 2,040	- 1,395	154.6%	105.7%
Net operating income	2,412	2,652	1,887	127.8%	91.0%
Losses from lending	- 55	- 64	- 25	219.9%	86.7%
Profit before tax	2,357	2,588	1,862	126.6%	91.1%
Taxes	- 378	- 616	- 120	314.1%	61.3%
After-tax profit	1,979	1,972	1,742	113.6%	100.4%

In the fourth quarter of 2005 the Bank realised **2.4 billion forints consolidated profit before-tax under the IFRS, 26.6% higher than in the same period of 2004**, due mainly to the increase of the net profit from financial transactions, and net other income. **Gross operating income increased by 39.2%** compared to the fourth quarter of 2004. **Profit after tax** was 13.6% up from the figure in the same period of the previous year.

Net interest income

The balance of the fourth quarter's **13.7 billion forints interest income** (102.6% of the figure in the fourth quarter of 2004 and 101.0% of the third quarter 2005 figure) and **9.4 billion forints interest expense** (103.0% of the figure in the fourth quarter of 2004 and 0.1% higher than in the third quarter of 2005) was 4.3 billion forints net interest income. Interest income in the fourth quarter of 2005 continued to be dominated by interest income on refinanced mortgage loans (with a 48.5% contribution, which, however, was 1.1 percentage points below the previous quarter's figure). Interest income on own lending contributed 43.5% (0.7 percentage points more than in the third quarter), the aggregate interest income on interbank deposits and securities contributed 2.7%, while the contribution of interest income on derivatives was 5.4%. The breakdown of interest income changed to some extent: the contribution of income from refinanced loans and interbank deposits somewhat decreased as a result of an increase in derivative transactions and own lending. Compared to the fourth quarter of 2004 the contribution of refinanced mortgage loans shrank by 1.3 percentage points, that of own lending, by 0.2 percentage points and that of interbank deposits, by 4.4 percentage points. By contrast, interest income on derivatives increased by 5.4 percentage points. Within the line item of interest income, the proportion of interest subsidy (subsidy of interest on mortgage bonds and supplementary interest subsidy) was 60.2% in the third quarter of 2005 and somewhat decreased in the fourth quarter to reach 58.7%, which is still below the figure of the fourth quarter of 2004 (62.7%). In each of the quarters analysed almost all of the expenditures on interest was contributed by interest paid on mortgage bonds. In the fourth quarter of 2005, 14.8% of expenditures on

interest were contributed by derivative hedges related to mortgage bonds. Net interest income in the fourth quarter of 2005 was 1.8% higher than in the base period of 2004 and 3.0%, or 126 million forints, higher than in the third quarter of 2005. Net interest income contributed 94.2% to profit from operation (gross operating profit) in the reported period, slightly exceeding the 88.4% contribution in the previous quarter.

The **net interest margin (NIM)** was 3.73% as of 30 September 2005 and **3.63%** as of 31 December 2005, so the variance was only 10 basis points. The year-on-year figure is 27 basis points below the figure as of 31 December 2004. Against a background of falling interest rates this slight drop in the net interest margin over the respective past three and twelve months can be considered favourable. The moderate decrease, according to plans, in the Bank's interest margin is supported by gradually improving cost of funds, the strengthening of own lending and, within this portfolio, the increase of non-subsidised loans on the one hand, and by an interest margin on the currently existing subsidised mortgage loans portfolio, which has remained higher over a longer period of time.

Net fees and commission income

The balance of **income from and expenditures of fees and commissions** in the fourth quarter of 2005 was a **net income amounting to 74 million forints** as opposed to 83 million forints in the basis period of 2004 and 85 million forints in the third quarter of 2005. In the fourth quarter of 2005 net fee income contributed 1.6% to gross operating profit, which is 0.8 percentage points below the fourth quarter of 2004.

In the fourth quarter 43.1% of income from fees and commission was contributed by commission, 45.0% by fees from credit institutions, and 11.9% by fees paid by customers. Only 9.9% of expenditures on fees and commission are related to the placement of mortgage bonds, as issues in the fourth quarter were relatively modest. As a result of an increasing volume of disbursement by agents commissions paid to acquiring agents contributed 83.1% to the expenditure on fees and commission.

Net profit from financial transactions

In the fourth quarter of 2005 the Bank accounted for **37 million forints loss from securities** as opposed to 80 million forints profit in the previous quarter but substantially improving the 1,045 million forints loss of the fourth quarter of 2004. However, real loss did not occur at the Bank, the loss was caused by a reclassification between interest income and profit from financial transactions. The profit from gains on mortgage bonds were 57 million forints in the reported quarter.

In the fourth quarter **foreign exchange transactions generated 125 million forints profit**, of which a main part was contributed by exchange gain resulting from the revaluation of the foreign exchange portfolio. **The 12 million forints loss from financial transactions reported for the fourth quarter** was strongly affected **by the 100 million forints amounted loss incurred by the Bank on the changes of the fair value of derivative transactions.**

Other income and expenditures

In the fourth quarter of 2005 the balance of **other income and expenditure was 202 million forints**, arising from 234 million forints income netted of 33 million forints expenditure. The year-on-year increase was over tenfold compared to 10 million forints loss of the previous period and the figure was 15.8% over the previous quarter's balance. On the other income side 94% was contributed by property valuation fees from customers and partner banks.

Operating expenses

Data in HUF million

DESCRIPTION	Q4 2005 (Oct - Dec)	Q3 2005 (Jul - Sep)	Q4 2004 (Oct - Dec)	Q4 2005 / Q4 2004	Q4 2005 / Q3 2005
General administrative costs	2,023	1,925	1,291	156.7%	105.1%
Personnel expenses	1,068	883	780	137.0%	121.0%
- wages	651	576	505	128.8%	112.9%
- other personnel expenses	184	102	114	162.1%	180.4%
- social security expenses	233	205	161	145.0%	113.9%
Other administrative costs	955	1,042	511	186.7%	91.6%
- incl. special mortgage banking costs	304	49	114	267.0%	84.7%
Depreciation	134	115	104	128.7%	116.2%
TOTAL OPERATING EXPENSES	2,157	2,040	1,395	154.6%	105.7%

The Bank's **operating costs amounted to 2.2 billion forints** in the fourth quarter of 2005, 54.6% higher than in the same period of 2004 and 5.7% higher than in the third quarter of 2005. There was no significant change in the cost/income ratio over the period of a year: CIR was 40.6% as of 31 December 2005 compared to 39.1% a year earlier. CIR increased by 2.1 percentage points from 38.5% in the third quarter due to an almost identical increase in operating costs and gross operating profit during the quarter.

The breakdown of **operating costs** in the fourth quarter of 2005 show **personnel expenses** contributing 49.5% as opposed to 55.9% in the same period of 2004. This contribution was also higher than in the third quarter of 2005 (43.3%). Personnel expenses in the reported period were 21.0% higher than in the previous quarter, due to new hires necessitated by increasing own lending, to financial incentives paid at the end of the year, and to the expenses of the management share option program.

In the fourth quarter of 2005 the contribution of **other administrative costs** to operating costs increased compared to 2004 (from 36.6% in the base period of 2004 and 44.3% in 2005). The item of other administrative costs was 86.7% higher than in the 2004 base period but 8.4% lower than the figure in the third quarter of 2005. Consulting fees more than doubled over the same period of the previous year and their 22.7% contribution to other administrative costs in the fourth quarter of 2005 showed the greatest increase within this item. Valuation fees increased by 49.3%, however, their contribution dropped from 23.6% to 18.8% over a period of a year.

The increase in own lending exceeding plans generated an increase in operating costs beyond the planned rate in addition to the increase in the balance sheet total and in income from interest. In order to strengthen its position in the market the Bank stepped up marketing costs (exceeding

plans) and granted clients one-time discounts from charges. This can be recovered in the course of the term.

In the fourth quarter of 2005 **depreciation** amounted to 134 million forints, 28.7% more than in the same period of 2004 and 16% higher than the figure in the third quarter of 2005. Depreciation of machines and equipment contributed 53.3%, the contribution of intangible goods was 43.3%, and that of real estate was 3.4%. Tangible assets in the service of banking operations continues to be insignificant, cost increase is in proportion to the Bank's growth rate.

Portfolio quality, loss in value and provisions

Data in HUF million

Breakdown of classified portfolio by loss in value and provisions									
CLASSIFICATION	31 December, 2005			30 September, 2005			31 December, 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	533,247	-	0.0%	521,896	0	0.0%	393,995	-	0.0%
Watch	3,788	2	0.1%	3,416	2	0.1%	2,188	-	0.0%
Substandard	535	58	10.8%	529	57	10.8%	305	32	10.5%
Doubtful	1,617	491	30.4%	1,470	443	30.1%	1,061	329	31.0%
Bad	1	1	100.0%	1	1	100.0%	16	16	100.0%
TOTAL	539,188	552	0.1%	527,312	503	0.1%	397,565	377	0.1%

* Including hedging transactions (interest rate and currency swaps)

The structure of the Bank's **portfolio retained its excellent quality** in the fourth quarter. The rate of **problem-free accounts receivable** was **98.9%** at the end of the fourth quarter of 2005 as opposed to 99.0% in the third quarter of 2005 and 99.2% as of 31 December 2004. The amount of problem credits (credits classified as substandard, doubtful or bad) increased by 153 million forints compared to the previous quarter, resulting in a 49 million forints increase in loss in value and provisions to cover for such credits. The rate of loss in value and provisions within the entire portfolio is around a stable 0.1 percent.

Structure of the balance sheet

Data in HUF million

DESCRIPTION	31.12.2005	30.09.2005	31.12.2004	31.12.2005 / 31.12.2004	31.12.2005/ 30.09.2005
Cash	1	2	2	40.6%	32.9%
Receivables from NBH	29,111	5,698	10,163	286.5%	510.9%
Interbank deposits	11,387	18,187	18,744	60.8%	62.6%
Available for sale securities	3,419	3,992	3,854	88.7%	85.7%
Refinanced mortgage loans	259,711	255,220	241,080	107.7%	101.8%
Loans	170,714	157,889	132,015	129.3%	108.1%
Tangible assets	1,794	1,561	1,133	158.3%	114.9%
Other assets	7,889	25,406	8,595	91.8%	31.1%
Assets total	484,026	467,955	415,586	116.5%	103.4%
Payables total	460,271	447,109	398,089	115.6%	102.9%
- Interbank borrowings	31,443	21,580	8,989	349.8%	145.7%
- Mortgage bonds	404,515	400,944	367,279	110.1%	100.9%
- Other liabilities	24,313	24,585	21,821	111.4%	98.9%
Shareholders' equity	23,755	20,846	17,497	135.8%	114.0%
- Subscribed capital	6,600	6,600	6,600	100.0%	100.0%
- Repurchased own shares	-3	-3	0	100.0%	100.0%
- Premium	1,446	1,446	1,709	84.6%	100.0%
- General reserve	1,891	1,762	1,158	163.4%	107.3%
- Cash-flow hedge reserve	-1,907	-2,771	-1,139	167.5%	68.8%
- Stock option reserve	210	124	220	95.3%	168.9%
- Changes in fair value of available for sale financial assets	-1	0	0	-	-
- Accumulated assets	15,519	13,688	8,949	173.4%	113.4%
Liabilities total	484,026	467,955	415,586	116.5%	103.4%

As of 31 December 2005 the Bank's consolidated **balance sheet total under IFRS amounted to 484.0 billion forints**, which is 68.4 billion forints, or 16.5%, higher than in the fourth quarter of 2004 and 16.1 billion forints, or 3.4%, higher than the balance sheet total as of 30 September 2005. Compared to the 31 December 2004 period, 56.5% of the increase in assets was generated by the expansion of the loan portfolio, and 27.2% by an increase in refinancing portfolio. Interbank and NBH deposits also contributed to the increase in assets as they were 11.6 billion forints higher than the figure in the same period of 2004. On the liabilities side, 54.4% of the increase was generated by a 37.2 billion forints expansion of outstanding mortgage bonds. Involvement of the syndicated loan resulted in a 3.5 times increase in interbank loans drawn by the Bank. Increase in both assets and liabilities compared to the third quarter of 2005 is imputed predominantly to the expansion of the loans and mortgage bonds portfolios and the 14.5 billion forints increase in syndicated loans.

Interest earning assets

As of 31 December 2005 the Bank's **interest earning assets amounted to 474.3 billion forints**, exceeding the fourth quarter 2004 figure by 16.9%. Loans to retail customers disbursed by the Bank, together with loans for project financing, were 29.3% higher on 31 December 2005 compared to the same period of the previous year and 14.2% higher than in the third

quarter of 2005. Loss in value to cover for losses from lending increased from 374 million forints to 547 million forints over the first three quarters, in keeping with the expansion of the loans portfolio. Refinancing showed a year-on-year increase of 7.7%. At the end of the fourth quarter of 2004, refinancing and the Bank's own loans contributed 91.9% to interest earning assets. This contribution reached 93.7% in the third quarter of 2005, then dropped slightly to 90.7%.

The **loan collateral value of real estate** covering ordinary collateral amounted to **1,083.2 billion forints** in the fourth quarter of 2005, which exceeded the figure as of 30 September 2005 by 4.3%. **The LTV ratio** (loan principal receivable to collateral value) **was 39.4%** as of 31 December 2005, 1 basis point higher than the ratio in the third quarter of 2005 and 0.2 percentage points lower than on 31 December 2004 (39.6%).

There was a fluctuation in the contribution of **NBH and other interbank deposits** to the interest earning assets line item: it plunged from 28.9 billion forint as of 31 December 2004 to 23.9 billion forints in the third quarter of 2005, then picked up to reach 40.5 billion forints as of 31 December 2005, which means its contribution to interest earning assets dropped from 7.1% in the base quarter to 5.4% in the third quarter of 2005 and rose to 8.5% in the reported period. Interbank deposits continue to serve primarily for the purpose of liquidity and supplementary collateral.

The amount of the **securities portfolio** of the Bank dropped from 3.8 billion forints at the end of the fourth quarter of 2004 through 3.9 billion forints in the third quarter of 2005 to 3.4 billion forints as of 31 December 2005. The contribution of securities to interest earning assets stayed below 1.0% in each of the three quarters. The Bank's securities portfolio continues to serve as a liquidity reserve.

Own assets

The net value of **tangible and intangible assets** amounted to 1.1 billion forints as of 31 December 2004. This amount increased to reach 1.6 billion forints by the end of September 2005 due primarily to new hardware and software, and further grew to 1.8 billion forints in the wake of the remodelling of coordination offices and additional software and asset purchases.

Other assets amounted to 8.6 billion forints as of 31 December 2004, 15.4% of which was contributed by income from deferred interest. In the third quarter of 2005 this line item exceeded 25.4 billion forints, however, it dropped to 7.9 billion forints by the end of December 2005 due to the settlement of subsidies with the Hungarian State. (Mortgage banks signed contracts with the ministries concerned to settle receivables based on which the State repays the interest due on the period.) At the end of the reported period the contribution of income from deferred interest reached 26.6%. Of the receivables, 39.1% was contributed by Treasury settlements of subsidised interest.

Interest bearing liabilities

Almost all of the interest bearing liabilities were contributed by the Bank's **mortgage bonds portfolio**: its contribution dropped from 97.6% as of 31 December 2004 to 94.6% in the third quarter of 2005, then to 92.8% by 31 December 2005 in conjunction with the increase in interbank loans drawn by the Bank. The 404.5 billion forints book value of mortgage bonds as of 31 December 2005 was 10.1% (37.2 billion forints) higher than in the fourth quarter of 2004, the year-on-year increase was contributed by the combination of 61.6 billion forints new issues, 18.2 billion forints repurchases, and 7.9 billion forints repayments (including related exchange rate adjustment).

As regards to the syndicated loan facility available for the Bank since September 2005, the entire amount has been utilized until 20th, December, so syndicated loans made up 24.2 billion forints out of interest bearing liabilities.

New long-term funds involved by the end of 2005 amounted to 85.8 billion forints including mortgage bonds of 61.6 billion forints face value at issue and 24.2 billion forints syndicated loan. The total of long-term funds involved by the Bank in the fourth quarter amounted to 17.9 billion forints of which only 3.3 billion forints were contributed by mortgage bond sales. In the same period of 2004 new long-term funds amounted to 28.8 billion forints contributed solely by mortgage bonds.

Mortgage bond collaterals

The value of assets used as **ordinary collateral** for the mortgage bonds issued by the Bank was **757.6 billion forints** as of 31 December 2005, which is a 6.7% increase over the figure (713.1 billion forints) as of 31 December 2004.

The value of the group of assets involved as collateral as of 31 December 2005 (million forints)

Outstanding mortgage bonds in circulation	
face value:	403,839
interest:	182,703
total:	586,542
Value of the regular collateral	
principal:	424,064
interest:	333,492
total:	757,556
Value of assets involved as supplementary collateral	
principal:	0
interest:	0
total:	0

The Bank has complied with the collateral requirements required under the Act on Mortgage Loan companies and Mortgage Bonds (Jht. by its Hungarian abbreviation) on an ongoing basis.

Interbank funds

As of 31 December 2005 the **31.4 billion forints interbank portfolio** contained 7.1 billion forints short term interbank draw-downs, and CHF-based long term syndicated loan equivalent to 24.2 billion forints. As much as 84.1% of interbank funds is denominated in CHF, 13.4% is HUF-based and 2.5% EUR-based.

Other liabilities

Most of the Bank's other liabilities resulted from deferred interest paid on mortgage bonds: its contribution in the fourth quarter of 2004 was 84.6% (18.5 billion out of 21.8 billion forints), and 79.0% (19.4 billion **out of 24.3 billion forints**) **as of 31 December 2005**. One of the largest portions of increase in the fourth quarter of 2005 occurred as a result of adjustment of derivative transactions to real value: in keeping with the volume of derivatives, this component within the line item of other liabilities grew to reach 2.3 billion forints compared to 1.5 billion forints in the fourth quarter of 2004.

Shareholders' equity

The year-on-year increase in shareholders' equity by IFRS was 35.8% (6.3 billion forints), **reaching 23.8 billion forints** as of 31 December 2005. The increase was predominantly contributed by a 6,6 billion forints rise in accumulated profit, although this was net of 0.8 billion forints cash-flow hedge reserve. Compared to the third quarter of 2004, shareholders' equity was 2.9 billion forints higher at the end of the third quarter of 2005. The increase in cash flow hedge reserve contributed 0.9 billion forints and accumulated assets increased by 1.8 billion forints.

Capital structure

Data in HUF million

DESCRIPTION	31 December 2005	30 September 2005	31 December 2004
Risk weighted assets			
Balance sheet items	154,666	146,619	128,602
Off-balance sheet items	4,016	3,804	2,693
Total risk weighted assets	158,682	150,423	131,295
Tier 1			
Subscribed capital	6,600	6,600	6,600
Premium	1,446	1,446	1,709
General reserve	1,891	1,762	1,158
Stock option reserve	210	124	220
Changes in fair value of available for sale financial assets	- 1	0	0
Retained earnings	15,519	13,688	8,949
Cash-flow hedge reserve*	0	0	0
Intangible assets	-907	-736	-557
Total Tier 1 capital	24,758	22,884	18,079
Tier 2			
General risk reserve	0	0	0
Total Tier 2 capital	0	0	0
Total regulatory capital	24,758	22,884	18,079
Tier 1 capital adequacy (%)	15.6	15.2	13.8
Total capital adequacy (%)	15.6	15.2	13.8

* Cash flow hedge reserve is excluded when calculating Tier1 and regulatory capital.

The Bank's risk **weighted assets amounted to 158.7 billion forints** as of 31 December 2005, which is a 20.9% increase over the past year. Majority (95.0%) of the increase came from the increase of the balance sheet items, out of which the growth of the loan portfolio is dominant. Tier 1 and adjusted capital was 24.8 billion forints showing a year-on-year increase of 36.9%.

Accordingly, as of 31 December 2005 the **capital adequacy ratio was 15.6%** compared to 13.8% as of 31 December 2004.

Off-balance sheet items

The Bank's pending liabilities among the off-balance sheet items include mainly contracted but not yet disbursed loans. Such loans amounted to 7.8 billion forints as of 31 December 2005, significantly higher than the 5.4 billion forints in the same period of 2004.

The most important item among future liabilities includes derivative transactions, which mainly include hedge transactions relating to EUR-denominated mortgage bonds. As of 31 December 2005 liabilities from currency swaps amounted to 85.6 billion forints, and liabilities from interest swaps amounted to 3.5 billion forints. **The Bank only undertakes hedge transactions to close currency positions and eliminate risks, and does not engage in derivative transactions for speculative purposes.**

Declaration

Földhitel- és Jelzálogbank Rt. (Land Credit and Mortgage Bank Ltd.) hereby declares that the figures and statements of this Stock Exchange Preliminary Report comply with reality, and it does not conceal any fact or information that would be substantial in the judgement of the issuer's position.

As issuer, Földhitel- és Jelzálogbank Rt. assumes exclusive liability for the contents of the preliminary report. Földhitel- és Jelzálogbank Rt. declares that it is liable as issuer for the reimbursement of losses caused by the omission and/or the misleading contents of regular and extraordinary information.

Budapest, 10 February, 2006

Dániel Gyuris
CEO

Jenő Siklós
Deputy CEO

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Address:	1132 Budapest, Váci út 20.	Fax:	+36 1 320 - 4152
Sector code:	6522	E-mail:	bardosp@fhb.hu
Reporting period:	01.01.2005 - 12.31.2005	Investor relations:	Péter Bárdos

Financial Statements of FHB Land Credit and Mortgage Bank Ltd. prepared in accordance with International Financial Reporting Standards (IFRS)

Profit and Loss Statement

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December 2005	31 December 2004	Change (%)
Interest income	53,070,485	46,846,974	113.3%
Interest expense	-36,515,758	-31,920,697	114.4%
Net interest income	16,554,727	14,926,277	110.9%
Fee and commission income	1,222,994	847,764	144.3%
Fee and commission expense	-819,620	-608,709	134.6%
Profit from FX transactions	415,081	34,202	1213.6%
Profit from changes of fair value of derivatives	133,525	0	-
Gain less losses from securities	226,828	-959,967	-
Other operating income	748,465	566,993	132.0%
Other operating expense	-49,691	-219,790	22.6%
Operating income	18,432,309	14,586,770	126.4%
Losses/provisions on loans and advances	-228,550	-157,744	144.9%
General and administrative costs	-7,487,436	-5,697,267	131.4%
Profit before tax	10,716,323	8,731,759	122.7%
Taxation expense	-2,235,646	-1,209,246	184.9%
Profit for the period	8,480,677	7,522,513	112.7%

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Balance Sheet

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December 2005	31 December 2004	Change (%)
Assets			
Cash	781	1,924	40.6%
Due from National Bank of Hungary	29,111,170	10,162,635	286.5%
Placements with other banks	11,387,134	18,743,934	60.8%
Available for sale securities	3,419,128	3,854,179	88.7%
Refinancing of mortgage loans	259,710,776	241,080,095	107.7%
Loans	170,713,875	132,015,233	129.3%
Property and equipment	1,794,317	1,133,552	158.3%
Other assets	7,889,397	8,594,658	91.8%
Total Assets	484,026,578	415,586,210	116.5%
Liabilities			
Deposits from banks	31,443,253	8,989,330	349.8%
Mortgage bond liabilities	404,515,486	367,278,862	110.1%
Other liabilities	24,312,714	21,820,714	111.4%
Total Liabilities	460,271,453	398,088,906	115.6%
Shareholders' Equity			
Share capital	6,600,001	6,600,001	100.0%
Repurchased own shares	-2,849	0	-
Share premium	1,446,047	1,709,014	84.6%
General reserve	1,891,109	1,157,536	163.4%
Cash-flow hedge reserve	-1,907,468	-1,139,073	167.5%
Stock option reserve	210,036	220,393	95.3%
Variation in fair value of tradeable financial assets	-979	0	-
Retained earnings/(deficit)	15,519,228	8,949,433	173.4%
Total Shareholders' Equity	23,755,125	17,497,304	135.8%
Total Liabilities and Shareholders' Equity	484,026,578	415,586,210	116.5%

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Cash Flow

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December 2005	31 December 2004
Cash flows from operating activities		
Net profit	8,480,677	7,522,513
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	447,667	303,866
Provision for losses	175,356	127,281
Loss/(profit) on sale of fixed assets	-11,427	163,199
Stock option reserve	151,183	-
Cash flow hedge reserve	-95,992	-
Variation in fair value of tradeable financial assets	-19,828	-
Operating profit / (loss) before changes in operating assets	9,127,636	8,116,859
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	-18,630,681	-48,541,694,
Loans	-38,871,401	-26,094,667
Accrued interest receivable	-769,440	-858,714
Other assets	1,606,432	-4,413,934
<i>Increase (decrease) in operating liabilities:</i>		
Due to other banks	22,453,923	2,989,330
Accrued interest payable	953,881	7,166,707
Other liabilities	-693,092	-71,922
Net cash used in operating activities	-24,822,742	-61,708,035
Cash flows from investing activities		
Increase in available for sale securities	435,051	-363,923
Proceeds from sale of property and equipment	24,475	28,916
Purchase of property and equipment	-1,121,480	-866,527
Net cash used in investing activities	-661,954	-1,201,534
Cash flows from financing activities		
Sale/(purchase) of own shares	-265,816	-
Cash flow hedge reserve	-	-
Installment from mortgage bonds	-26,054,700	-15,949,830
Proceeds from issue of mortgage bonds	63,395,804	104,690,668
Net cash from financing activities	37,075,288	88,740,838
Net increase in cash and cash equivalents	11,590,592	25,831,269
Cash and cash equivalents at beginning of year	28,908,493	3,077,224
Cash and cash equivalents at end of period	40,499,085	28,908,493
Cash and cash equivalents comprises of:		
Cash	781	1,924
Due from Central Bank	29,111,170	10,162,635
Placements with other banks, with a maturity of less than 90 days	11,387,134	18,743,934
Cash and cash equivalents at end of period	40,499,085	28,908,493
Supplemental information		
Interest received	52,355,497	46,017,455
Interest paid	-35,561,876	-24,753,990
Tax paid	-2,332,413	-1,215,577

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Statement of Shareholders' Equity

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Stock option reserve	Changes in fair value of available for sale financial assets	Retained earnings (deficit)	Shareholders' Equity
31 December 2004	6,600,001	0	1,709,014	1,157,536	-1,139,073	220,393	0	8,949,433	17,497,304
Transfer to general reserve	0	0	0	733,573	0	0	0	-733,573	0
Adjusted change of cash flow hedge reserve	0	0	0	0	-768,395	0	0	0	-768,395
Treasury share repurchased	0	-250,917	0	0	0	0	0	0	-250,917
Shares granted	0	248,068	-262,967	0	0	-224,208	0	0	-239,107
Creation of stock option reserve	0	0	0	0	0	213,851	0	161,540	375,391
Dividends for 2004	0	0	0	0	0	0	0	-1,320,000	-1,320,000
Changes in fair value of available for sale financial assets	0	0	0	0	0	0	-979	-18,849	-19,828
Profit for the period	0	0	0	0	0	0	0	8,480,677	8,480,677
31 December 2005	6,600,001	-2,849	1,446,047	1,891,109	-1,907,468	210,036	-979	15,519,228	23,755,125

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Loans

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December 2005	31 December 2004
Real estate purchase	94,358,403	77,926,819
Real estate construction	40,272,001	33,079,401
Real estate reconstruction	2,857,737	1,723,925
Real estate extension	12,928,260	12,616,740
Other loans secured by real estate	19,641,777	6,063,657
Employee loans	1,202,603	978,838
Loans, gross	171,260,781	132,389,380
from this: retail loans	170,704,579	132,305,070
other	556,202	84,310
Loan loss provision	-546,906	-374,147
Loans, net	170,713,875	132,015,233

Mortgage bonds

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	31 December 2005		31 December 2004	
Non-listed mortgage bonds				
Fixed	176,142,392	175,538,250	152,898,148	152,335,250
Floating	24,076,279	24,098,750	5,600,000	5,600,000
Listed mortgage bonds				
Fixed	188,171,960	187,852,640	192,695,438	192,047,780
Floating	16,124,855	16,349,180	16,085,276	16,349,180
Total	404,515,486	403,838,820	367,278,862	366,332,210

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

(consolidated, non-audited data as at 31 December, 2005 and audited data as at 31 December, 2004, according to IFRS, data in thousand HUF)

DESCRIPTION	31 December 2005	31 December 2004
Total Shareholders' Equity per Hungarian Statutory Financial Statements	24,787,501	18,664,721
Accrued loan disbursement fee	-540,908	-486,456
General risk reserve	1,190,115	328,237
Cash-flow hedge reserve	-1,907,468	72,462
Fair value changes of derivatives (trading)	98,008	-
Deferred tax asset	128,856	111,026
Mark to market of available for sale securities	-979	18,849
Total Shareholders' Equity per IFRS Financial Statements	23,755,125	18,708,839

DESCRIPTION	31 December 2005	31 December 2004
Profit per Hungarian Statutory Financial Statements	7,445,631	7,136,124
Accrued loan disbursement fee	-54,451	-29,196
Deferred tax benefit	17,829	32,671
Derivative deals in income statement	98,008	-
Items related to the sale of treasury shares	262,967	-
General risk reserve	861,878	328,237
Stock option reserve	-151,185	-
Mark to market of available for sale securities	-	54,677
Profit per IFRS financial statements	8,480,677	7,522,513

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DATA FORMS RELATED 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 type="checkbox"/>	IFRS <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
Other: -			

PK2. Business enterprises subject to consolidation

Name	Equity / Share capital (thousand HUF)	Ownership ratio (%)	Voting ratio ¹ (%)	Classification ²
FHB Service Ltd.	65,000	100.00	100.00	L

¹ Voting ratio valid on the general meeting of the business enterprise subject to consolidation

² Full (L); Joint management (K); Affiliated (T)

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PK6. Major off-balance sheet items

Description	31 December 2005 (million HUF)
Pending obligations	7,825
- available credit facility on credits extended	1,522
- loans committed in contract but not yet extended	6,250
- credit to be purchased from partner bank	53
Future obligations	89,162
Total	96,987

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 (01.01.2005)			End of period (31.12.2005)			Beginning of target year (01.01.2005)			End of period (31.12.2005)		
	% ²	% ²	pcs	% ²	% ²	pcs	% ²	% ²	pcs	% ²	% ²	pcs
Domestic institutional / company	12.2	12.2	805,906	17.73	17.73	11,703,852	3.75	3.29	217,336	10.03	8.82	5,818,152
Foreign institutional / company	33.09	33.09	2,184,092	25.44	25.44	16,790,459	37.66	33.09	2,184,092	28.95	25.44	16,790,459
Domestic private individual	1.34	1.34	88,621	3.41	3.41	2,252,337	1.52	1.34	88,621	3.88	3.41	2,252,337
Foreign private individual	0.00	0.00	0	0.04	0.04	24,050	0.00	0.00	0	0.05	0.04	24,050
Employees, office holders	0.16	0.16	9,850	0.17	0.17	111,932	0.17	0.16	9,850	0.19	0.17	111,932
Treasury bond	0.00	0.00	0	0.00	0.00	2,060	0.00	0.00	0	0.00	0.00	2,060
Owner part of state budget ⁴	53.21	53.21	3,511,532	53.21	53.21	35,115,320	56.9	50	3,300,102	56.9	50	33,001,020
International Development Institutes ⁵	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
Other	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
TOTAL	100.00	100.00	6,600,001	100.00	100.00	66,000,010	100.00	87.88	5,800,001	100.00	87.88	58,000,010

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

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	18,142	2,060 *	2,060*	2.060*

The Company has transferred all of its shares from HUF 1.000 face value to 10 pieces of HUF 100 face value at 14 June, 2005.

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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	33,000,010	56.90	50.00	
Bear Stearns Securities Corporation	K	L	3,508,090	6.05	5.32	

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	35,114,310	53.20	53.20	
Bear Stearns Securities Corporation	K	L	3,508,090	5.32	5.32	

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 RELATED TO THE ORGANISATION AND OPERATION OF THE ISSUER

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

	End of base period (31 December 2004)	Beginning of target year (1 January 2005)	End of target period (30 September 2005)
Bank	199	204	270
Consolidated	228	233	301

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	Ferenc Karvalits	Chairman	05.05.2005	05.05.2010	0
IT	Dr. Márton Vági	member	26.07.2002	26.07.2007	0
IT	Dr. Gyula Czok	member	05.05.2005	05.05.2010	0
IT	Dr. Gábor Csányi	member	28.05.2005	28.05.2010	0
IT	Dániel Gyuris	member, CEO	11.01.1999	14.03.2007	4,000
IT	László Harmati	member, Deputy CEO	26.07.2002	26.07.2007	12,192
IT	Dr. Zoltán Szedlacskó	member	23.05.2003	23.05.2008	8,000
IT	Ádám Terták	member	07.06.2004	07.06.2009	0
FB	Róbert Somfai	Chairman	26.07.2002	26.07.2007	5,000
FB	Ágnes Winkler	member	26.07.2002	26.07.2007	0
FB	dr. Gábor Borsányi	member	07.04.2004	07.04.2009	0
FB	dr. Károly Salamon	member	07.04.2004	07.04.2009	0
FB	Pablo Arnoldo Fritz Sepulveda	member	07.04.2004	07.04.2009	0
FB	Mónika Kék	member	22.04.2005	22.04.2010	0
FB	Kata Orsolya Molnár	member	22.04.2005	22.04.2010	0
FB	Éva Baranyi	member	22.04.2005	22.04.2010	0
FB	Péter Heim	member	22.04.2005	22.04.2010	0
SP	Jenő Siklós	Deputy CEO	21.10.1997	indefinite	16,810
SP	Tamás Foltányi	Deputy CEO	01.11.2005	indefinite	0
Shares held (pcs) TOTAL:					46,002

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

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Investor relations: Péter Bárdos

DATA FORMS RELATED TO PRIORITY NOTIFICATION

ST1. Priority notifications published in the period

Date	Published in/on	Subject, brief contents
14.01.2005	Magyar Tőkepiac Magyar Hírlap	Information on the value of mortgage bonds and collateral as at 31 December 2004
26.01.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the repurchase of FHB's mortgage bonds before maturity on the secondary market issued in the context of public offering
03.02.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the result of repurchase of FHB's mortgage bonds before maturity on the secondary market issued in the context of public offering
08.02.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	New euro-denominated issue in the context of the EMTN scheme
14.02.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	FHB's Preliminary Report for 2004 under the Capital Market Act (Tpt.)
14.02.2005	Web site of BSE	Stock Market Preliminary Report of FHB Rt. for the 4 th Quarter of 2004
15.02.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Purchase of own shares
21.02.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information regarding the renewal of a revolving credit agreement
28.02.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Public Offering of FHB's Domestic Issues Programme for 2005-2006
03.03.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Interest rate of FHB's mortgage bond FJ10NF03 to be auctioned on 07.03.2005
04.03.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Purchase of own shares
07.03.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Re-pricing of FHB Rt. 's mortgage bond Fj12NV01
07.03.2005.	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Purchase of own shares

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Date	Published in/on	Subject, brief contents
07.03.2005.	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information regarding the result of the FJ10NF03 mortgage bond auction
16.03.2005	Web site of BSE Magyar Hírlap	Purchase of own shares
17.03.2005	Web site of BSE Magyar Hírlap	Purchase of own shares
17.03.2005	Magyar Hírlap	Amendment of the Rules of Retail Lending
18.03.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Purchase of own shares
19.03.2005	Web site of BSE	Invitation to the General Shareholders' Meeting of FHB Rt.
21.03.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Invitation to the General Shareholders' Meeting of FHB Rt.
24.03.2005	Web site of BSE	Purchase of own shares
25.03.2005	Magyar Hírlap Népszabadság	Purchase of own shares
01.04.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the repurchase of FHB's mortgage bonds before maturity on the secondary market issued in the context of public offering
04.04.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	FHB's forint-based Domestic Issues Programme for 2005-2006
06.04.2005	Web site of BSE	Supplement to the Invitation to the General Shareholders' Meeting of FHB Rt.
07.04.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Supplement to the Invitation to the General Shareholders' Meeting of FHB Rt.
07.04.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	New euro-denominated issue in the context of the EMTN scheme
07.04.2005.	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Invitation to an informal meeting with small shareholders of FHB Rt. on 14 April 2005
07.04.2005.	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the result of repurchase of FHB's mortgage bonds before maturity on the secondary market issued in the context of public offering
07.04.2005	Web site of BSE	Proposals submitted to the General Shareholders' Meeting of FHB Rt. to be held on 22 April 2005
22.04.2005	Web site of BSE	Resolutions passed by the 2005 General Shareholders' Meeting of FHB Rt.
25.04.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Resolutions passed by the 2005 General Shareholders' Meeting of FHB Rt.
25.04.2005.	Web site of BSE	Correction to the Resolutions passed by the 2005 General Shareholders' Meeting of FHB Rt.

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Date	Published in/on	Subject, brief contents
26.04.2005.	Magyar Hírlap Népszabadság Magyar Tőkepiac	Correction to the Resolutions passed by the 2005 General Shareholders' Meeting of FHB Rt.
26.04.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the value of mortgage bonds and collateral
26.04.2005	Magyar Hírlap Népszabadság	Information regarding the resignation of members of the Supervisory Board
27.04.2005	Web site of BSE	Information regarding the resignation of members of the Supervisory Board
28.04.2005	Magyar Tőkepiac	Information regarding the resignation of members of the Supervisory Board
29.04.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Abstract of FHB's Annual Report for 2004 under the Capital Market Act (Tpt.)
29.04.2005.	Web site of BSE	Stock Market Report of FHB Rt. for 2004
29.04.2005	Web site of BSE	Statement on the corporate governance of FHB Rt. based on the BSE's Recommendations for Corporate Governance
05.05.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the repurchase of publicly issued FHB mortgage bonds before maturity on the secondary market
06.05.2005	Web site of BSE	Public, single-round tender to select a lead manager/adviser
10.05.2005	Web site of BSE	Information on the shares granted within the framework of FHB's share based management incentive scheme
11.05.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the shares granted within the framework of FHB's share based management incentive scheme
11.05.2005	Web site of BSE	New euro-denominated issue in the context of the EMTN scheme
12.05.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	New euro-denominated issue in the context of the EMTN scheme
12.05.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on the result of repurchase of publicly issued FHB mortgage bonds before maturity on the secondary market
18.05.2005	Web site of BSE	Stock Market Preliminary Report of FHB Rt. for the 1 st Quarter of 2004 extended with the Statement of Responsibility
18.05.2005.	Magyar Hírlap Népszabadság Magyar Tőkepiac	Information on dividend payment
20.05.2005	Web site of BSE	Report of FHB's Annual Shareholder's Meeting on 22 April, 2005
20.05.2005	Web site of BSE	Prolongation of multicurrency revolving loan facility on 19 May, 2005
23.05.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac	Prolongation of multicurrency revolving loan facility on 19 May, 2005
25.05.2005	Web site of BSE	Information on the change of FHB's publication placed

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Date	Published in/on	Subject, brief contents
25.05.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac Világgazdaság Napi Gazdaság	Information on the number of shares granted within the framework of FHB's share based management incentive scheme
26.05.2005	Web site of BSE	Information on the number of shares granted within the framework of FHB's share based management incentive scheme
26.05.2005	Magyar Hírlap Népszabadság Magyar Tőkepiac Világgazdaság Napi Gazdaság	Information on the change of FHB's publication placed
01.06.2005	Web site of BSE Magyar Tőkepiac Világgazdaság Napi Gazdaság	Public offering of FJ06NF02 and FJ10NF03SR2 Covered Mortgaged Bonds
03.06.2005	Web site of BSE Magyar Tőkepiac Világgazdaság Napi Gazdaság	Coupon of FJ06NF02 Covered Mortgage Bond
03.06.2005	Web site of BSE	Articles of Association of FHB amended by the Annual General Meeting
06.06.2005	Web site of BSE	Notice of FHB regarding the transformation of the Company's shares
07.06.2005	Magyar Tőkepiac Világgazdaság Napi Gazdaság	Notice of FHB regarding the transformation of the Company's shares
08.06.2005	Web site of BSE Magyar Tőkepiac Világgazdaság Napi Gazdaság	Information regarding the result of the mortgage bond auction on 6 June, 2005
15.06.2005	Web site of BSE	FHB executive sold FHB shares
16.06.2005	Magyar Tőkepiac Világgazdaság Napi Gazdaság	FHB executive sold FHB shares
24.06.2005	Web site of BSE	New euro-denominated issue in the context of the EMTN scheme
27.06.2005	Magyar Tőkepiac Világgazdaság Napi Gazdaság	New euro-denominated issue in the context of the EMTN scheme
01.07.2005	Web site of BSE	FHB executive sold FHB shares
04.07.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB executive sold FHB shares
26.07.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Information on the value of mortgage bonds and collateral as of 30 June 2005
28.07.2005	Web site of BSE	Information on the value of mortgage bonds and collateral as of 30 June 2005
29.07.2005	Web site of BSE Magyar Tőkepiac Napi Gazdaság Világgazdaság	Change in person responsible for investor relations
29.07.2005	Web site of BSE	Press announcement of ÁPV Rt. on FHB privatization tender
09.08.2005.	Web site of BSE	Stock Market Report of FHB Rt. for Q2 2005

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Date	Published in/on	Subject, brief contents
09.08.2005	Web site of BSE Magyar Hírlap Népszabadság Magyar Tőkepiac	Abstract of FHB's preliminary report for H1 2005 under the Capital Market Act (Tpt.)
07.09.2005	BSE web site	FHB signed a syndicated loan agreement
08.09.2005	BSE web site	Interest rate on mortgage bond FJ09NV01
09.09.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB signed a syndicated loan agreement
09.09.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Interest rate on mortgage bond FJ09NV01
09.09.2005	BSE web site	Announcement of the election of the new Chairman of FHB's Board of Directors
12.09.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Announcement of the election of the new Chairman of FHB's Board of Directors
29.09.2005	BSE web site	Confirmation of, and change in, Moody's rating
06.10.2005	BSE web site	Mortgage Bond and Bond Issues Programme of FHB for 2005-2006 - Prospectus and Annexes
07.10.2005	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	Public offering of mortgage bond FJ11NF01
10.10.2005	BSE web site	Information on FHB's mortgage bonds auction of 10.10.2005
11.10.2005	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	Information on FHB's mortgage bonds auction of 10.10.2005
21.10.2005	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB's mortgage bonds and collaterals portfolio as at 30.09.2005
26.10.2005	BSE web site	Appointment of a new Deputy Chief Executive Officer
26.10.2005	BSE web site	FHB's statement on the language of disclosure
27.10.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Appointment of a new Deputy Chief Executive Officer
27.10.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB's statement on the language of disclosure
02.11.2005	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	Approval by the HFSA (PSZÁF) of the amendment of the Mortgage Bond and Bond Issues Programme of FHB for 2005-2006 - Prospectus and Annexes
07.11.2005	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Information regarding the amendment of the Business Rules for Retail Lending
10.11.2005.	BSE web site	Stock Market Preliminary Report of FHB Land Credit and Mortgage Bank Ltd. for the 3rd quarter of 2005.
17.11.2005	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	Additional information about the Mortgage bonds Issuer Programme for the years 2005-2006

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Date	Published in/on	Subject, brief contents
02.12.2005.	BSE web site	About upgrading the FHB's mortgage bonds denominated in HUF by Moody's
12.01.2006.	BSE web site	Update of the FHB's EMTN Programme
13.01.2006.	BSE web site	Base Prospectus relating to FHB Land Credit and Mortgage Bank Ltd. Hungary EUR 1,000,000,000 Euro Mortgage Bond Programme for the Issuance of Hungarian Mortgage Bonds
18.01.2006.	BSE web site	Current value of FHB's mortgage bonds and their collaterals as at 31.12.2005.
02.02.2006.	BSE web site	Another euro issue under the EMTN Program of FHB
07.02.2006.	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB's new strategic plan by has been approved by the Board of Directors
08.02.2006.	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	Summary presentation of FHB's new strategic plan