



**The preliminary report of FHB Mortgage
Bank Plc for the first half year of 2006**

Budapest, 10 August, 2006

The preliminary report of FHB Mortgage Bank Plc for the first half year of 2006 on the activities and results of the Company

The preliminary report of FHB Mortgage Bank Plc for the first half year of 2006 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 Services Ltd., a 100%-owned subsidiary of FHB as well as FHB Commercial Bank Ltd., a private company limited of 90% which are owned by the Bank, FHB Real Estate Ltd., a private company limited of which 95% are owned by the Bank, and FHB Annuity Real Estate Investment Ltd., a private company limited of which 95% are owned by the Bank. The remaining business shares in each company are owned by FHB Services Ltd. These companies did not perform specific activities in the first half of 2006. As the balance sheet and the P/L account of the companies involved in the consolidation have no significant bearing on the Bank's data, the preliminary report contains consolidated figures throughout. The narratives compare the audited figures as of 30 June 2005 and the non-audited figures as of 30 June 2006 and 31 March 2006.

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

The first half, particularly the second quarter was a period marked by the implementation of FHB's strategy. **In the first half of 2006 earnings before taxation were 4.9 billion forints**, 14.7% down from the figure for the first half in 2005. Earnings before taxation by IFRS in the second quarter of 2006 were 2.2 billion forints. **Earnings before taxation in the first half is fully in line with the 2006 plans.** Expenditures of the implementation of the Bank's strategy – in line with the forecast in prior quarter – have left a strong impact on the second quarter of 2006 figures. The initial, one-off costs of the strategic implementation have been absorbed by the first half of 2006, the expenditures of the rest of the year will mostly appear as investments.

The **average net interest margin dropped** by 0.5 percentage points, from 3.8% on 30 June 2005 to 3.3% over the period of a year, in line with market trends.

The Group's **cost-income ratio** increased to 45.0% as a result of the strategic investments and costs that emerged during the reporting period.

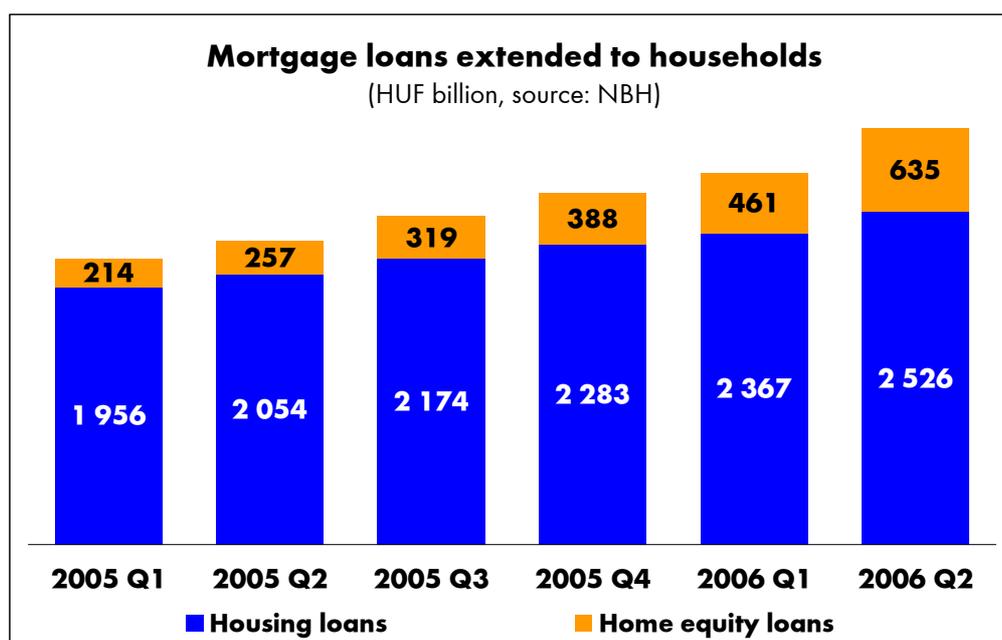
Retail mortgage loan market

Since the introduction of loans denominated in foreign exchange in 2004, the retail mortgage loan market has seen a steady expansion of non-forint-based loans. Over the past year there was a 871.8 billion forints increase in the mortgage loan portfolio, the increase in the second quarter amounted to 343.5 billion, which includes 348.5 billion forints FX-denominated loans. This indicates a further drop in the forint-based loans portfolio in the second quarter. Growth in the second quarter of 2006 was significantly influenced by the exchange rate in June 2006 as a weakening HUF rate caused the revaluation the entire existing FX loan portfolio and thus contributed to outstanding growth in the second quarter.

The spectacular advent of foreign exchange-denominated loans restructured the entire mortgage loan portfolio. The total amount of retail mortgage loans as of 30 June 2006 was 3,160.7 billion forints, 41.7% of which was disbursed in foreign exchange as opposed to 19.8% as of 30 June 2005.

In the first half of 2006 the **growth in housing loans** extended to households was far more dynamic than in the same period of 2005. Growth was particularly spectacular in June, when the monthly growth (87.2 billion forints) was more than half as much as the entire growth in the first half of 2005. This, however, was to a large extent due to the change in the exchange rates. Average monthly growth rose significantly, reaching 40.5 billion forints in 2006 as opposed to 24.0 billion forints in the first half of 2005. The entire housing loan portfolio amounted to 2,526.1 billion forints as of 30 June 2006.

The increase in FX-based loans was greatly contributed by **soaring home equity loans** whose growth had been insignificant over the past years. Compared to 257.4 billion forints contributing 11.1% to the overall retail loan portfolio as of 30 June 2005, the contribution of home equity loans to retail lending grew to reach 20.1% by the end of the period of reporting due to home equity loans' 44.4% contribution to the growth of the loan portfolio over the past year.



The substantial increase in the portfolio of home equity loans that started in 2005 not only continued in 2006 but the trend has gradually become stronger. Whereas in 2005 the average monthly growth was 18.0 billion forints, the average monthly growth in the first half of 2006 exceeded 41.0 billion forints. Of the total amount of home equity loans 92.1% was disbursed in foreign exchange. Total disbursement exceeded 634.6 billion forints as of 30 June 2006, which is 146.6% higher than in the reference period.

Own lending

Over the past year up to 30 June 2006 the net amount of **loans sold by the Bank grew by 51.2 billion forints or 35.1%**. The increase in the second quarter of 2006 was 14.0 billion forints, 7.7% up from the 31 March 2006 figure. Own lending was 14.7%, or 25.2 billion forints, up from the figures as of 31 December 2005. **In the first half of 2006** the Bank **disbursed loans directly to customers in the amount of 28.8 billion forints** (including 15,2 billion forints disbursement in the second quarter), **52.9%, or 10.0 billion forints more** than in the first half of 2005. Of this, 60.4% was contributed by foreign exchange-based loans.

Home equity loans have unequivocally become the Bank's leading product contributing 43.1% to total disbursement in the second quarter and 43.9% in the first half. The overwhelming majority of these loans were disbursed in foreign exchange, mainly in Swiss francs (95.2%). With a contribution of 32.2% in the second quarter and 34.5% in the first half, loans extended for the purchase of homes dropped to second place. The realignment of loan products became more intensive over the period of the past year and the change in structure was highly conspicuous by the end of June 2006 in comparison with the second quarter of 2005, when building loans contributed 17.4% to own lending, the contribution of purchase loans was 52.3%, and of home equity loans, 24.6% (96.1% of the latter was denominated in foreign exchange).

The portfolio of housing project loans amounted to 1.0 billion forints as of 30 June 2006. The housing projects loan product contributed 2.0% to disbursements in the second quarter and 1.5% in the first half, similarly to subsidized land development loans, which contributed 2.6% and 1.8% to disbursements respectively. At the end of June 2006 a new loan product was launched for the financing of commercial real estate projects. Its contribution to disbursements was 2.1% and 1.1% respectively.

There was a substantial change in the performance of the various channels of own lending in the second quarter of 2006 compared to the same period of the preceding year. As a result of the dynamic development of the network of agents as well as the expansion of promotional services extended to agents, disbursements in the first quarter contributed by the network of agents was substantially, **85.6% (or 4.6 billion forints)** higher than in the same period of 2005 (5.3 billion forints). Accordingly, 65.4% of all disbursements were extended through the network of agents with lending through the Bank's own network contributing 32.8% and consortial loans contributing 1.8% to own loans. By contrast, in the same period of 2005 the breakdown of the same item was 47.4% contributed by agents, 2.1% by consortial loans and 50.5% by the Bank's own network. Comparing the figures for the first half, of 28.8 billion forints disbursed in the first half of 2006, 31.7% was contributed by the Bank's own network, 66.2% by agents and consortial loans contributed 2.1%. By contrast, in the same period of the reference year the contribution of the Bank's own network was 53.4%, of agents 44.9% and of syndicated loans 1.7%.

Refinancing

The **portfolio of refinanced loans** showed an 8.2% year-on-year increase and amounted to **268.3 billion forints** as of 30 June 2006. Newly refinanced mortgage loans amounted to 10.1 billion forints, 14.3% less than the figure for the same period in the reference year, at the same time

the 21.6 billion forints refinanced loans disbursed in the first half of 2006 exceed the first half of 2005 figure by 14.8%.

Within the refinancing portfolio the proportion of FX-based loans continued their steady increase: while in the second quarter of 2005 51.0% of refinancing was denominated in foreign exchange in the second quarter of 2006 its contribution was 73.8%. The great majority of the second quarter refinancing was denominated in Swiss francs.

Mortgage bond issues

In the first half of 2006 FHB Plc. issued a new mortgage bond series in both the Hungarian and the international market. Series of a total respective face value of 100 million and 50 million euros were issued in the context of a public offering in February and June respectively under the EMTN programme. The series were listed at the Luxembourg Stock Exchange.

The aggregate nominal value of the outstanding mortgage bonds in circulation, issued by the Bank in the context of the international EMTN programme registered in Luxembourg, was 840 million euros at issue price, this means 160 million euros remaining of the original one billion euros.

Issues in the Hungarian capital market were launched in the context of private placement. In February the Bank launched a series of five-year maturity and fixed interest with 500 million forints total face value followed by a series of 1.5-year maturity with 500 million forints total face value in June.

Long-term funds involved by the Bank in the first half of 2006 amounted to 39.5 billion forints through mortgage bond issues amounting to 25.5 billion forints in the first quarter and 14.0 billion forints in the second quarter.

In the first quarter the Bank's repayments on mortgage bonds amounted to 2.6 billion forints and a series was repaid in the amount of 5 billion forints in the second quarter. No repurchase was effected in the first half.

Trading of FHB's mortgage bonds in the secondary stock exchange market was around 24 billion forints in the first quarter of 2006, substantially higher than the total 2005 trading (15 billion forints). The bulk of transactions were concluded in January and February. By contrast, trading in the second quarter was around one billion forints, lagging substantially behind the preceding quarter though in keeping with market trends as FHB's mortgage bonds contributed over 50% to overall trading of all listed mortgage bonds.

The aggregate mortgage bond portfolio of the three Hungarian mortgage banks amounted to 1,323.0 billion forints as of 30 June 2006. FHB's share of the mortgage bond market continues to be around 33-34%.

After upgrading the rating of FHB's mortgage bonds denominated in forints in December 2005, as of 31 May 2006 Moody's upgraded the rating of all of the mortgage bonds issued by the Bank from A1 to Aa2. According to Moody's new rating methodology published recently, rating of these bonds are no longer influenced by the FX rating ceiling for Hungary and only reflects the risk

involved by FHB's bond issue programme. **FHB's mortgage bonds were the first among the Hungarian issuers to be rated higher than Hungary's A1 sovereign rating.**

Changes in the legislative environment

Some of the legislative changes in the second quarter that are relevant to the Bank's business are as follows:

Decree No. 110 of 2006 (5 May) of the Government on the Rules of Preparation and Implementation of State Guarantee has entered into effect. Provisions of the new Act on Business Associations (Act IV of 2006) as well as of Act V of 2006 on Disclosure by Companies, Court of Registration Procedure and Settlement of Accounts will gradually come into effect. Furthermore, Decree No. 21 of 2006 (18 May) of the Minister of Justice provides for certain issues of the company registration procedure and company records, and Decree No. 22 of 2006 (18 May) of the Minister of Justice provides for the publication of notices in the Companies Journal and their reimbursement.

The Act on Taxation passed by Parliament on 10 June 2006 is very significant from the standpoint of FHB. Enacted with a view to redress the balance of the budget, its provisions concern virtually all taxpayers, companies as well as individuals.

In addition to an increase in major tax categories relevant to the Bank (VAT and tax on in-kind provisions) and the maintenance of the local business tax new tax burdens have been imposed such as the so-called solidarity surtax on earnings before taxation. The surtax rate is 4% of the tax base and is set based on earnings before taxation in consideration of the items increasing or reducing it as provided for by the Act. Under the Act credit institutions are subject to payment of a tax-like contribution, which is 5% of the income from interest and interest-like income, received on loans directly or indirectly concerned by subsidy or equalization of interest by the State as provided for by the Act. Accordingly, the Bank will have to pay an advance contribution on a quarterly basis. The Act will enter into effect as of 1st September 2006 but some of its provisions will be effective from 1st January 2007 with special regard to the provisions on contribution payment.

Restructuring and staff figures

Staff figures

The Bank had 356 staff as of 30 June 2006, 48.3% higher than a year earlier and 41 persons (13.0%) more than at the end of the first quarter of 2006. The consolidated headcount was 361 as of 30 June 2006, which is a 12.8% increase over the first quarter's figure of 320 and a 33.7% increase compared to 270 in the second quarter of 2005.

Officers

The Hungarian Financial Supervision Authority (PSZÁF) approved of the changes in the Bank's officers resolved by the ordinary Annual General Meeting of 21 April 2006 with effect of 2 May 2005 in the case of Erik Landgraf, Márta Szántó and Nguyen Viet, and with effect of 12 May 2005

in the case of Dr. Gyula Czok, Károly Salamon and Gábor Borsányi, thus the above mentioned officers' five-year mandate to serve on the Board of Directors and the Supervisory Board respectively commences on the day their election was sanctioned by PSZÁF.

Restructuring

With its Resolution No. 8 of 2006 (21.04) the 2006 General Meeting (21.04.2006) amended the stipulations of the Statutes pertaining to the corporate name as follows:

Corporate name of the Company: FHB Jelzálogbank Nyilvánosan Működő Részvénytársaság
Foreign corporate names of the Company: FHB Mortgage Bank Co. Plc. (English), FHB Hypothekenbank AG (German).
Abbreviated corporate name of the Company: FHB Nyrt.

With its Decisions E-I-341 of 2006 the HFSA (PSZÁF) sanctioned the amendments of the Statutes requiring approval by the supervisory agency and the amendments were duly entered in the Register of Companies by the Metropolitan Court of Budapest as Court of Registration by virtue of its decree dated 30 May 2006.

Activities aimed at the construction of FHB Bank Group

The following tasks related to company foundation and capital increase were accomplished in the second quarter of 2006:

FHB Commercial Bank Ltd.

With its Decision E-I-360 of 2006 dated 11 May 2006 HFSA (PSZÁF) issued a license for the foundation of a commercial bank. On 15 May 2006 FHB Mortgage Bank Plc. transferred the second instalment of the registered capital amounting to 839 million forints to the deposit account opened for FHB Commercial Bank Ltd. The Court of Registration entered FHB Commercial Bank Ltd. in the Register of Companies with effect of 14 June 2006.

FHB Services Ltd.

The Court of Registration entered on record the capital increase, the amendment of the scope of business and other changes with effect of 11 April 2006.

FHB Real Estate Ltd.

The Court of Registration entered the company in the Register of Companies with effect of 8 May 2006.

FHB Annuity Real Estate Investment Ltd.

The company was founded on 9 June 2006 with an initial capital of 150 million forints of which 100 million forints constitute subscribed share capital and 50 million forints are put in capital reserve. Ninety-five percent of the company's shares will go to FHB Mortgage Bank Plc. and 5% to FHB Services Ltd. On 24 June 2006 the founders deposited 30% of the initial capital on the deposit account opened for the company.

II. Summary figures of the latest period (IFRS)¹

Based on the International Financial Reporting Standards **the year-on-year consolidated balance sheet total increased** from 449.8 billion forints **to 524.9 billion forints or by 16.7%**. The growth was mainly generated by the increase in the mortgage loan portfolio.

Owners' equity grew by 39.1% over the period of a year **to exceed 27.0 billion forints**, due primarily to an increase in assets accumulated from profits.

The **decrease** of earnings before taxation was 20.1% compared to the prior quarter. **After-tax profit** for the first half **was 4,922 million forints** as of 30 June 2006, 14.7% less than as of 30 June 2005. The decrease was caused, in addition to a narrowing of margins, by a temporary increase in costs due to the planned strategic transformation as well as the loss incurred by derivatives as a result of exchange rates and yield trends.

Data in HUF million

Key financial indicators	Consolidated figures by IFRS		
	30 June 2005	30 June 2006	2006 II. / 2005 II.
Balance sheet total (HUF million)	449,819	524,907	16.7%
Book value of mortgage loans (HUF million)	393,631	464,955	18.1%
Book value of mortgage bonds (HUF million)	415,870	463,231	11.4%
Shareholders' equity (HUF million)	19,485	27,113	39.1%
Earnings before taxation (HUF million)	5,771	4,922	-14.7%
After tax profit (HUF million)	4,529	3,750	-17.2%
Net interest margin (NIM)	3.82%	3.34%	-12.6%
CIR (operating expenses / gross operating income)	35.9%	45.0%	25.3%
EPS (HUF) *	138	115	-16.7%
P/E (share price/EPS)	10.3	10.3	0.0%
P/BV (share price/equity/number of shares)	4.8	2.9	-39.6%
Tier 1	20,962	26,281	25.4%
Capital adequacy ratio	15.0%	13.6%	-9.3%
ROAA (return on average assets)	2.1%	1.5%	-28.6%
ROAE (return on average equity)	44.8%	27.9%	-37.7%

* Calculation is based on FHB's share price (HUF 1,180) as at 30 June, 2006.

¹ Consolidated non-audited data by IFRS.

III. Analysis of FHB Mortgage Bank Plc.'s financial statements prepared according to IFRS

P/L structure²

Data in HUF million

DESCRIPTION	2005. Q2. (Apr-Jun)	2006. Q1. (Jan-Mar)	2006. Q2 (Apr-Jun)	2006. Q2. / 2005. Q2.	2006. Q2. / 2006. Q1.
Net interest income	4,012	4,188	4,147	3.4%	-1.0%
Net fees and commissions income	114	134	180	58.2%	34.5%
Net profit from financial transactions	417	275	32	-92.3%	-88.3%
Other income and expenditure	183	117	138	-24.9%	17.3%
Gross operating income	4,726	4,714	4,497	-4.8%	-4.6%
Operating expenses	-1,816	-1,949	-2,198	21.0%	12.7%
Net operating income	2,910	2,765	2,299	-21.0%	-16.9%
Losses from lending	-35	-29	-113	226.7%	290.8%
Profit before taxation	2,875	2,736	2,186	-24.0%	-20.1%
Taxes	-508	-654	-518	2.0%	-20.8%
After tax profit	2,367	2,082	1,668	-29.6%	-19.9%

In the second quarter of 2006 the Bank realised **1,668.0 million forints consolidated after-tax profit under IFRS**, 19.9% less than in first quarter of 2006 and 29.6% less than in the reference period of 2005. **Profit before tax exceeded 2.1 billion forints** but was 24.0% down from the figure of the same period of the previous year.

Net interest income

The balance of the first half's **27.5 billion forints interest income** (106.7% of the figure in the first half of 2005) and **19.2 billion forints interest expense** (108.2% of the figure in the first half of 2005) was 8.3 billion forints net interest income. The contribution of the second quarter of 2006 to the first half's figures included 13.9 billion forints interest income in the second quarter (106.9% of the figure in the second quarter of 2005) and 9.8 billion forints interest expense (108.4% of the figure in the second quarter of 2005). Net interest income for the second quarter was 4.1 billion forints, 1.0% down from the figure of the first quarter of 2006 but the year-on-year increase was 3.4%. The main contributor to interest income in the second quarter of 2006 was interest on own lending at 42.9% and refinanced mortgage loans at 45.8%. The aggregate interest income on interbank deposits and securities contributed 3.4%, while the contribution of interest income on derivatives was 7.9%. The breakdown of interest income followed the earlier trend: the contribution of income from refinanced loans decreased by approximately 7.6 percentage points while interest income on derivatives increased by 3.4 percentage points over the year. In the first half of 2006 the year-on-year increase of interest income on loans extended by the Bank was 1.9 percentage points to contribute 42.4%, interest income on refinancing dropped by 5.4 percentage points to contribute 46.4%, the contribution of interbank deposits and securities was 3.6% and of derivatives, 7.5%.

Within the line item of interest income, the contribution of interest subsidy (subsidy of interest on mortgage bonds and supplementary interest subsidy) was 65.5% in the second quarter of 2005 (as

² Consolidated non-audited data by IFRS.

opposed to 66.1% in the first half of 2005) and was 57.3% in the second quarter of 2006 (as opposed to 55.6% in the first half of 2006). While more than half of the interest income is still generated by subsidized interest there is an upward trend of income from customers.

In the second quarter 83.2% of interest expense was incurred in conjunction with mortgage bonds (the figure for the first half was 83.7%). The contribution of interest paid on interbank loans received was negligible. The contribution of derivative hedges was 15.6% (15.2% in the first half). In the second quarter of 2005 85.8% of expenditures on interest was related to mortgage bonds (87.4% in the first half), and 14.0% to derivative transactions (12.5% in the first half).

The **average net interest margin (NIM)** was 3.82% as of 30 June 2005 and **3.34%** as of 30 June 2006. The year-on-year figure is 48 base points below the figure as of 30 June 2005. The drop in NIM continues to be caused by the Bank's transforming portfolio structure. The contribution of subsidized loans within the refinanced portfolio has been steadily decreasing and replaced by foreign exchange loans with lower interest margins. A similar process is going on in the portfolio of own lending although the relative difference between the margins is less compared to refinanced loans. In the case of own loans an additional impact is rooted in the upward movement of EUR and CHF yield curves and increasing cost of funds, which has not been passed yet to customers due to the intense competition of the banking sector. Conversely, the drop in margins on loans is slowed by improving costs of funds.

Net income from fees and commission

The balance of **income from and expenditures of fees and commissions** in the second quarter of 2006 was a **net income amounting to 180 million forints**, 58.2% higher than the 144 million forints achieved in the second quarter of 2005 and 34.5% above the 134 million forints realized in the first quarter of 2006. The balance for the first half of 2006 was 314 million forints, 28.9% above the 244 million forints realized in the base period. In the second quarter of 2006 net income from fees contributed 4.0% to gross operating profit as opposed to 2.8% in the first quarter of 2006.

In the first half 38.7% of income from fees and commission was contributed by commission (35.7% in the second quarter), 46.2% by fees from credit institutions (48.7% in the second quarter), and 15.1% by fees paid by customers (15.6% in the second quarter). Commission paid to acquisition agents in the first half contributed more than half (62.3% in the first half and 67.5% in the second quarter) to total expenditures on fees and commissions and 17.2% was contributed by fees related to mortgage bond issues (11.2% in the second quarter). With the strengthening of the Bank's own lending and the expansion of the role of the network of agents commission paid to acquisition agents more than doubled compared to the first half of 2005.

Net profit from securities and currency transactions

Profit from foreign exchange transactions had a positive balance of 352 million forints in the first half of 2006 and showed a significant increase over the 90 million achieved in the first half of 2005 reflecting the changes in exchange rates within the period. The net profit from FX transactions amounted to **174 million forints** in the second quarter, 1.8% down from the first quarter of 2006 but significantly higher than the 47 million forints loss in the second quarter of 2005.

In the first half of 2006 **profit from securities transactions amounted to 103 million forints** (including 51 million forints in the second quarter), which emerged as a balance of exchange gains and losses on mortgage bonds issued.

The balance of **derivative transactions was 148 million forints loss in the first half of 2006** (including 194 million loss incurred in the second quarter as opposed to a profit of 45 million forints generated in the first quarter) compared to a positive balance of 259 million forints in the first half of 2005 (including 347 million forints profit generated in the second quarter).

Other income and expenditures

As of 30 June 2006 the balance of **other income and expenditure was 254 million forints**, arising from 311 million forints income netted of 57 million forints expenditure. Of the other income item, 86.8% was contributed by valuation fees invoiced to customers.

Operating expenses

Data in HUF million

DESCRIPTION	Q2 2005 (Apr-Jun)	Q1 2006 (Jan-Mar)	Q2 2006 (Apr-Jun)	Q2 2006 / Q2 2005	Q2 2006 / Q1 2006
General administrative costs	1,701	1,821	2,064	21.3%	13.3%
Personnel expenses	730	682	765	4.8%	12.1%
- wages	382	386	409	6.9%	5.8%
- other personnel expenses	125	156	228	82.3%	45.8%
- social security expenses	223	140	128	-42.2%	-7.9%
Other administrative costs	971	1,139	1,299	33.7%	14.0%
- incl. special mortgage banking costs	258	340	454	75.9%	33.9%
Depreciation	115	128	134	16.9%	4.6%
TOTAL OPERATING EXPENSES	1,816	1,949	2,198	21.0%	12.7%

Operating expenses amounted to 4.1 billion forints in the first half of 2006, 26.1% more than in the first half of 2005. Operating costs in the second quarter amounted to 2.2 billion forints, 12.7% higher than in the first quarter of 2006 and 21.0% higher than the second quarter 2005 figure. In accordance with the Bank's new business policy the processes aimed at creating FHB Group started in early 2006 and continue on schedule. As a result of infrastructure investment and restructuring the cost/income ratio (CIR) was 45.0% as of 30 June 2006.

There was a minor change in the contribution of **personnel expenses** to operating costs in the second quarter of 2006 compared to the second quarter of 2005 (40.2% as opposed to 34.8%), however, there is no significant change in the contribution of this item over the half-year periods (36.9% in 2005, and 34.9% in 2006). No general wage raise was effected in 2006. The year-on-year increase in **other administrative costs** was 33.7% in the second quarter of 2006 and 29.9% in the first half of 2006. The contribution of valuation fees to other administrative costs increased from 20.4% to 22.2%, rents contributed 8.7% in the second quarter of 2005 and 9.1% in the second quarter of 2006 while the contribution of consulting fees leapt from 13.5% in the reference quarter of 2005 to 21.7% in the reporting period. Conversely, there was a considerable drop in the contribution of advertising costs, from 23.8% to 9.7%. Another important component is the item of other taxes (including primarily local taxes), with a contribution of 11.0% in the second quarter of 2005 and 8.8% in the second quarter of 2006.

Data in HUF million

DESCRIPTION	2005. H1	2006. H1	2006 / 2005
General administrative costs	3,091	3,885	25.7%
Personnel expenses	1,215	1,447	19.1%
- wages	675	795	17.8%
- other personnel expenses	207	269	29.9%
- social security expenses	333	383	15.0%
Other administrative costs	1,876	2,438	29.9%
- incl. special mortgage banking costs	568	795	39.7%
Depreciation	199	263	32.2%
TOTAL OPERATING EXPENSES	3,290	4,148	26.1%

About one-third of other administrative costs were contributed by **special mortgage banking costs** (26.6% in the reference quarter of 2005 as opposed to 35.0% in the second quarter of 2006, and 30.3% in the first half of 2005 compared to 32.6% in the first half of 2006). The two major components of special mortgage banking costs are valuation fees and loan coverage life insurance with a joint contribution of 91.8% in the first half and 77.6% in the second quarter of 2006. The joint contribution of these items was 81.9% in the first half and 77.0% in the second quarter of 2005.

In the first half of 2006 **depreciation** amounted to 263 million forints and the same was 134 million forints in the second quarter, 32.2% and 16.9% more than in the respective periods of 2005. Depreciation of machines and equipment and real estate contributed 50.0%, the contribution of intangible goods was equally 50.0%.

Overall, a large portion of the increase in operating expenses compared to prior periods was incurred in conjunction with the implementation of FHB Bank Group in the context of the strategic programme. The Bank still maintains cost effectiveness of its operations, the increase in operating costs is in line with the expansion of the business activity.

Portfolio quality, loss in value and provisions

Data in HUF million

Breakdown of classified portfolio by loss in value and provisions									
CLASSIFICATION	30 June, 2005			31 March, 2006			30 June, 2006.		
	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	494,888	-	0.0%	568,405	-	0.0%	613,763	-	0.0%
Watch	2,547	2	0.1%	3,375	3	0.1%	4,629	4	0.1%
Substandard	422	45	10.7%	665	73	10.9%	996	106	10.6%
Doubtful	1,296	392	30.3%	1,363	503	36.9%	1,793	583	32.5%
Bad	1	1	100.0%	1	1	100.0%	1	1	100.0%
TOTAL	499,154	440	0.1%	573,809	580	0.1%	621,182	694	0.1%

The structure of the Bank's portfolio retained its high quality. Nevertheless, the rate of problem-free accounts receivable was slightly down from the figure of the first quarter of 2006 in both the entire portfolio and specifically the loans portfolio. As of 30 June 2006 98.8% of the rated portfolio was problem free (as opposed to 99.1% as of 31 March 2006 and 99.2% as of 30 June 2005). The aggregate contribution of substandard, doubtful and bad transactions was 0.5% (0.3% as of 31 March 2006 and 0.3% as of 30 June 2006), transactions on the watch list contributed 0.7% (0.6% as of 31 March 2006 and 0.5% as of 30 June 2006).

The total of classified loans (loans classified as substandard, doubtful or bad) increased by 762 million forints compared to the previous quarter, resulting in a 114 million forints increase in loss in value and provisions to cover for such loans. The average rate of loss in value and provisions within the entire portfolio and specifically in the loan portfolio is around a stable 0.1% and 0.3% respectively.

Structure of the balance sheet ³

Data in HUF million

DESCRIPTION	30.06.2005.	31.03.2006.	30.06.2006.	30.06.2006. / 30.06.2005	30.06.2006./ 31.03.2006.
Cash	2	2	2	5.9%	3.0%
Receivables from NBH	23,643	24,958	22,139	-6.4%	-11.3%
Interbank deposits	14,035	9,943	20,909	49.0%	110.3%
Available for sale securities	3,863	3,931	3,706	-4.1%	-5.7%
Refinanced mortgage loans	248,267	264,590	268,532	8.2%	1.5%
Loans	145,363	182,449	196,423	35.1%	7.7%
Fair value of derivatives	116	2,497	7,045	5.977.0%	182.1%
Tangible assets	1,442	1,850	2,607	80.8%	40.9%
Other assets	13,087	13,024	3,544	-72.9%	-72.8%
Assets total	449,818	503,244	524,907	16.7%	4.3%
Payables total	430,333	478,117	497,794	15.7%	4.1%
- Interbank borrowings	7,470	25,892	30,557	309.1%	18.0%
- Mortgage bonds	415,870	447,784	463,231	11.4%	3.4%
- Fair value of derivatives	2,328	1,799	804	-65.5%	-55.3%
- Other liabilities	4,665	2,642	3,202	-31.3%	21.2%
Shareholders' equity	19,485	25,127	27,113	39.1%	7.9%
- Subscribed capital	6,600	6,600	6,600	0.0%	0.0%
- Repurchased own shares	-3	-3	-12	320.8%	320.8%
- Premium	1,446	1,446	1,210	-16.4%	-16.4%
- General reserve	1,563	2,108	2,276	45.6%	8.0%
- Cash-flow hedge reserve	-2,139	-2,631	-178	-91.7%	-93.2%
- Stock option reserve	104	244	0	-100.0%	-100.0%
- Changes in fair value of available for sale financial assets	-	-7	-14	-	93.1%
- Accumulated assets	11,914	17,370	17,231	44.6%	-0.8%
Liabilities total	449,818	503,244	524,907	16.7%	4.3%

As of 30 June 2006 the Bank's consolidated **balance sheet total under IFRS amounted to 524.9 billion forints**, which is 75.1 billion forints, or 16.7% higher than in the second quarter of 2005 and 21.7 billion forints, or 4.3%, higher than the balance sheet total as of 31 March 2006. Compared to the 30 June 2005 base period, 95.0% of the increase in assets was generated by the expansion of the loan portfolio. On the liabilities side, 63.1% of the increase was generated by a 47.4 billion forints expansion of outstanding mortgage bonds. The increase in both assets and liabilities over the figure in the first quarter of 2006 was due predominantly to an expansion in loans and mortgage bonds.

³ Consolidated non-audited data by IFRS.

Interest earning assets

As of 30 June 2006 the Bank's **interest earning assets amounted to 511.7 billion forints**, exceeding the second quarter 2005 figure by 17.6%. Loans to retail customers disbursed by the Bank were 35.1% higher on 30 June 2006 compared to the same period of the previous year and 7.7% higher than in the first quarter of 2006. Loss in value to cover for losses from lending increased from 437 million forints in the second quarter of 2005 to 691 million forints, in keeping with the expansion of the loans portfolio. Refinancing showed a year-on-year increase of 8.2%. At the end of the second quarter of 2005 refinancing and the Bank's own loans contributed 90.5% to interest earning assets. This contribution reached 92.0% in the first quarter of 2006, and then dropped slightly to 90.9% by 30 June 2006.

The **loan collateral value of real estate** covering ordinary collateral amounted to **1,146.8 billion forints** as of 30 June 2006, 3.1% higher than the figure as of 31 March 2006. **The LTV ratio** (loan principal receivable to collateral value) **was 39.2%** as of 30 June 2006, two base points higher than the ratio in same period of the base year.

The portfolio of **NBH and other interbank deposits** changed from 37.7 billion forint as of 30 June 2005 through 34.9 billion forints as of the end of the first quarter to 43.1 billion forints as of 30 June 2006, which means its contribution to interest earning assets was 8.4%. Interbank deposits continue to serve primarily for the purpose of liquidity.

The value of the **securities portfolio** of the Bank dropped from 3.9 billion forints as of the end of the second quarter of 2005 to 3.7 billion forints as of 30 June 2006. The contribution of securities to interest earning assets stayed below 1.0% throughout the entire period. The Bank's securities portfolio continues to serve as a liquidity reserve.

Own assets

The net value of **tangible and intangible assets** amounted to 1.4 billion forints as of 30 June 2005. This amount increased to reach 2.6 billion forints by the end of the second quarter of 2006 due primarily to new hardware and software.

Other assets amounted to 3.5 billion forints as of 30 June 2006, one-third of the figure as of 30 June 2005. Over 74.0% of this item was contributed by the settlement of interest subsidies with the Hungarian State as opposed to 92.4% at the end of the second quarter of 2005.

Interest bearing liabilities

Mortgage bonds contributed 93.8% to the Bank's interest bearing liabilities as of 30 June 2006 as opposed to 98.2% in the second quarter of 2005. The 463.2 billion forints book value of mortgage bonds as of 30 June 2006 was 11.4% higher than in the second quarter of 2005, the year-on-year increase amounting to 47.4 billion forints was contributed by 43.7 billion forints new issues and 9.8 billion forints repayments including related exchange rate adjustments.

Mortgage bond collaterals

The value of assets used as **ordinary collateral** for the mortgage bonds issued by the Bank was **781.1 billion forints** as of 30 June 2006, which is a 7.4% increase over the figure of 30 June 2005.

The value of the group of assets involved as collateral as of 30 June 2006 (HUF million)

Outstanding mortgage bonds in circulation	
face value:	448,990
interest:	173,714
total:	622,704
Value of the regular collateral	
principal:	454,447
interest:	326,613
total:	781,060
Value of assets involved as supplementary collateral	
principal:	0
interest:	0
total:	0

The Bank has met all collateral requirements set forth by the Act on Mortgage Loan Companies and Mortgage Bonds.

Interbank funds

At the end of the second quarter of 2006 the **30.6 billion forints interbank portfolio** contained interbank EUR drawdowns equivalent to 3.6 billion forints, and CHF-based syndicated loan equivalent to 27.0 billion forints. The Bank has used the syndicated loan facility available since September 2005 as supplementary funds.

Other liabilities

The Bank's other liabilities amounting to 3.2 billion forints include, among others, deferred valuation fees (20.2% in 2006 and 11.0% in 2005), passive accruals (12.1% in 2006 and 3.9% in 2005), taxes payable (16.8% in 2006 and 16.7% in 2005), and debts to suppliers (12.4% in 2006 and 3.1% in 2005).

Shareholders' equity

The year-on-year increase in shareholders' equity was 39.1% (7.6 billion forints), **reaching 27.1 billion forints** as of 30 June 2006. The increase was predominantly contributed by a 5.3 billion forints rise in accumulated profit. The 1.9 billion forints increase in the real value of cash-flow hedge reserve contributed 25.7% to the increase in shareholders' equity and resulted from changes in yield and exchange rates. Compared to the first quarter of 2006 shareholders' equity was 2.0 billion forints higher as of 30 June 2006 due mainly to the impact of retained earnings and cash flow hedge reserve, similarly to previous periods.

Capital structure

DESCRIPTION	Data in HUF million		
	30 June, 2006	31 March, 2006	30 June, 2005
Risk weighted assets (RWA)			
Balance sheet items	187,753	168,215	136,577
Off-balance sheet items	5,044	4,229	3,065
Total risk weighted assets	192,797	172,444	139,642
Tier 1			
Subscribed capital	6,600	6,600	6,600
Premium	1,210	1,446	1,446
General reserve	2,276	2,108	1,563
Stock option reserve	0	244	104
Changes in fair value of available for sale financial assets	-14	-7	0
Retained earnings	17,231	17,370	11,914
Cash-flow hedge reserve*	0	0	0
Intangible assets	-1,022	-880	-665
Total Tier 1 capital	26,281	26,881	20,962
Tier 2			
General risk reserve	0	0	0
Total Tier 2 capital	0	0	0
Total regulatory capital	26,281	26,881	20,962
Tier 1 capital adequacy (%)	13.6	15.6	15.0
Total capital adequacy (%)	13.6	15.6	15.0

* Cash flow hedge reserve is excluded when calculating Tier 1 and regulatory capital.

The Bank's **risk weighted assets (RWA) amounted to 192.8 billion forints** as of 30 June 2006, which is a 38.1% increase over the past year. The growth was predominantly contributed by balance sheet items (96.3%), mainly expansion of the loan portfolio. Tier 1 and adjusted capital was 26.3 billion forints showing a year-on-year increase of 25.4% at the end of the second quarter of 2006.

As of 30 June 2006 the **capital adequacy ratio was 13.6%** including the profit for the period compared to 15.0% as of 30 June 2005 and 15.6% as of 31 March 2006.

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 9.4 billion forints as of 30 June 2006, 19.3% higher than the 7.8 billion forints in the same period of 2005.

The most important item among future liabilities includes derivative transactions, which mainly include hedge transactions relating to EUR-denominated mortgage bonds. As of 30 June 2006 liabilities from currency swaps amounted to 122.2 billion forints, and liabilities from interest swaps amounted to 3.8 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

FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) hereby declares that the figures and statements of this 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, FHB Jelzálogbank Nyrt. assumes exclusive liability for the contents of the preliminary report. FHB Jelzálogbank Nyrt. declares that it is liable as issuer for the reimbursement of losses caused by the omission and/or the misleading contents of regular and extraordinary information.

Budapest, 10 August, 2006

Dániel Gyuris
CEO

Jenő Siklós
Deputy CEO

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 Investor relations: Péter Bárdos

Financial Statements of FHB Mortgage Bank Plc. prepared in accordance with International Financial Reporting Standards (IFRS)

Profit and Loss Statement

(consolidated, non-audited data as at 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2006	30 June, 2005	Change (%)
Interest income	27,541,461	25,818,631	6.7%
Interest expense	-19,205,766	-17,746,990	8.2%
Net interest income	8,335,695	8,071,641	3.3%
Fee and commission income	725,605	535,976	35.4%
Fee and commission expense	-411,556	-292,310	40.8%
Profit from FX transactions	352,152	90,048	291.1%
Profit from changes of fair value of derivatives	-148,397	259,516	-
Gain less losses from securities	103,234	183,234	-43.7%
Other operating income	311,459	339,191	-8.2%
Other operating expense	-57,283	-16,199	253.6%
Operating income	9,210,909	9,171,097	0.4%
Losses/provisions on loans and advances	-141,992	-110,337	28.7%
General and administrative costs	-4,147,416	-3,289,970	26.1%
Profit before tax	4,921,501	5,770,790	-14.7%
Taxation expense	-1,171,860	-1,242,090	5.7%
Profit for the period	3,749,641	4,528,700	-17.2%

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Balance Sheet

(consolidated, non-audited data as at 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2006	30 June, 2005	Change (%)
Assets			
Cash	2,320	2,191	5.9%
Due from National Bank of Hungary	22,139,355	23,642,697	-6.4%
Placements with other banks	20,909,490	14,035,407	49.0%
Available for sale securities	3,705,776	3,862,786	-4.1%
Refinancing of mortgage loans	268,531,750	248,267,470	8.2%
Loans	196,423,352	145,363,124	35.1%
Fair value of derivatives	7,044,804	115,925	5.977.0%
Property and equipment	2,606,854	1,441,537	80.8%
Other assets	3,543,284	13,087,371	-72.9%
Total Assets	524,906,985	449,818,508	16.7%
Liabilities			
Deposits from banks	30,556,783	7,470,118	309.1%
Mortgage bond liabilities	463,231,312	415,869,727	11.4%
Fair value of derivatives	803,576	2,328,329	-65.5%
Other liabilities	3,202,810	4,665,412	-31.3%
Total Liabilities	497,794,481	430,333,586	15.7%
Shareholders' Equity			
Share capital	6,600,001	6,600,001	0.0%
Repurchased own shares	-11,988	-2,849	320.8%
Share premium	1,209,562	1,446,047	-16.4%
General reserve	2,276,211	1,563,036	45.6%
Cash-flow hedge reserve	-178,265	-2,139,278	-91.7%
Stock option reserve	-	103,791	-
Variation in fair value of tradable financial assets	-14,250	-	-
Retained earnings/(deficit)	17,231,233	11,914,174	44.6%
Total Shareholders' Equity	27,112,504	19,484,922	39.1%
Total Liabilities and Shareholders' Equity	524,906,985	449,818,508	16.7%

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Cash Flow

(consolidated, non-audited data as at 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2006	30 June, 2005
Cash flows from operating activities		
Net profit	3,749,641	4,528,700
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	262,572	198,644
Provision for losses	141,114	63,514
Loss/(profit) on sale of fixed assets	-9	-612
Stock option reserve	0	-116,602
Share granted	0	161,541
Derivatives	-6,937,861	-1,471,021
Cash flow hedge reserve	0	0
Operating profit / (loss) before changes in operating assets	-2,784,543	3,364,164
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	-8,619,299	-6,978,964
Loans	-25,302,982	-12,953,355
Accrued interest receivable	0	0
Other assets	637,749	-5,813,880
<i>Increase (decrease) in operating liabilities:</i>		
Due to other banks	-939,275	-1,525,568
Accrued interest payable	0	0
Other liabilities	-1,349,144	2,009,788
Net cash used in operating activities	-38,357,494	-21,897,815
Cash flows from investing activities		
Increase in available for sale securities	-298,936	8,219
Proceeds from sale of property and equipment	8	1,428
Purchase of property and equipment	-1,076,855	-507,445
Net cash used in investing activities	-1,375,783	-497,798
Cash flows from financing activities		
Sale/(purchase) of own shares	-245,624	-265,816
Instalment from mortgage bonds	-7,628,000	-23,888,700
Proceeds from issue of mortgage bonds	50,126,675	55,198,221
Net cash from financing activities	42,253,051	31,043,705
Net increase in cash and cash equivalents	2,519,774	8,648,092
Cash and cash equivalents at beginning of year	40,531,391	29,032,203
Cash and cash equivalents at end of period	43,051,165	37,680,295
Cash and cash equivalents comprises of:		
Cash	2,320	2,191
Due from Central Bank	22,139,355	23,642,697
Placements with other banks, with a maturity of less than 90 days	20,909,490	14,035,407
Cash and cash equivalents at end of period	43,051,165	37,680,295
<i>Supplemental information</i>		
Interest received	26,909,430	29,503,603
Interest paid	-20,724,590	-18,870,360
Tax paid	-849,917	-710,792

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Statement of Shareholders' Equity

(consolidated, non-audited data as at 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Stock option reserve	Variation in fair value (financial assets)	Retained earnings (deficit)	Shareholders' Equity
30 June 2005	6,600,001	-2,849	1,446,047	1,563,036	-2,139,278	103,791	0	11,914,174	19,484,922
Transfer to general reserve				333,996				-333,996	0
Change of fair values cash flow hedge					231,810				231,810
Shares granted									0
Dividends for 2004								-1,320,000	-1,320,000
Creation of stock option reserve						106,245		161,541	267,786
Changes in fair value of available for sale financial assets							-979	-18,849	-19,828
Profit for the period								5,095,866	5,095,866
31 December 2005	6,600,001	-2,849	1,446,047	1,897,032	-1,907,468	210,036	-979	15,498,736	23,740,556
Transfer to general reserve				379,179				-379,179	0
Change of fair values cash flow hedge					1,729,203				1,729,203
Own shares purchase		-259,749							-259,749
Shares granted		250,610	-236,485						14,125
Dividends for 2005								-1,848,000	-1,848,000
Creation of stock option reserve						-210,036		210,036	0
Changes in fair value of available for sale financial assets							-13,271		-13,271
Profit for the period								3,749,640	3,749,640
30 June 2006	6,600,001	-11,988	1,209,562	2,276,211	-178,265	0	-14,250	17,231,233	27,112,504

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Loans

(consolidated, non-audited data as at 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2006	30 June, 2005
Real estate purchase	100,982,797	84,764,501
Real estate construction	42,769,546	35,501,921
Real estate reconstruction	4,065,194	1,985,113
Real estate extension	12,714,290	12,797,569
Other loans secured by real estate	34,694,893	9,191,241
Employee loans	1,348,654	1,111,980
Loans, gross	196,575,374	145,352,325
from this: retail loans	195,108,169	145,288,055
other	1,467,205	64,270
Loan loss provision	-690,852	-436,357
Accrued interest	538,830	447,156
Loans, net	196,423,352	145,363,124

Mortgage bonds

(consolidated, non-audited data as at 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	30 June, 2006		30 June, 2005	
Non-listed mortgage bonds				
Fixed	179,196,297	178,618,250	177,077,926	176,442,750
Floating	25,940,618	25,960,750	24,127,151	24,152,000
Listed mortgage bonds				
Fixed	185,617,663	185,772,640	184,743,487	184,002,080
Floating	58,396,844	58,638,680	16,104,903	16,349,180
Total	449,151,422	448,990,320	402,053,467	400,946,010

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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 30 June, 2006 and consolidated, audited data as at 30 June, 2005, according to IFRS, data in thousand HUF)

DESCRIPTION	30 June, 2006	30 June, 2005
Total Shareholders' Equity per Hungarian Statutory Financial Statements	26,668,567	21,420,220
Accrued loan disbursement fee	-647,356	-511,992
General risk reserve	1,190,115	328,237
Cash-flow hedge reserve	-178,265	-2,139,278
Fair value changes of derivatives (trading)	-60,908	259,517
Deferred tax asset	154,601	119,932
Mark to market of available for sale securities	-14,249	8,286
Total Shareholders' Equity per IFRS Financial Statements	27,112,505	19,484,922

DESCRIPTION	30 June, 2006	30 June, 2005
Profit per Hungarian Statutory Financial Statements	3,742,453	4,078,349
Accrued loan disbursement fee	-106,448	-25,535
Deferred tax benefit	25,548	8,906
Derivative deals in income statement	-148,397	259,516
Own shares' fx difference	236,485	262,967
Stock option reserve	0	-44,940
Mark to market of available for sale securities	0	-10,563
Profit per IFRS financial statements	3,749,641	4,528,700

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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"/>	

PK2. Business enterprises subject to consolidation

Name	Equity / Share capital (thousand HUF)	Ownership ratio (%)	Voting ratio (%)	Classification ¹
FHB Service Ltd.	1,500,000	100.00	100.00	L
FHB Commercial Bank Ltd.	2,000,000	90.00	90.00	K
FHB Real Estate Ltd.	100,000	95.00	95.00	K
FHB Annuity Real Estate Investment Ltd	100,000	95.00	95.00	K

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

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PK6. Major off-balance sheet items

Description	30 June, 2006 (HUF million)
Pending obligations	9,369
- available credit facility on credits extended	1,607
- loans committed in contract but not yet extended	7,729
- credit to be purchased from partner bank	33
Future obligations	125,973
Total	135,342

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 (01.01.2006)			End of period (31.03.2006.)			Beginning of target year (01.01.2006)			End of period (31.03.2006.)		
	% ²	% ¹	Db	% ²	% ¹	Db	% ²	% ¹	Db	% ²	% ¹	Db
Domestic institutional / company	17.73	17.73	11,703,852	21.48	21.49	14,174,177	10.03	8.82	5,818,152	15.32	13.48	8,888,477
Foreign institutional / company	25.44	25.44	16,790,459	19.12	19.12	12,618,195	28.95	25.44	16,790,459	21.76	19.12	12,618,195
Domestic private individual	3.41	3.41	2,252,337	4.82	4.82	3,181,740	3.88	3.41	2,252,337	5.49	4.82	3,181,740
Foreign private individual	0.04	0.04	24,050	0.05	0.05	33,601	0.05	0.04	24,050	0.06	0.05	33,601
Employees, office holders	0.17	0.17	111,932	0.33	0.33	219,603	0.19	0.17	111,932	0.38	0.33	219,603
Treasury bond	0.00	0.00	2,060	0.01	0.00	8,674	0.00	0.00	2,060	0.01	0.00	8,674
Owner part of state budget ⁴	53.21	53.21	35,115,320	54.19	54.19	35,764,020	56.90	50.00	33,001,020	56.98	50.08	33,049,720
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	66,000,010	100.00	100.00	66,000,010	100.00	87.88	58,000,010	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.	2,060	2,060	8,674		

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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	50.01	

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	35,714,310	54.11	54.12	

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 2005.)	Beginning of target year (1 January 2006.)	End of target period (30 June 2006.)
Bank	270	268	356
Consolidated	299	299	361

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	13.334
IT	dr. Gábor Borsányi	member	12.05.2006	12.05.2011	0
IT	dr. Károly Salamon	member	12.05.2006	12.05.2011	0
IT	Dániel Gyuris	member, CEO	21.04.2006	21.04.2011	20.000
IT	László Harmati	member, Deputy CEO	21.04.2006	21.04.2011	28.192
IT	Dr. Zoltán Szedlacskó	member	23.05.2003	23.05.2008	16.000
IT	Dr. Gábor Csányi	member	28.05.2005	28.05.2010	0
IT	Dr. Márton Vági	member	21.04.2006	21.04.2011	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	Mónika Kék	member	05.05.2005	05.05.2010	0
FB	Kata Orsolya Molnár	member	05.05.2005	05.05.2010	0
FB	Éva Baranyi	member	05.05.2005	05.05.2010	0
FB	Dr. Gyula Czok	member	12.05.2006	12.05.2011	8.000
FB	Dr. Erik Landgraf	member	02.05.2006	02.05.2011	74
FB	Nguyen Viet	member	02.05.2006	02.05.2011	0
FB	Mária Szántó	member	02.05.2006	02.05.2006	0
SP	Jenő Siklós	Deputy CEO	10.21.1997	indefinite	32.810
SP	Tamás Foltányi	Deputy CEO	11.01.2005	indefinite	0
Shares held (pcs) T O T A L :					123.410

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 SHEETS RELATED TO EXTRAORDINARY ANNOUNCEMENTS

ST1. Extraordinary announcements during the period of reporting

Date	Medium of announcement	Description
12.01.2006.	BSE web site	Update of the FHB Ltd's EMTN Programme
16.01.2006.	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Update of the FHB Ltd's EMTN Programme
19.01.2006.	Financial Times Tageblatt	Update of the FHB Ltd's EMTN Programme (English)
13.01.2006.	BSE web site	Base Prospectus relating to FHB Land Credit and Mortgage Bank Ltd's EMTN Program.
18.01.2006.	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	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
03.02.2006.	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Another euro issue under the EMTN Program of FHB
08.02.2006.	Financial Times Tageblatt	Another euro issue under the EMTN Program of FHB
07.02.2006.	BSE web site	FHB's new strategic plan by has been approved by the Board of Directors
08.02.2006.	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	Summary presentation of FHB's new strategic plan
13.02.2006	BSE web site	Stock Market Preliminary Report of FHB Land Credit and Mortgage Bank Ltd. for the 4th quarter of 2005
13.02.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Preliminary annual report of FHB Land Credit and Mortgage Bank Ltd. for the year 2005
14.02.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Adjustment of the preliminary annual report of FHB Land Credit and Mortgage Bank Ltd. for the year 2005
17.02.2006.	Financial Times Tageblatt	FHB's new strategic plan by has been approved by the Board of Directors
20.02.2006	BSE web site	FJ11ZF02 Mortgage bond series has been successfully issued
21.02.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FJ11ZF02 Mortgage bond series has been successfully issued
24.02.2006	BSE web site	Additional information to FHB Land Credit and Mortgage Bank Ltd's Mortgage Bond Issuing Program for 2005-2006
27.02.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Additional information to FHB Land Credit and Mortgage Bank Ltd's Mortgage Bond Issuing Program for 2005-2006
27.02.2006	BSE web site	Moody's changes outlook on 7 Hungarian banks' deposit ratings following a similar change on Hungary' s sovereign ratings
02.03.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Moody's changes outlook on 7 Hungarian banks' deposit ratings following a similar change on Hungary' s sovereign ratings
02.03.2006	BSE web site	Information about FHB signing a multicurrency revolving loan contract
03.03.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Information about FHB signing a multicurrency revolving loan contract
06.03.2006	BSE web site	Repricing the FJ12NVO1 mortgage bond

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Date	Medium of announcement	Description
08.03.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Repricing the FJ12NV01 mortgage bond
08.03.2006	BSE web site	Invitation to the Annual General Shareholder's Meeting of FHB Land Credit and Mortgage Bank Ltd.
09.03.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Invitation to the Annual General Shareholder's Meeting of FHB Land Credit and Mortgage Bank Ltd.
08.03.2006	BSE web site	Information on the decision of FHB Rt. to purchase own shares
09.03.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Information on the decision of FHB Rt. to purchase own shares
14.03.2006.	Magyar Tőkepiac Napi Gazdaság Világgazdaság	About the modification of the General Lending Rules
24.03.2006	BSE web site	Péter Heim resigned from its position from Supervisory Board with the effect of 23.04.2006.
27.03.2006	BSE web site Magyar Tőkepiac Napi Gazdaság Világgazdaság	Péter Heim resigned from its position from Supervisory Board with the effect of 23.04.2006.
04.04.2006	BSE web site	Purchase of ordinary shares of series 'A' on April 4, 2006 of FHB Land Credit and Mortgage Bank Ltd
06.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Purchase of ordinary shares of series 'A' on April 4, 2006 of FHB Land Credit and Mortgage Bank Ltd
06.04.2006.	Magyar Tőkepiac Népszabadság Napi Gazdaság Világgazdaság	Invitation to General Meeting for small investors
04.04.2006.	BSE website	Adjustments to the invitation to the General Annual Meeting of FHB
05.04.2006.	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Adjustments to the invitation to the General Annual Meeting of FHB
06.04.2006	BÉT web site	Proposals for the Annual General Meeting of FHB
06.04.2006	BSE web site	Extraordinary information of the purchase of FHB ordinary shares of series "A"
07.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Extraordinary information of the purchase of FHB ordinary shares of series "A"
11.04.2006	BSE web site	FHB purchased another 50,000 pieces of own ordinary shares of series „A”
13.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB purchased another 50,000 pieces of own ordinary shares of series „A”
11.04.2006	BSE web site	Quarterly report of FHB Land Credit and Mortgage Bank about the value mortgage bonds and collaterals
20.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Quarterly report of FHB Land Credit and Mortgage Bank about the value mortgage bonds and collaterals
20.04.2006	BSE web site	Resignations from the Board of Directors and the Supervisory Board
21.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Resignations from the Board of Directors and the Supervisory Board
21.04.2006	BSE web site	Resolutions of the 2006 Annual General Meeting
24.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Resolutions of the 2006 Annual General Meeting
21.04.2006	BSE web site	FHB Land Credit and Mortgage Bank purchased own shares
25.04.2006	Magyar Tőkepiac Napi Gazdaság	FHB Land Credit and Mortgage Bank purchased own shares

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Date	Medium of announcement	Description
	Világgazdaság	
26.04.2006	BSE web site	Changes in the structure of FHB shares owned by the management due to the fulfilment of the criteria of the share option program for 2005
27.04.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Changes in the structure of FHB shares owned by the management due to the fulfilment of the criteria of the share option program for 2005
28.04.2006.	BSE website	Declaration about FHB's company managing practice, based on the Responsible Company Management Recommendations, published by BSE
28.04.2006	BSE website	FHB's Annual report for the year 2005
28.04.2006.	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Summary of FHB's Annual report for the year 2005
11.05.2006	BSE website	Stock Exchange Preliminary Report of FHB Land Credit and Mortgage Bank Co. For Q1 of 2006
11.05.2006	BSE website	Decision E-I-360 of 2006 of the Hungarian Financial Supervision Authority dated 11 May 2006 approving the establishment of FHB Commercial Bank Ltd.
12.05.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Decision E-I-360 of 2006 of the Hungarian Financial Supervision Authority dated 11 May 2006 approving the establishment of FHB Commercial Bank Ltd.
12.05.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Announcement by FHB Land Credit and Mortgage Bank Co. regarding the rules of dividend payment for 2005
22.05.2006	BSE website	Extraordinary announcement by FHB Land Credit and Mortgage Bank Co. regarding the extension of a short-term revolving multi-currency loan agreement
23.05.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Extraordinary announcement by FHB Land Credit and Mortgage Bank Co. regarding the extension of a short-term revolving multi-currency loan agreement
23.05.2006	BSE website	Change in the amount of shares owned by FHB Rt.'s officers as the conditions of the 2005 share option programme were met
24.05.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Change in the amount of shares owned by FHB Rt.'s officers as the conditions of the 2005 share option programme were met
23.05.2006	BSE website	Announcement by FHB Land Credit and Mortgage Bank Co. regarding the rules of dividend payment for 2005
31.05.2006	BSE website	Minutes of FHB Land Credit and Mortgage Bank Co.'s the 2006 Ordinary General Meeting of 21 April 2006
01.06.2006	BSE website	Moody's upgrades the rating from A1 to Aa2 of the FEX-denominated mortgage bonds issued by FHB Land Credit and Mortgage Bank Co.
02.06.2006	BSE website	Annex to FHB Land Credit and Mortgage Bank Co.'s 2005-2006 Mortgage Bond and Bond Issues Programme Prospectus
07.06.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Statutes of FHB Mortgage Bank Public Company Limited by Shares effective as of 30 May 2006
09.06.2006	BSE website	Successful private issue of FHB Rt.'s mortgage bond series FJ07ZF03
09.06.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB issues the EUR 50 million amounted, mortgage bond series FJ11NV01 within the EMTN programme.
12.06.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Successful private issue of FHB Rt.'s mortgage bond series FJ07ZF03
13.06.2006	BSE website	Suspension of trading of FHB Mortgage Bank Plc.'s registered shares for the trading day of 13 June 2006
14.06.2006	BSE website	Modification of restrictions regarding put prices of FHB Mortgage Bank Plc.'s shares and determination of the maximum price change of FHB futures contracts for the trading day of 14 June 2006
14.06.2006	BSE website	Extraordinary announcement by FHB Plc about the extra tax on state interest subsidies
15.06.2006	Magyar Tőkepiac Napi Gazdaság	Extraordinary announcement by FHB Plc about the extra tax on state interest subsidies

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Date	Medium of announcement	Description
	Világgazdaság	
15.06.2006	BSE website	Resolution No. 39 of 2006 of FHB Mortgage Bank Plc. regarding the foundation of FHB Annuity Ltd.
16.06.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Resolution No. 39 of 2006 of FHB Mortgage Bank Plc. regarding the foundation of FHB Annuity Ltd.
05.07.2006	BSE website	Allianz Hungária Ltd. increased its share in FHB Plc. to 8.0086 % as of 3 June 2006
07.07.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Allianz Hungária Ltd. increased its share in FHB Plc. to 8.0086 % as of 3 June 2006
07.07.2006	BSE website	FHB Mortgage Bank Plc. informs its investors that as of 3 June 2006 ownership of the 8,000,000 Series B shares with voting preference issued by FHB Plc. is as follows: State Privatisation and Holding Ltd. 33.92%, Allianz Hungária Ltd. 66.08%.
11.07.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB Mortgage Bank Plc. informs its investors that as of 3 June 2006 ownership of the 8,000,000 Series B shares with voting preference issued by FHB Plc. is as follows: State Privatisation and Holding Ltd. 33.92%, Allianz Hungária Ltd. 66.08%.
17.07.2006	BSE website	Announcement regarding the repurchase of three series issued earlier by FHB Plc. in the context of public offering
17.07.2006	BSE website	Amendment to the announcement regarding the repurchase of FHB Plc.'s mortgage bond
19.07.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Amendment to the announcement regarding the repurchase of FHB Plc.'s mortgage bond
19.07.2006	BSE website	On 18 June 2006 Dr. Gyula Czok, member of FHB Plc.'s Supervisory Board sold 3000 Series A registered shares.
20.07.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	On 18 June 2006 Dr. Gyula Czok, member of FHB Plc.'s Supervisory Board sold 3000 Series A registered shares.
20.07.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Announcement by FHB Mortgage Bank Plc. regarding the values of mortgage bonds and collaterals as of 30 June 2006
24.07.2006	BSE website	Announcement by FHB Mortgage Bank Plc. regarding the values of mortgage bonds and collaterals as of 30 June 2006
26.07.2006	BSE website Magyar Tőkepiac Napi Gazdaság Világgazdaság	FHB Plc. Inform the issuers, that the ownership share of Silvermist Estate S.A. grew to 7,5757 % by 3 July, 2006.
31.07.2006	Magyar Tőkepiac Napi Gazdaság Világgazdaság	Information about the modification of FHB's Retail Loan Business Rules
02.08.2006	BSE website	Announcement regarding the publication of Annex 5 to FHB Mortgage Bank Plc.'s 2005-2006 Mortgage Bond and Bond Issues Programme Prospectus
02.08.2006	BSE website Magyar Tőkepiac Napi Gazdaság Világgazdaság	Annex 5 to FHB Mortgage Bank Plc.'s 2005-2006 Mortgage Bond and Bond Issues Programme Prospectus