



**The preliminary report of FHB
Mortgage Bank Plc for the year
2007**

Budapest, 3rd March, 2008

The preliminary report of FHB Mortgage Bank for the year 2007 on the activities and results of the Company

The preliminary report of FHB Mortgage Bank Public Company Limited by Shares for the year 2007 is based on the data of the consolidated balance sheet and profit and loss account prepared according to the International Financial Reporting Standards (IFRS). The consolidation applies also to FHB Szolgáltató Zrt. (FHB Services Ltd.), a 100%-owned subsidiary of FHB as well as FHB Kereskedelmi Bank Zrt. (FHB Commercial Bank Ltd.), a private company limited by shares 90% of which are owned by the Bank, FHB Ingatlan Zrt. (FHB Real Estate Ltd.), a private company limited by shares of which 95% are owned by the Bank, and FHB Életjáradék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd.), a private company limited by shares 95% of which are owned by the Bank. The remaining business shares in each company are owned by FHB Services Ltd. The narratives compare the consolidated, audited figures as of 31 December 2006 and the consolidated, non-audited figures as of 30 September 2007 and 31 December 2007.

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

Consolidated after-tax profit by IFRS was 5.3 billion forints, while profit before taxation was 6.6 billion forints in 2007. 13th November, 2007, the Bank has informed its investors in an extraordinary announcement that the Bank's 2007 results will probably not reach planned figures and market expectations. Earnings before taxation was 6.6 billion forints in 2007, which has exceeded the result announced earlier.

After-tax profit was 1.8 billion forints in the fourth quarter, 8,4% lower than the third quarter results due to the specific nature of the business activities, however it is fully in line with the original financial plan of the Bank.

Earnings before taxation was 1.8 billion forints in the fourth quarter was 24.4% up from the third quarter figure (1.5 billion forints).

Implementation of the new business strategy, that has been launched in 2007 has been essentially completed in 2007. As a result of the strategic change FHB Bank Group has been created and started its business activities. Expenditures of the implementation of the strategic change have left a strong impact on the figures in 2007 as well. The revenue generation capability of the new activities contributes gradually to the results of the Bank Group.

The **average net interest margin dropped** by 0.4 percentage points, from 3.25% on 31 December 2006 to 2.84% due to increasing interest rates and spreads of FX funding and the changing composition of the mortgage loan portfolio of the Bank group – trends that have been ongoing for over a year. Over the past quarter the drop in the margin was 13 basis points. The restructuring of the subsidized loan portfolio among the periods with different subsidy levels has significantly contributed to the shrinking of the net interest margin.

The Bank's total assets consolidated according to International Financial Reporting Standards was up by 14.8%, from 537.3 billion forints to 616.9 billion forints.

As of 31 December 2007 the Bank's cost-income ratio excluding banking contribution was 60.3%.

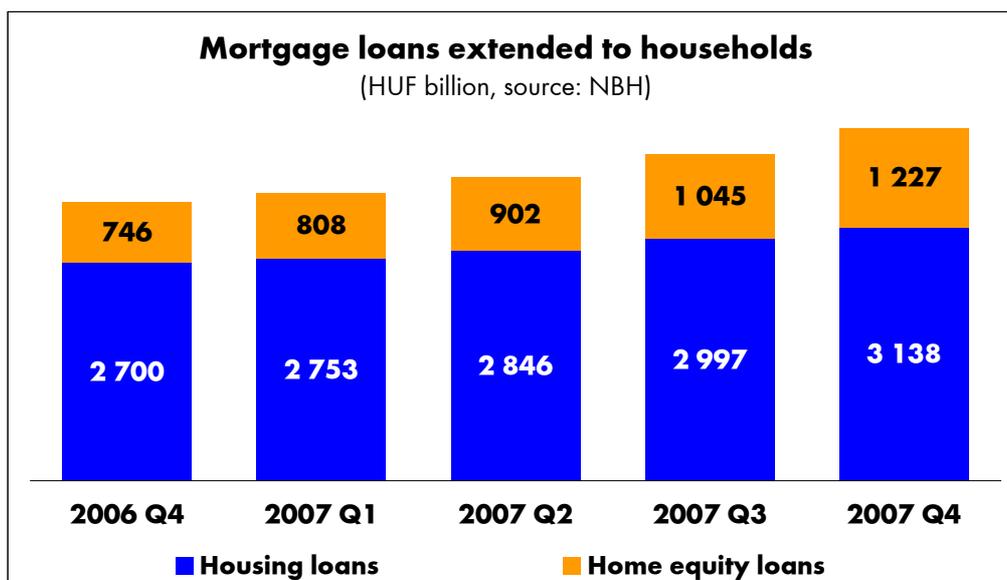
Shareholders' equity grew by 10.1% over the period of a year to exceed 32,0 billion forints.

Retail mortgage loan market

According to National Bank of Hungary figures, the retail mortgage loan portfolio amounted to 4,364.4 billion forints as of 31 December 2007 achieving a 322.4 billion forints (or 8.0%) increase over the previous quarter's figure with the year-on-year figure being 918.5 billion forints (or 26.7%) higher. In terms of its volume the year-on-year growth is greater, though somewhat less in intensity, than the 774.4 billion forints growth achieved in 2006, which was 29.0% higher than the 2005 figure. Disregarding the impact of exchange rates fluctuation the year-on-year growth of the retail mortgage loan portfolio was 962.1 billion forints, or 28.3% (at 31 December 2007 rate).

Growth in the portfolio continues to be generated by the increasing rate of foreign exchange-denominated loans: the annual growth of the FX loans portfolio was 1,033.4 billion forints. At the same time the forint-based loans portfolio shrank by 114.9 billion forints compared to the same quarter of the previous year and 39.4 billion forints compared to the previous quarter's figure. The total amount of retail mortgage loans was 2,644.7 billion forints in the fourth quarter, 60.6% of which was disbursed in foreign exchange as opposed to 1,719.7 billion forints HUF loans. The intensity of growth is marked by the fact that in the same period of the previous year the proportion of FX loans was 46.8%.

Year-on-year growth in housing loans extended to households was far 16.2% or 438.3 billion forints. The annual growth was slightly above the 2006 figure of 416.2 billion forints. The average growth per month was 36.5 billion forints. Similarly to the previous year, growth was particularly spectacular in the summer months. The fourth quarter 2007 growth was 140.6 billion forints, double the base quarter growth of 73.0 billion forints. The entire housing loan portfolio amounted to 3,137.8 billion forints as of 31 December 2007.



The increase in FX-based loans was greatly contributed to by **soaring home equity mortgage loans** whose growth had been insignificant over the previous years. Compared to 746.4 billion forints contributing 21.7% to the overall retail loan portfolio as of 31 December 2006, the contribution of home equity loans to retail lending grew to reach 28.1% by the end of the period of reporting due to home equity loans' 52.3% contribution to the growth of the loan portfolio over the past year.

The substantial increase in the portfolio of **home equity loans to retail customers** was 17.4% in the fourth quarter of 2007 with a year-on-year growth of 64.3%. In 2006 the average monthly growth was 29.8 billion forints; in contrast, the average monthly growth in 2007 reached 40.0 billion forints. Of the total amount of home equity loans 97.0% was disbursed in foreign exchange; the total portfolio value was nearly 1,226.6 billion forints as of 31 December 2007. Home equity mortgage loans contributed 58.0% to total consumer loans as of 31 December 2007 as opposed to 49.0% in the reference period. This indicates a significant restructuring within the consumer loans product: the growth of consumer and personal loans is less and less dynamic and the growth of home equity loans continues to be strong. The main reason for the trend is the need for households to supplement their shrinking real income from cheap mortgage loans in order to maintain their level of consumption.

Own lending

Over the past year up to 31 December 2007 the gross amount of loans sold by the Bank grew by 52.5 billion forints or 24.7%. The increase in the fourth quarter was 17.2 billion forints, 6.9% up from the 30 September 2007 figure.

In the first three quarters of 2007 disbursements amounted to 79.4 billion forints, 29.0% up from 61.6 billion forints in the same period of the previous year. In line with the general trend in the mortgage loan market, foreign exchange-denominated lending continues to be the leading product contributing 81.3% to the 2007 disbursements.

Mortgage loan products

The Bank's most popular product is home equity mortgage loans contributing 45.4% to total disbursements in the reported year. Virtually the entire amount of 36.1 million forints was disbursed in FX; the contribution of HUF-denominated home equity mortgage loans was only 0.7% volt. The 2007 disbursements were 47.5% higher than the 2006 figure of 24.5 billion forints, in keeping with market trends. The year-end portfolio value was 68.8 billion forints, 19.9% higher than the previous quarter's figure and 75.7% above the portfolio value as of 31 December 2006.

There was a simultaneous decline in the demand for housing loans. In 2007 the contribution of this product was 35.6% (as opposed to 50.6% in 2006), and disbursements in 2007 amounted to 28.5 billion forints as opposed to 31.2 billion forints in 2006. Housing loan disbursements are still dominated by loans extended for the purchase of existing homes: their contribution was 15.5 billion forints in 2007 (15.6 billion forints in 2006). Loans extended for the purchase of new homes amounted to 3.3 billion forints (3.8 billion forints in 2006), and the total value of home building loans was 7.5 billion forints (8.5 billion forints in 2006). The 2007 year-end value of the housing loans portfolio was 178.9 billion forints, 1.9% higher than at the end of the third quarter, and 7.1% higher than the 31 December 2006 value.

In 2007 the performance of corporate loans significantly surpassed the 2006 figure, by 151.8%. Of 11.3 billion forints disbursements 9.0 billion forints were contributed by commercial real estate financing (185.5% increase over the previous year's figure). Disbursements of home building project loans were 2.2 billion forints, 64.8% above the 2006 figure of 1.3 billion forints. Corporate loans contributed 14.2% to total disbursements in 2007. The value of the portfolio was 13.5 billion forints at the end of 2007; its annual growth amounts to almost 180%, and its growth over the previous quarter was 13.3%.

Land development loans achieved 1.8 billion forints in 2007, exceeding the 2006 disbursements of 1.4 billion forints by 27.3%. The contribution of the product to Group's 2007 disbursements was 2.2%. The value of the land development loans portfolio was 3.0 billion forints as of 31 December 2007, 14.7% higher than in the previous quarter and 125.5% higher than the reference year figure.

Launched in 2007, the reverse mortgage product extended to senior citizens followed a dynamic growth curve and achieved 0.7 billion forints in the year of reporting. Since the fourth quarter the Bank has offered this product denominated also in euro, though the 2007 loans were overwhelmingly denominated in forint.

In the fourth quarter home equity loans contributed 12.9 billion forints to disbursements, somewhat exceeding the 12.5 billion forints achieved in the previous quarter but significantly above the 5.9 billion forints achieved in the fourth quarter of 2006. Quarterly disbursements of housing loans were 6.9 billion forints in the fourth quarter falling short of the third quarter's 8.0 billion forints and the 8.2 billion forints in the fourth quarter of the reference year. Corporate loan disbursements amounted to 2.8 billion forints in the fourth quarter of 2007 compared to 2.5 billion forints in the third quarter of 2007 and 1.7 billion forints in the fourth quarter of 2006.

Distribution channels

There was a moderate change in the performance of the various channels of own lending compared to the same period of the preceding year. The contribution to fourth quarter disbursements by the network of agents was 72.4%, the Bank's own network of branches contributed 25.8%, and consortial loans contributed 1.8% to own lending. In terms of yearly disbursements, consortial loans contributed 2.5%, the agents 59.4% and the Bank's own network contributed 38.1%.

Refinancing

As of 31 December 2007 the portfolio of refinanced loans showed a 9.5%, or 25.4 billion forints year-on-year increase and amounted to 294.7 billion forints. Newly refinanced mortgage loans amounted to 69.0 billion forints in 2007, one-third of which, 21.3 billion forints, was achieved in the fourth quarter. Newly financed mortgage loans exceeded the 2006 disbursements amounting to 47.8 billion forints by 44.5%.

In accordance with the cooperation agreement with FHB Commercial Bank Ltd., the Bank has transacted refinancing deals within FHB Group on a continuous basis. The independent liens purchased over the first three quarters amounted to 14.1 billion forints.

Within the refinancing portfolio the proportion of FX-based loans continued their steady increase: compared to the first three quarters of 2006 when 79.3% of refinancing was denominated in foreign exchange, FEX loan disbursements reached 91.5% in reported year, predominantly denominated in Swiss francs.

FHB Commercial Bank Ltd.

Mortgage loans extended by FHB Commercial Bank in 2007 exceeded 36.1 billion forints, contributed almost entirely by mortgage loan sales. Disbursements are predominantly in Swiss franc (98.8%). Euro and forint disbursements jointly amounted to only 435.8 million forints. The loan portfolio is dominated by home equity mortgage loans contributing 26.0 billion forints to total disbursements in the reported year. The main products within the housing loans portfolio were loans extended for the purchase of new and existing homes with a total contribution of 9.8 billion forints to the Commercial Bank's achievement for the year. Corporate lending also took off and at this initial stage disbursed 254 million forints V.A.T. financing and commercial real estate financing loans in the reported year.

The number of retail accounts was over 8,000 as of 31 December 2007. The amount of deposits increased strongly from the prior quarter, however it has no material effect on the balance sheet of the Bank Group yet. Bank cards were launched as a new product on 1 September 2007. The Bank offers current and potential clients a choice of three card types, MasterCard Unembossed, MasterCard Standard and MasterCard Gold. Almost 4,000 cards were issued in 2007, three-quarters of them issued by the Commercial Bank in the fourth quarter.

FHB Annuity Ltd.

FHB Annuity Ltd. offers two products to senior customers. FHB Annuity is sold directly by FHB Annuity Ltd. The other product, FHB Mortgage Annuity is a reverse mortgage product, which means the contracts are reported directly in the balance sheet of FHB Plc. In terms of this product, FHB Annuity Ltd. is involved in product development as well as sales, the latter on the basis of an agency agreement signed with FHB Plc.

From its foundation to 31 December 2007 FHB Annuity signed annuity contracts amounting to 1.5 billion forints with approximately the same total real estate value. The portfolio more than doubled over the quarter. Contracts amounting to 727 million forints, almost half of the overall achievement for the year, were concluded in the fourth quarter. This indicates the gradual ascent of this new product and an increasing interest on the part of customers. Since the foundation of the Company aggregate annuity disbursements including lump sum payments have amounted to 484 million forints.

FHB Real Estate Ltd.

The core business of FHB Real Estate Ltd. is to provide collateral valuation, real estate investment and sales, real estate management and real estate valuation services to members of the Group. In addition to the Group, in 2007 FHB Real Estate Ltd. started to offer valuation services to external buyers. Introduction of the software supporting collateral valuation continued in the fourth quarter in the context of the strategic investment programme; as a result, an increasing number of valuation partners apply the Company's collateral valuation system.

In the fourth quarter of 2007 the Company started real estate agency as a new business. This quarter was spent mainly with preparation, the business activities will be started by FHB Real Estate Ltd in 2008.

Mortgage bond issues and financing

In the first quarter of 2007 the Bank raised 25.7 billion forints gross. In the first quarter of 2007 the Bank launched one series in the domestic money market as well as two international series. Similarly to the first quarter, the Bank launched one domestic and two international mortgage bond series in the second quarter of 2007. The Bank sold a fixed interest series with five years maturity in May in the context of private placement amounting to 10 million euros. The series is part of FHB Mortgage Bank Plc.'s EMTN Programme and was launched in the Luxembourg Stock Exchange. The Bank issued no new mortgage bond series in the Hungarian or international capital markets. However, in keeping with its 2006-2007 Issues Programme the Bank successfully launched its first domestic bond issue.

The fourth quarter of 2007 was a very active period in terms of fund raising, though neither the Hungarian nor the international market conditions were favourable and gradually worsened from late August. The sub-prime credit crunch had reverberated worldwide and investors' keenness to take risk plummeted. The Bank launched three new mortgage bond series in the fourth quarter.

Two series of 10 million and 25 million euros nominal value respectively were launched in the context of private placement under the EMTN programme. The third series with a total nominal value of 500 million forints was launched in the domestic money market also in the context of private placement.

The Bank staged several auctions in the course of the quarter with bonds issued to the total value of 40 billion forints.

At the end of the quarter the Bank signed a club loan agreement for 43.5 million euros with a one-year drawdown. The transaction is aimed at repaying the syndicated loan raised in September 2005.

Fund raising transactions concluded in 2007 resulted in 62.7 billion forints mortgage bonds and 47.0 billion forints bonds issued, 22.5 billion forints repayment and 3.5 billion forints repurchase. Net funds involved in 2007 amounted to 83.7 billion forints compared to 37.4 billion forints in the same period of the previous year.

Trading of FHB's mortgage bonds in the stock exchange was very slow in the fourth quarter of 2007 and stayed under one billion forints, similarly to the previous quarter. A large portion of trading was contributed by fixed interest earning mortgage bonds.

The aggregate mortgage bond portfolio of the three Hungarian mortgage banks amounted to 1,515.3 billion forints as of 31 December 2007. FHB's share of the mortgage bond market was 31.5% at the end of the fourth quarter of 2007, slightly down from the previous quarter's figure but up from the 29.4% as of 31 December 2006.

Changes in the legislative environment

The most important legislative changes in the fourth quarter that affect the Bank's business are as follows:

Decree No. 391 of 2007 (23 December) of the Government on the Amendment of Decree No. 12 of 2001 (31 January) on Housing Support

Pursuant to the amendment the duties of the Treasury Asset Management Directorate (KVI by its Hungarian acronym) will be undertaken by the Hungarian State Treasury as of 1 January 2008. Another important change is that under the new regulations credit institutions shall be liable for the activity of their agents.

Effective as of 1 January 2008, decree No. 397 of 2007 (27 December) on the Government amending various Government decrees on the specific rules of annual financial reporting and accounting of credit banks, financial enterprises and insurance companies, and Decree No. 398 of 2007 (27 December) of the Government amending certain Government decrees on specific accounting rules in conjunction with Act C of 2000.

In addition, Decree No. 304 of 2007 (14 December) of the Government amended Decree No. 41 of 1997 (5 March) of the Government on the calculation and publication of interests on deposits, yield of securities and annual percentage rate.

Decree No. 12 of 2007 (13 December) of the National Bank of Hungary amended NBH Decree No. 10 of 2005 (11 June) on the mandatory Central Bank provision, its calculation and deposit with effect from 1 January 2008.

Act CXXXV of 2007 on the Hungarian Financial Supervisory Authority

The Act is a re-codification of Act CXIV of 1999 on the Hungarian Financial Supervisory Authority.

Decree No. 380 of 2007 (23 December) of the Government on the capital requirements of securitization of credit institutions and Decree No. 381 of 2007 (23 December) of the Government on the management of correspondent credit risk entered into effect on 31 December 2007.

Decree No. 14 of 2007 (29 November) of NBH on the scope of data to be provided for the Central Bank's information system and on the method and deadline of data provision, Decree No. 25 of 2007 (18 December) of the Minister of Finance on admission to, and keeping of, the register of real estate valuation agents, Decree No. 49 of 2007 (14 November) of the Minister of Justice and Law Enforcement on the attorneys' offices as the registered seat of companies, and Decree No. 50 of 2007 (14 November) of the Minister of Justice and Law Enforcement on publication on company websites were also promulgated.

Restructuring and staff figures

Staff figures

The consolidated headcount was 532 at the end of the reported quarter, 2.4% higher than the 520 staff in the third quarter of 2007, and 22.9% up from the 31 December 2006 figure of 433. As of 31 December 2007 branch staff was 171 and that of headquarters was 361. All of the branch staff are employed by FHB Commercial Bank. Headcounts are in accordance with HR plans. The Group companies had the following staff figures as of 31 December 2007: FHB Mortgage Bank Plc. 92, FHB Commercial Bank Ltd. 255, FHB Services Ltd. 161, FHB Annuity Ltd. 16, and FHB Real Estate Ltd. eight.

Officers

As regards the year as a whole, at the Bank's regular Annual General Meeting held on 27 April 2007 István Somkuti was elected external member of the Board of Directors. The mandates of Róbert Somfai and Ágnes Winkler, both members of the Supervisory Board, were renewed for another five years. Dr. Gábor Csányi, external member of the Board of Directors of FHB Mortgage Bank Plc. and member of the Supervisory Board of FHB Commercial Bank Ltd. had been elected member of the Supervisory Board of NBH, thus he resigned from both posts held in the Group due to conflict of interests with effect from 21 December 2007. Dr. Márton Vági resigned from his position as external member of the Board of Directors of FHB Commercial Bank Ltd. with effect from 4 December 2007. Elected for a period of five years with effect from 4 December 2007, the new external board member is Ágnes Koltai Nádházi, managing director of FHB Mortgage Bank Plc.

Privatization, changes in the ownership structure

The third quarter of 2007 brought a major change in the Bank's ownership structure. On 29 August 2007 the Hungarian Privatization and State Holding Company (ÁPV Zrt.) formerly holding a 54.11% majority share in the Bank sold its packet of Series "A" ordinary shares of 50% + 1 vote in the Hungarian and international capital market in the context of accelerated book building. The transaction was administered by HSBC Plc. investment service company. As a result of the sale ÁPV's share in the Bank dropped to 4.11% held exclusively in the form of Series "B" preference shares.

On 17 December 2007 HSBC Bank Plc. purchased 6,270,000 FHB Series "A" shares that represent 9.50% direct voting rights in the Company. Furthermore, HSBC Bank and VCP Finanz Holding Kft. concluded a conditional forward transaction. As a result of the transaction VCP Finanz Holding Kft. will be able to acquire a maximum of 6,270,000 Series "A" registered ordinary shares of HUF 100.00 par value each at the time of settlement, which is to take place not later than 22 December 2009, provided the relevant permits and approvals have been obtained.

The shares involved in the transaction represent 9.50% voting rights in the Company. Before the transaction VCP Finanz Holding Kft. held 6,500,000 shares that represented 9.85% voting rights in the Company.

On 30 January 2008 the majority shareholder of VCP Finanz Holding Kft., VCP Capital Partners Unternehmensberatungs AG (VCP) having its registered offices in Vienna signed a conditional share purchase agreement. Under the agreement VCP will acquire 300.000 (three hundred thousand) Series "A" registered ordinary shares of HUF 100.00 par value each, subject to all the permits, licenses and/or approvals by the competent authorities that are required by law for VCP to acquire the given number of shares. The shares involved in the agreement represent 0.45% of voting rights.

Accordingly, VCP may hold (directly or indirectly) a total of 6,800,000 Series "A" registered ordinary shares of HUF 100.00 par value each in the Bank representing a cumulative 10.31% voting rights in the Company, always provided the Hungarian Financial Supervisory Authority gives its approval to VCP's acquisition of a controlling interest in the Company. If the conditional

transactions is settled and approved, the accumulated direct and indirect shares of VCP will reach 19.8% in FHB.

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

The Bank's **consolidated total assets** according to International Financial Reporting Standards **was up by 14.8% in a year**, from 537.3 billion forints **to 616.9 billion forints**. The increase was predominantly generated by the growth in the mortgage loan portfolio.

Shareholders' equity grew by 10.1% over the period of a year to exceed 32,0 billion forints, due primarily to an increase in assets accumulated from profits.

Earnings before taxation was 6.6 billion forints in 2007, of which the 1.8 billion forints achieved in the fourth quarter was 24.4% up from the third quarter figure (1.5 billion forints). **After-tax profit was 5.3 billion forints** as of 31 December 2007.

Key financial indicators	Consolidated figures by IFRS		
	31 Dec 2006	31 Dec 2007	2007 Q4/ 2006 Q4
Balance sheet total (HUF million)	537,302	616,865	14.8%
Book value of mortgage loans (HUF million)	480,872	559,665	16.4%
Book value of mortgage bonds (HUF million)	455,658	493,813	8.4%
Shareholders' equity (HUF million)	29,487	32,465	10.1%
Earnings before taxation (HUF million)	9,843	6,570	-33.3%
After tax profit (HUF million)	7,640	5,316	-30.4%
Net interest margin (NIM)	3.25%	2,84%	-12.6%
CIR (operating expenses / gross operating income)	45.2%	65,3%	44.6%
EPS (HUF) *	116	81	-36.7%
P/E (share price/EPS)	16.1	22.9	42.2%
P/BV (share price/equity/number of shares)	4.17	3.76	-9.8%
Adjusted capital	26,693	28,129	5.4%
Capital adequacy ratio	14.1	12.5%	-11.2%
ROAA (return on average assets)	1.5%	0.9%	-40.0%
ROAE (return on average equity)	26.5%	16.1%	-39.2%

* Calculation based on the closing share price as at 31 December, 2007. (HUF 1,849)

¹IFRS, consolidated, non-audited figures

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

P/L structure²

Data in HUF million

DESCRIPTION	2006 Q4 (Oct-Dec)	2007 Q3 (July-Sept)	2007 Q4 (Oct-Dec)	2007 Q4/ 2006 Q4	2007 Q4/ 2007 Q3
Net interest income	4,466	4,150	4,035	-9.6%	-2.8%
Net fees and commissions income	128	184	819	540.6%	345.8%
Net profit from financial transactions	252	331	1,025	306.7%	209.7%
Other income and expenditure	117	318	151	28.7%	-52.6%
Gross operating income	4,963	4,983	6,029	21.5%	21.0%
Operating expenses	-2,459	-3,399	-3,935	60.0%	15.8%
Net operating income	2,504	1,584	2,095	-16.4%	32.2%
Losses from lending and impairment	-94	-130	-285	203.3%	119.7%
Profit before taxation	2,410	1,454	1,810	-24.9%	24.4%
Taxes	-310	-134	-601	93.8%	346.8%
After tax profit	2,100	1,320	1,209	-42.4%	-8.4%
Profit before tax without changes in fair value of swap transactions	2,409	1,292	1,491	-38.1%	15.5%
Profit after tax without changes in fair value of swap transactions	2,099	1,157	891	-57.6%	-23.0%

In the fourth quarter of 2007 the Bank **realised 1.2 million forints consolidated after-tax profit by IFRS**, 8.4% less than in the third quarter of 2007 and 42.4% less than in the reference period of 2006. Profit before tax was over 1.8 billion forints, 24.9% less than the figure in the reference quarter of 2006 but almost 360 million forints, or 24.4%, higher than third quarter 2007 profit before tax. Earnings before taxation was 6.6 billion forints in 2007, a bit higher than the announced forecast in November, 2007.

After-tax profit excluding hedges amounted to 1.5 billion forints in the fourth quarter of 2007, 38.1% below the figure for the same period of the previous year but 15.5% above the third quarter figure.

² IFRS, consolidated, non-audited figures

Data in HUF million

DESCRIPTION	2006 Jan-Dec	2007 Jan-Dec	2007 / 2006
Net interest income	17,112	16,584	-3.1%
Net fees and commissions income	636	1,574	147.5%
Net profit from financial transactions	870	1,409	61.9%
Other income and expenditure	93	403	334.7%
Gross operating income	18,711	19,971	6.7%
Operating expenses	-8,457	-13,050	54.3%
Net operating income	10,254	6,920	-32.5%
Losses from lending and impairment	-411	-350	-14.8%
Profit before taxation	9,843	6,570	-33.3%
Taxes	-2,204	-1,254	-43.1%
After tax profit	7,640	5,316	-30.4%
Profit before tax without changes in fair value of swap transactions	10,039	6,761	-32.7%
Profit after tax without changes in fair value of swap transactions	7,835	5,507	-29.7%

Consolidated after-tax profit by IFRS was 5.3 billion forints in 2007, 30.4% less than in 2006. **Profit before taxation was 6.6 billion forints**, 33.3% short of the 2006 figure. After-tax profit excluding swap transactions for hedging purposes was 5.5 billion forints in 2007 compared to 7.8 billion forints on 31 December 2006. The difference is -29.7%.

Net interest income

The 2007 balance of the **60.5 billion forints interest income** (108.4% of the 2006 figure) and 43.9 billion forints interest expense (113.4% of the reference year figure) was 16.6 billion forints net interest income. The contribution of the fourth quarter of 2007 to the Q1-Q4 performance included 16.2 billion forints interest income (114.0% of the figure in the fourth quarter of 2006) and 12.1 billion forints interest expenditure (124.8% of the figure in the fourth quarter of 2006). Net interest income for the fourth quarter was 4.0 billion forints, 2.8% down from the figure of the third quarter of 2007. The increase of interest expenditures was stronger than the increase of interest income, affected by mainly the negative tendencies of the market in the fourth quarter of 2007.

In 2007 the main contributor to interest income was interest on own lending at 43.1% and refinanced mortgage loans at 39.6%. The aggregate interest on interbank deposits and securities contributed 3.5%, while the contribution of interest income on derivatives was 13.8%. The breakdown of interest income followed the earlier trend: the contribution of income from refinanced loans decreased by approximately 6.0 percentage points while interest income on derivatives increased by six percentage points year-on-year. As regards quarterly figures, interest income on loans extended by the Bank did not change significantly over the year, contributing 42.4% as of 31 December 2007 compared to 43.4% as of 31 December 2006. Interest income

on refinancing dropped by 6.6 percentage points to contribute 37.7%, the contribution of interbank deposits and securities was 2.6% and of derivatives, 17.3%, up from 8.6%.

Within the line item of interest income, the contribution of interest subsidy (subsidy of interest on mortgage bonds and supplementary interest subsidy) was 54.0% in the fourth quarter of 2006 (as opposed to 56.6% in Q1-Q4 of 2006) and was 40.8% in the fourth quarter of 2007 (the figure for Q1-Q4 of 2007 was 44.1%). Simultaneously with the drop in income from subsidized interest income from customers increased, which reflects an upward trend of non-subsidized loans (mainly home equity loans) within the portfolio.

In the period of reporting 75.1% of interest expenditures was incurred in conjunction with mortgage bonds (the Q1-Q4 figure was 70.3%). The contribution of interest paid on interbank loans received was negligible. The contribution of derivative hedges was 21.5% (20.1% in Q1-Q4). In the reported year interest on newly raised funds had no significant contribution yet: interest paid on deposits contributed 0.2%, and interest expenditure on bonds issued contributed 1.1%. In the fourth quarter of 2006 82.4% of expenditures on interest was related to mortgage bonds (80.1% in Q1-Q4) and 17.0% to derivative transactions (15.9% in Q1-Q4).

The average net interest margin (NIM) was 3.25% as of 31 December 2006 and 2.84% as of 31 December 2007. The figure is 13 base points below the 30 September 2007 figure, which was 2.97%. The drop in NIM continues to be caused by two major factors. One is the Bank's transforming portfolio structure, which has a long-term impact on the Bank's own and refinanced loans structure. The contribution of subsidized loans within the refinanced portfolio has been steadily shrinking as new loans are denominated mainly in FEX, thus scheduled repayments and prepayments exceed new loans and shrinking subsidized loans have been replaced by FEX loans with lower interest margins. Another negative effect on the Bank's average margin is the re-pricing of subsidized loans, which takes place predominantly in 2007-2008. A similar process is going on in the portfolio of own lending. In the case of own loans an additional impact is rooted in the upward movement of EUR and CHF yield curves. The increase of funding cost, reinforced by the events of the international capital markets, is currently not favourable for mortgage bond issues, nor for other unsecured funding.

Net fees and commission income

The balance of **fees and commissions income and expenditures** in the fourth quarter of 2007 was a **net income amounting to 818.5 million forints**, significantly higher than the 127.8 million forints achieved in the fourth quarter of 2006 and higher than the 183.6 million forints realized in the third quarter of 2007. The balance as of 31 December 2007 was 1.6 billion forints, 147.5% above the 636.1 million forints realized in 2006. In the fourth quarter of 2007 net income from fees contributed 13.6% to gross operating profit compared to 3.7% in the third quarter of 2007. The effective interest rate calculation according to the IFRS standards of FHB Bank Group has been extended by additional advanced methodologies, which change has affected the net fees and commission income of the Bank for 2007. As a result almost the entire range of up-front income and expense related to the mortgage loan disbursements has been included in the profit and loss statement according to the effective interest rate method.

The contribution of commissions from the state after interest subsidies was 21.5% to the fourth quarter fees and commissions income; 46.6% was contributed by fees paid by credit institutions. and 25.7% by fees related to mortgage loans. The fees and commission expenditure was a positive amount of 286.6 million forints due to the expenditure- decreasing accruals of commission paid to acquisition agents. Commission paid to credit institutions amounted 90.0 million forints, fees paid to syndicated partners were 33.8 million forints. Fees related to securities were 45.8 million forints, from which 39.6 million forints commission expenditure related to bonds issuing.

Fees and commission income generated in 2007 amounted to 1,8 billion forints, 17.4% higher than in 2006. The contribution of commissions from the state amounted to 486.1 million forints, fees from credit institutions amounted to 849.0 million forints, and mortgage loan related income was 442.8 million forints. Commission paid to credit institutions contributed 87.2 million forints, or one-third of total expenditures. Fees paid to syndicated partners amounted to 52.8 million forints (20.4% of total expenditures), and fees related to mortgage bond issues amounted to 42.4 million forints (16.3%), and fees related to issued bonds amounted to 40.5 million forints or 15.6% of total commission expenditure.

Net profit from securities and currency transactions

In 2007 **profit from foreign exchange transactions** had a positive balance of 1.4 billion forints, almost doubling the 696.1 million increase achieved in 2006 and reflecting the changes in exchange rates within the period. The net profit from FX transactions amounted to **718.3** million forints in the reported quarter, almost five times the third quarter of 2007 figure and three and a half times the 161.1 million forints profit in the fourth quarter of 2006.

As of 31 December 2007 **profit from securities transactions amounted to 220.0 million forints** (including a 12.3 million forints loss in the fourth quarter), which emerged as a balance of exchange gains and losses on mortgage bonds issued.

The **balance of derivative transactions was -190.4 million forints in Q1-Q4 of 2007** (including 318.6 million and 163.0 million profit incurred in the fourth and third quarters respectively as opposed to 505.9 million and 166.1 million forints loss generated in the second and first quarters respectively) compared to a negative balance of 195.6 million forints in 2006 (including 2.0 million forints profit generated in the fourth quarter).

Other income

As of 31 December 2007 **the balance of other income and expenditure was 403.4 million forints**, arising from 882.6 million forints income net of 479.2 million forints expenditure. A large portion of income, 665.8 million forints, was related to the business of FHB Annuity Ltd. and include income from the valuation of receivables from annuities. On the other expenditures line item, almost half was contributed by expenditure on non-budgeted depreciation. Other expenditures also include annuity settlements (44.2 million forints) as well as donations, late charges and settlements with the tax authorities.

Operating expenses

Data in million HUF

DESCRIPTION	2006 Q4 (Oct-Dec)	2007 Q3 (July-Sept)	2007 Q4 (Oct-Dec)	2007 Q4 / 2006 Q4	2007 Q4 / 2007 Q3
General administrative costs	2,236	2,657	3,088	38.1%	16.2%
Personnel expenses	983	1,220	1,705	73.5%	39.7%
- wages	556	795	1,002	80.1%	26.0%
- other personnel expenses	209	154	344	65.1%	123.2%
- social security expenses	218	271	359	64.6%	32.1%
Other administrative costs	1,253	1,437	1,383	10.4%	-3.8%
- incl. special mortgage banking costs	327	287	174	-46.8%	-39.4%
Taxes paid	175	422	448	156.2%	6.0%
Depreciation	49	319	399	-	25.2%
TOTAL OPERATING EXPENSES	2,459	3,398	3,934	60.0%	15.8%

Operating expenses amounted to 3.9 billion forints in the fourth quarter of 2007, 15.8% more than in the third quarter of 2007 (3.4 billion forints). Operating costs in the reported quarter were 60.0% higher than the 2.5 billion forints achieved in the reference quarter of 2006. As a result of infrastructure investment and restructuring the cost/income ratio (CIR) was 65.4% as of 30 September 2007 and slightly lower, 65.3%, as of 31 December 2007. **CIR excluding banking contribution was 60.3% as of 31 December 2007.**

There was a minor change in the **breakdown of operating costs**. The contribution of **personnel expenses** in the fourth quarter of 2007 was 43.3% compared to 35.9% in the third quarter of 2007 resulting from a 39.7% increase in personnel costs over the Q3 figure. Other administrative costs were 3.8% down from the Q3 of 2007 figure and 10.4% up from the fourth quarter of 2006. There is a general drop in the contribution of this item to operating costs, from 42.3% as of 30 September 2007 to 35.2% by the end of the reported quarter.

Data in million HUF

DESCRIPTION	2006 Jan-Dec	2007 Jan-Dec	2007 / 2006
General administrative costs	7,459	10,050	34.7%
Personnel expenses	3,429	4,570	33.3%
- wages	1,947	2,731	40.3%
- other personnel expenses	656	851	29.7%
- social security expenses	825	987	19.7%
Other administrative costs	4,030	5,480	36.0%
- incl. special mortgage banking costs	1,048	1,023	-2.4%
Taxes paid	536	1,746	225.8%
Depreciation	462	1,255	171.6%
TOTAL OPERATING EXPENSES	8,457	13,050	54.3%

In 2007 operating costs amounted to 13.0 billion forints as opposed to 8.5 billion forints in 2006. This is a 54.3% increase. 26.3% of the increase was from increase of taxes paid (primarily in banking contribution), 17.3% caused by the increase of depreciation (activated strategic development). The increase of other administrative costs was 36.0%. A substantial, approximately 450 million forints increase in operating costs was due to privatization-related one-time costs arising in the third quarter.

Personnel costs contributed 35.0% in 2007 and 40.5% in 2006, the year-on-year increase was 33.3%, due mainly the increased staff number of wider network of branches. The contribution of other administrative costs was down from 47.7% as of 31 December 2006 to 42.0% as of 31 December 2007.

There was a substantial change in the breakdown of other administrative costs during the period of reporting. The contribution of rents was 1.1 billion forints in 2007 due to network expansion. The figure for the fourth quarter was 327.2 million forints (compared to 310.4 million forints on the third quarter). Conversely, in the fourth quarter of 2006 rents amounted to 169.8 million forints and 563.2 million forints for the whole of 2006. As a result of these changes the contribution of rents to administrative costs was 23.7% in the fourth quarter of 2007 (and 20.9% in the year as a whole) compared to 13.6% in Q4 of 2006 (14.0% in 2006).

Marketing and advertising costs amounted to 887.7 million forints as of 31 December 2007, with a 39.4% year-on-year increase. The reason for higher marketing costs are three-fold: launching of new products; costs of opening campaigns of the new branches; and the ongoing advertising costs related to established products.

There was a 64.1 million forints year-on-year decrease in the fourth quarter consultants' fees (326.5 million forints); however, compared to the third quarter of 2007 the item dropped even more significantly, by almost 100.7 million forints, as a result of closing phase of the strategic implementation. In Q1-Q4 of 2007 consultants' fees amounted to 1.1 billion forints, 14.1% higher compared to 990.8 million forints in 2006. As of 31 December 2007 consultants' fees contributed 20.6% to other administrative costs, the second biggest share within the item.

Within the line item of other administrative costs general and administrative costs amounted to 201.5 million forints in the third quarter of 2007. The item in the reported quarter was 211.5 million forints, 5.0% higher than in Q3 of 2007 and 22.6% up from 172.4 million forints in Q4 of 2006. In 2007 these costs amounted to 732.7 million forints, 33.4% higher than the 2006 figure of 549.3 million forints.

In the reported period 12.6% of other administrative costs was contributed by **special mortgage banking costs** (20.0% in the third quarter of 2007 and 26.1% in the fourth quarter of 2006). The main component of special mortgage banking costs is loan coverage life insurance contributing 69.8% to the special mortgage banking costs item in 2006, and 69,8% in the reported quarter. Net valuation fees were 55.3 million forints in 2007, due to the accruals related to effective interest method.

In 2007 **cumulative depreciation** amounted to 1.3 billion forints including 319 million forints in Q3 and 399 million forints in Q4. The 2007 figure is almost triple the amount for the 2006

reference period. The massive change in the year-on-year figure is due to the depreciation of newly acquired tangible and intangible assets. Of depreciation, 53.9% was contributed by intangible assets and 46.1% by tangible assets.

There was a significant increase in the amount of taxes paid in the reported period: as opposed to the 2006 taxes amounting to 536.0 million forints, in the reported quarter of 2007 this item was 1.7 billion due to banking contribution, a new cost item introduced as of 1 January 2007, payable at 5% of income from subsidized loans. Banking contribution is 5% on the income from interests on subsidized loans. **The new tax exceeded 1.0 billion forints in the period of reporting and contributed 7.7% to costs.**

Portfolio quality, loss in value and provisions

The structure of the Bank's portfolio retained its high quality. Compared to the fourth quarter of 2006 there was a slight decrease in the rate of problem-free accounts receivable in both the entire and the loans portfolio (receivables from customers and guarantees).

As of 31 December 2007, 97.4% of the rated portfolio was problem-free (compared to 97.6% as of 30 September 2007 and 98.6% as of 31 December 2006). The combined contribution of sub-par, doubtful and bad transactions was 1.4% (1.2% as of 30 September 2007 and 0.6% as of 31 December 2006), transactions on the watch list contributed 1.2% (1.2% as of 30 September 2007 and 0.9% as of 31 December 2006).

Data in thousand HUF

Description	31 Dec, 2007	31 Dec, 2006
Impairment as at 1st January	819,296	546,906
Charge for the period	2,497,719	1,521,101
Release during the period	-2,317,315	-1,248,711
Impairment at period end	999,701	819,296
Net effect of charge and release	181,142	294,699
Loans written off	0	0
Loss on loans sold	142,367	104,895
Loss on terminated loans	18,296	9,132
Charge/(release) for commitments	7,935	1,877
Losses on loan and advances	349,740	410,603

Structure of the balance sheet³

Data in HUF million

DESCRIPTION	31.12.2006.	30.09.2007.	31.12.2007.	31.12.2007. / 31.12.2006.	31.12.2007. / 30.09.2007.
Cash	37	396	488	-	23.3%
Receivables from NBH	19,351	467	191	-99.0%	-59.1%
Interbank deposits	20,063	25,180	11,892	-40.7%	-52.8%
Available for sale securities	2,855	14,520	21,710	-	49.5%
Refinanced mortgage loans	269,190	284,395	294,720	9.5%	3.6%
Loans	211,682	246,911	264,944	25.2%	7.3%
Fair value of derivatives	2,540	5,496	6,289	147.6%	14.4%
Property for investment		792	1,507	-	90.3%
Tangible assets	6,517	8,932	9,643	48.0%	8.0%
Other assets	5,068	5,839	5,479	8.1%	-6.1%
Assets total	537,302	592,928	616,865	14.8%	4.0%
Payables total	507,815	562,401	584,399	15.1%	3.9%
- Interbank borrowings	44,749	46,902	31,346	-30.0%	-33.2%
- Mortgage bonds	455,658	498,216	493,812	8.4%	-0.9%
- Bonds issued	0	6,914	47,271	-	-
- Deposits	657	2,294	3,599	-	56.9%
- Fair value of derivatives	3,265	4,439	3,878	18.8%	-12.7%
- Other liabilities	3,488	3,635	4,493	28.8%	23.6%
Shareholders' equity	29,487	30,527	32,465	10.1%	6.4%
- Subscribed capital	6,600	6,600	6,600	0.0%	0.0%
- Repurchased own shares	-12	-19	-19	57.4%	0.0%
- Share premium	1,210	1,709	1,709	41.3%	0.0%
- General reserve	2,603	2,937	3,057	17.4%	4.1%
- Cash-flow hedge reserve	-1,884	-2,396	-1,970	4.6%	-17.8%
- Stock option reserve	182	84	182	0.0%	117.7%
- Changes in fair value of avail. for sale fin. assets	-6	-7	-10	67.2%	39.3%
- Reserves for annuity	0	181	385	-	112.5%
- Accumulated assets	20,794	21,438	22,531	8.4%	5.1%
Liabilities total	537,302	592,928	616,865	14.8%	4.0%

As of 31 December 2007 the Bank's consolidated balance sheet total by IFRS amounted to 616.9 billion forints, which is 23.9 billion forints, or approximately 4.0% higher than in the third quarter of 2007 and 79.6 billion forints, or 14.8%, higher than the balance sheet total as of 31 December 2006. Compared to the 31 December 2006 reference period, the increase in assets was generated by the synergy of several factors. While the expansion of the loan portfolio contributed 78.8 to growth, receivables from the National Bank of Hungary reduced it by 19.2 billion forints. Interbank lending also contributed substantially to the increase in assets and securities, with 10.7 billion forints year-on-year increase. The year-on-year increase in tangible assets was also significant, 4.6 billion forints including 1.5 billion forints contributed by the value of real estate passed into the Group's possession by way of annuity contracts.

³ IFRS, consolidated, non-audited figures

On the liabilities side, the predominant portion (though in 2007 only 48.0%) of the increase was contributed by the 38.2 billion forints growth of the mortgage loans portfolio, and reduced by interbank borrowings amounting to 13.4 billion forints. Bonds issued constituted a new type of assets and contributed 47.3 billion forints to liabilities. Year-on-year increase in deposits was 2.9 billion forints. The increase in both assets and liabilities over the figure in the 30 September 2007 balance sheet was due predominantly to an expansion in loans and mortgage bonds.

Interest earning assets

The Group's interest earning assets increased from 571.5 billion forints on 30 September 2007 to 593.4 as of 31 December 2007, exceeding the fourth quarter 2006 figure by 13.4% (or 70.3 billion forints). Loans to retail customers disbursed by the Bank were 25.2% higher as of 31 December 2007 than a year earlier and 7.3% higher than in the third quarter of 2007. Loss in value to cover for losses from lending raised from 816.3 million forints in 2006 to 999.7 million forints. The year-on-year increase in refinanced loans was 9.5%. As of 31 December 2006 refinancing and the Bank's own loans contributed 91.9% to interest earning assets. This contribution grew to reach 94.3% by 31 December 2007.

The loan collateral value of real estate covering ordinary collateral amounted to 1,339.9 billion forints as of 31 December 2007, 3.2% higher than the figure (1,298.0 billion forints) as of 30 September 2007 and 10.5% up from the figure in the same period of the reference year (1,212.2). The LTV ratio (loan principal receivable to collateral value) was 39.0% as of 31 December 2007, somewhat better than the 38.6% ratio in reference period of the previous year.

The portfolio of NBH and other interbank deposits dropped from 25.6 billion forint as of 30 September 2007 to 12.1 billion forints as of 31 December 2007, which means its contribution to interest earning assets was 2.0%. NBH deposits dropped from 19,4 billion forints as of 31 December 2006 to 191.4 million forints due to a change in NHB methodologies as the NBH replaced two-week deposits by bond issues as of January 2007. Interbank deposits continue to serve primarily for the purpose of liquidity.

In conjunction with the shrinking of receivables from NBH, the value of the securities portfolio of the Bank increased from 2.9 billion forints as of 31 December 2006 to 14.5 billion forints as of 30 September 2007, then to 21.7 billion forints as of 31 December 2007. The contribution of securities to interest earning assets was 3.7%. NBH discount bonds replacing NBH deposits contributed 17.0 billion forints to securities, and the contribution of discount treasury bills was 3.2 billion forints and government bonds contributed the remaining 1.5 billion forints. The Bank's securities portfolio continues to serve as a liquidity reserve.

Own assets

The net value of **tangible and intangible assets** amounted to 6.5 billion forints as of 31 December 2006. This amount increased to reach 9.6 billion forints by the end of reported period due primarily to new hardware and other tangible assets as well as software.

The value of real estate transferred to the Bank's possession as a result of the 2007 annuity sales exceeded 1.5 billion forints as of 31 December 2007, almost double the previous quarter's 792.1 million forints.

Other assets amounted to 5.5 billion forints as of 31 December 2007, similarly to 5.1 billion forints in the same period of the reference year. The main items include 2.2 billion forints settlements (of interest subsidies) with the Hungarian State (the reference year balance was 2.6 billion forints), VAT receivable from investment amounting to 427.1 million forints (as opposed to 1.2 billion forints in the reference quarter), and 1.4 billion forints active accruals.

Interest bearing liabilities

Mortgage bonds contributed 85.7% to the Bank's interest bearing liabilities in the reported period, identical with the previous year's figure. The 493.8 billion forints book value of mortgage bonds as of 31 December 2007 was 8.4% higher than in the fourth quarter of 2006, the year-on-year increase amounting to 38.2 billion forints was contributed by 62.7 billion forints new issues, 22.5 billion forints repayments and 3.5 billion forints repurchase including related exchange rate adjustments.

Mortgage bond collateral

The value of assets used as **ordinary collateral** for the mortgage bonds issued by the Bank was **911.2 billion forints** as of 31 December 2007, 3.9% up from the figure of 30 September 2007 (877.0 billion forints) and 14.5% up from the figure as of 31 December 2006 (796.1 billion forints).

The value of the group of assets involved as collateral as of 31 Dec 2007 (HUF million)

Outstanding mortgage bonds in circulation	
face value:	477,775
interest:	148,066
total:	625,841
Value of the regular collateral	
principal:	527,906
interest:	383,248
total:	911,154
Value of assets involved as supplementary collateral (state bonds)	
principal:	0
interest:	0
total:	0

The present value of mortgage bonds was 509.3 billion forints, the present value of collateral was 594.2 billion forints as at 31 December, 2007, the coverage was 116.7%.

Interbank funds

As of 31 December 2007 the 31.3 billion forints **interbank portfolio** contained interbank drawdown amounting to 7.6 billion forints and a Schuldschein loan equivalent to 12.7 billion forints denominated in euro. The CHF-based syndicated loan taken in September 2005 was repaid from a EUR club loan facility equivalent to 11.0 billion forints as of 31 December 2007. The Bank has used the syndicated loan facility as supplementary funds

Deposits

As of 31 December 2007 deposits amounted to 3.6 billion forints including 1.0 billion forints surety deposits covering corporate loans and 2.6 billion forints deposits from retail and corporate costumers of FHB Commercial Bank. As of 30 September 2007 deposits amounted to 2.3 billion forints compared to 655.7 million forints on 31 December 2006 .

Bonds issued

Launched first in September 2007, bond issues constitute a new fund raising securities type instrument in addition to mortgage bond issues. The issues in 2007 resulted in bonds with a book value of 47.3 billion forints as of the 31 December 2007 balance sheet date.

Other liabilities

The Bank's other liabilities amounting to 4.5 billion forints include, among others, debts to suppliers (contributing 32.3% as of 31 December 2007 compared to 12.4% as of 30 September 2007, and 38.0% as of 31 December 2006), passive accruals (20.7% as of 31 December 2007, 20.6% as of 30 September 2007, and 11.5% as of 31 December 2006), and taxes payable (11.8% as of 31 December 2007 compared to 17.4% as of 30 September 2007, and 18.9% as of 31 December 2006). Liabilities from settlement with customers were also substantial, 1.1 billion forints contributing 24.9% to other liabilities compared to 25.9% in Q3 of 2007 and 18.1% in Q4 of 2006.

Shareholders' equity

The year-on-year increase in shareholders' equity was 10.1% (2.9 billion forints), **reaching 32.5 billion forints** as of 31 December 2007. The increase over the 30.5 billion forints figure as of 30 September 2007 was 1.9 billion forints.

The increase was predominantly contributed by a 1.7 billion forints rise in accumulated profit. The 86.4 million forints drop in the real value of cash-flow hedge reserve also had a negative impact on the increase in shareholders' equity and resulted from changes in yield and exchange rates. Provision for annuity payments amounted to 385.2 million forints and was entirely generated in 2007. The combined growth in stock exchange premium and general reserve amounted to 952.9 million forints and contributed significantly to the increase in shareholders' equity.

Capital structure

Data in HUF million

DESCRIPTION	31 Dec, 2007	30 Sept, 2007	31 Dec, 2006
Risk weighted assets (RWA)			
Balance sheet items	215,466	205,497	184,250
Off-balance sheet items	9,301	8,032	4,743
Total consolidated risk weighted assets	224,747	213,499	188,993
Tier 1			
Subscribed capital	6,600	6,600	6,600
Own shares	-19	-19	-12
Premium	1,709	1,709	1,210
General reserve	3,057	2,937	2,603
Stock option reserve	182	84	182
Changes in fair value of available for sale fin. assets	-10	-7	-6
Retained earnings	22,531	21,438	20,794
Reserve for annuity payment	385	181	0
Cash-flow hedge reserve *	0	0	0
Shareholder's equity **	34,436	32,923	31,370
Intangible assets	-6,307	-6,513	-4,677
Tier 2			
General risk reserve	0	0	0
Total Tier 2 capital	0	0	0
Total regulatory capital	28,129	26,410	26,693
Capital adequacy (%)	12.5	12.4	14.1

*Cash flow hedge reserve is excluded when calculating regulatory capital

**Without cash flow hedge reserve

The Bank's **risk weighted assets (RWA)** amounted to 213.5 billion forints as of 30 September 2007 and increased by 5.3% to reach 224.7 billion forints as of 31 December 2007. The 35.8 billion forints year-on-year growth was almost entirely contributed by balance sheet items, mainly by the expansion of the mortgage loan portfolio. Tier 1 was 28.1 billion forints in the period of reporting.

As of 31 December 2007 the **capital adequacy ratio** was 12.5% including the profit for the period compared to 12.4% as of 30 September 2007 and 14.1% as of 31 December 2006.

Off-balance sheet items

The Bank's pending liabilities among the off-balance sheet items was 3.7 billion forints. Contracted but not yet disbursed loans amounted to 5.9 billion forints. Future liabilities amounted to 257.9 billion forints and mainly include hedge transactions relating to mortgage bonds. Liabilities from currency swaps amounted to 12.5 billion forints and included exclusively CHF-based transactions. Interest swaps amounted to 3.6 billion forints and also included only CHF-denominated transactions. **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, 3rd March, 2008

Dániel Gyuris
CEO

Jenő Siklós
Deputy CEO

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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 31 December, 2007 and consolidated, audited data as at 31 December, 2006, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2007	31 Dec, 2006	Change (%)
Interest income	60,522,508	55,850,838	8.4%
Interest expense	-43,938,464	-38,739,400	13.4%
Net interest income	16,584,044	17,111,438	-3.1%
Fee and commission income	1,833,816	1,561,478	17.4%
Fee and commission expense	-259,400	-925,365	-72.0%
Profit from FX transactions	1,379,660	696,110	98.2%
Profit from changes of fair value of derivatives	-190,372	-195,633	-2.7%
Gain less losses from securities	219,582	369,698	-40.6%
Other operating income	882,564	199,192	-
Other operating expense	-479,213	-106,403	-
Operating income	19,970,682	18,710,515	6.7%
Losses/provisions on loans and impairment	-349,740	-410,603	-14.8%
General and administrative costs	-13,050,474	-8,456,512	54.3%
Profit before tax	6,570,468	9,843,400	-33.3%
Taxation expense	-1,254,156	-2,203,830	-43.1%
Profit for the period	5,316,312	7,639,570	-30.4%

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Balance Sheet

(consolidated, non- audited data as at 31 December, 2007 and consolidated, audited data as at 31 December, 2006, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2007	31 Dec, 2006	Change (%)
Assets			
Cash	487,887	37,128	-
Due from National Bank of Hungary	191,428	19,350,720	-99.0%
Placements with other banks	11,891,998	20,062,517	-40.7%
Available for sale securities	21,710,487	2,854,666	-
Refinancing of mortgage loans	294,719,978	269,190,180	9.5%
Loans	264,944,576	211,681,817	25.2%
Fair value of derivatives	6,288,603	2,540,266	147.6%
Property for investment	1,507,287		-
Property and equipment	9,642,512	6,516,614	48.0%
Other assets	5,479,796	5,068,196	8.1%
Total Assets	616,864,550	537,302,104	14.8%
Liabilities			
Deposits from banks	31,345,977	44,748,829	-30.0%
Mortgage bond liabilities	493,812,598	455,657,457	8.4%
Bonds issued	47,270,832	,	-
Deposits	3,599,089	655,657	-
Fair value of derivatives	3,877,636	3,264,553	18.8%
Other liabilities	4,493,137	3,488,420	28.8%
Total Liabilities	584,399,270	507,814,916	15.1%
Shareholders' Equity			
Share capital	6,600,001	6,600,001	0.0%
Repurchased own shares	-18,871	-11,988	57.4%
Share premium	1,709,014	1,209,562	41.3%
General reserve	3,057,035	2,603,494	17.4%
Cash-flow hedge reserve	-1,970,360	-1,883,929	4.6%
Stock option reserve	182,110	182,171	0.0%
Variation in fair value of tradable financial assets	-10,040	-6,003	67.2%
Reserve for annuity payment	385,175		-
Retained earnings/(deficit)	22,531,218	20,793,880	8.4%
Total Shareholders' Equity	32,465,282	29,487,188	10.1%
Total Liabilities and Shareholders' Equity	616,864,550	537,302,104	14.8%

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Cash Flow

(consolidated, non- audited data as at 31 December, 2007 and consolidated, audited data as at 31 December, 2006, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2007	31 Dec, 2006
Cash flows from operating activities		
Net profit	5,316,312	7,639,570
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	1,254,857	642,489
Change of fair value of property for investment	-665,756	0
Provision for losses	188,220	274,271
Loss/(profit) on sale of fixed assets	77,056	2,494
Stock option reserve	-61	182,171
Share granted	0	0
Derivatives	-3,221,685	-1,678,148
Real value of annuity	385,175	0
Cash flow hedge reserve	0	0
Operating profit / (loss) before changes in operating assets	3,334,116	7,062,848
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	-25,529,798	-9,277,729
Loans	-53,443,165	-40,689,891
Accrued interest receivable	0	0
Other assets	-410,956	-887,027
<i>Increase (decrease) in operating liabilities:</i>		
Deposits	3,599,089	0
Due to other banks	10,093,148	1,438,771
Accrued interest payable	0	1,741,135
Other liabilities	204,240	0
Net cash used in operating activities	-62,153,326	-40,611,893
Cash flows from investing activities		
Increase in available for sale securities	-18,859,858	560,421
Proceeds from sale of property and equipment	9,218	1,925
Purchase of property and equipment	-4,467,029	-5,370,952
Purchase of property for investment	-841,531	0
Investment service	-644	0
Net cash used in investing activities	-24,159,844	-4,808,606
Cash flows from financing activities		
Sale/(purchase) of own shares	-520,862	-245,624
Long term loans	-23,496,000	11,814,000
Paid dividend	-2,112,000	-1,776,933
Cash flow hedge reserve	0	0
Instalment from mortgage bonds	-25,558,430	-30,228,476
Proceeds from issue of mortgage bonds	111,121,408	64,776,505
Net cash from financing activities	59,434,116	44,339,472
Net increase in cash and cash equivalents	-26,879,053	-1,081,028
Cash and cash equivalents at beginning of year	39,450,364	40,531,391
Cash and cash equivalents at end of period	12,571,311	39,450,365
Cash and cash equivalents comprises of:		
Cash	487,887	37,128
Due from Central Bank	191,428	19,350,720
Placements with other banks, with a maturity of less than 90 days	11,891,996	20,062,517
Cash and cash equivalents at end of period	12,571,311	39,450,365
<i>Supplemental information</i>		
Interest received	58,248,714	55,214,899
Interest paid	-41,851,272	-38,484,880
Tax paid	-1,298,678	-2,409,054

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Statement of Shareholders' Equity

(consolidated, non-audited data as at 31 December, 2007 and consolidated, audited data as at 31 December, 2006, 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)	Annuity reserve	Retained earnings (deficit)	Shareholders' Equity
31 December 2006	6,600,001	-11,988	1,209,562	2,603,494	-1,883,929	182,171	-6,003	20,793,880	0	29,487,188
Transfer to general reserve				333,091				-333,091		0
Change of fair values cash flow hedge					-511,904					-511,904
Own shares purchase		-525,595								-525,595
Shares granted		518,712	499,452			-145,667		-1,017,735		-145,238
Dividends for 2006								-2,112,000		-2,112,000
Creation of stock option reserve						47,165				47,165
Changes in fair value of available for sale financial assets							-1,203			-1,203
Transfer to annuity reserve									181,254	181,254
Profit for the period								4,107,105		4,107,105
30 September 2007	6,600,001	-18,871	1,709,014	2,936,585	-2,395,833	83,669	-7,206	21,438,161	181,254	30,526,774
Transfer to general reserve				120,450				-120,450		0
Change of fair values cash flow hedge					425,473					425,473
Own shares purchase										0
Shares granted								4,304		4,304
Creation of stock option reserve						98,441				98,441
Changes in fair value of available for sale financial assets							-2,834			-2,834
Transfer to annuity reserve									203,921	203,921
Profit for the period								1,209,204		1,209,204
31 December 2007	6,600,001	-18,871	1,709,014	3,057,035	-1,970,360	182,110	-10,040	22,531,217	385,175	32,465,281

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Mortgage bonds

(consolidated, non-audited data as at 31 December, 2007 and consolidated, audited data as at 31 December, 2006, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	31 December, 2007		31 December, 2006	
Non-listed mortgage bonds				
Fixed	176,370,012	176,351,750	175,019,202	174,473,750
Floating	80,501,162	80,696,500	47,090,316	47,120,500
Listed mortgage bonds				
Fixed	145,857,337	146,217,290	163,422,704	163,370,720
Floating	74,374,927	74,619,680	53,976,127	54,194,180
Accrued interest	16,709,160		16,149,108	0
Total	493,812,598	477,775,220	455,657,457	439,159,150

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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	150,000	95.00	95.00	K

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

PK3. Balance Sheet

Currency	HUF	X	EUR	
Unit	1 000	X	1 000 000	

	Base period	Current period
Placement with other banks	20,062,517	11,891,988
Loans	211,681,817	264,944,576
Refinancing of mortgage loans	269,190,180	294,719,978
Tangible assets	6,516,614	9,642,512
Total assets	537,302,104	616,864,550
Deposits from banks	44,748,829	31,345,977
Deposits from customers	655,657	3,599,260
Mortgage bond liabilities	455,657,457	493,812,598
Total liabilities	507,814,916	584,399,270
Shareholders' equity	29,487,188	32,465,282
Share capital	6,600,001	6,600,001
Total liabilities and shareholders' equity	537,302,104	616,864,550

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PK4. Profit and Loss Statement

Currency	HUF	X	EUR	
Unit	1 000	X	1 000 000	

	Base period	Current period
Net interest income	4,466,474	4,035,479
Total non-interest income	496.925	1.994.019
Profit before tax	2,410,359	1,809,896
Profit after tax	2,100,411	1,209,204

PK6. Major off-balance sheet items

Description	31 Dec, 2007 (HUF million)
Pending obligations	9,559
- available credit facility on credits extended	3,697
- loans committed in contract but not yet extended	5,858
- credit to be purchased from partner bank	5
Future obligations	274,031
Total	283,590

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

RS1. Ownership structure, participation and voting rates

The ownership structure as at 31 December, 2007

Description of group of owners	Entire share capital						Listed series ¹					
	Beginning of target year (01.01.2007)			End of period (31.12.2007.)			Beginning of target year (01.01.2007)			End of period (31.12.2007.)		
	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db
Domestic institutional / company	18.99	18.99	12,534,199	57.13	57.14	37,709,002	12.50	10.98	7,248,499	55.90	49.13	32,423,302
Foreign institutional / company	24.52	24.53	16,185,389	37.85	37.85	24,979,670	27.91	24.53	16,185,389	43.07	37.85	24,979,670
Domestic private individuals	2.22	2.22	1,463,771	0.76	0.76	500,265	2.52	2.22	1,463,771	0.86	0.76	500,265
Foreign private individuals	0.05	0.05	35,452	0.00	0.00	1,000	0.06	0.05	35,452	0.00	0.00	1,000
Employees, executives	0.09	0.09	57,205	0.13	0.13	84,974	0.10	0.09	57,205	0.15	0.13	84,974
Treasury shares	0.01	0.00	8,674	0.01	0.00	8,829	0.01	0.00	8,674	0.02	0.00	8,829
State ⁴	54.11	54.12	35,715,320	4.12	4.12	2,716,270	56.90	50.01	33,001,020	0.00	0.00	1,970
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

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

² Ownership share

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

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

⁵ E.g.: EBRD, EIB, etc.

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

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The ownership structure as at 31 January, 2008

Description of group of owners	Entire share capital						Listed series ¹					
	Beginning of target year (01.01.2008)			End of period (31.01.2008.)			Beginning of target year (01.01.2008)			End of period (31.01.2008.)		
	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db
Domestic institutional / company	57.13	57.14	37,709,002	56.20	56.24	37,093,622	55.90	49.13	32,423,302	54.84	48.24	31,807,922
Foreign institutional / company	37.85	37.85	24,979,670	37.29	37.32	24,611,237	43.07	37.85	24,979,670	42.43	37.32	24,611,237
Domestic private individuals	0.76	0.76	500,265	2.11	2.11	1,392,605	0.86	0.76	500,265	2.40	2.11	1,392,605
Foreign private individuals	0.00	0.00	1,000	0.07	0.07	48,573	0.00	0.00	1,000	0.08	0.07	48,573
Employees, executives	0.13	0.13	84,974	0.13	0.13	88,874	0.15	0.13	84,974	0.15	0.13	88,874
Treasury shares	0.01	0.00	8,829	0.07	0.00	48,829	0.02	0.00	8,829	0.08	0.00	48,829
State ⁴	4.12	4.12	2,716,270	4.12	4.12	2,716,270	0.00	0.00	1,970	0.00	0.00	1,970
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

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

² Ownership share

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

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

⁵ E.g.: EBRD, EIB, etc.

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

The ownership structure as at 31 Dec, 2007

	1 January	31 March	30 June	31 October	31 December
FHB Nyrt.	8,674	80,005	8,829	8,829	8,829
Subsidiaries	0	0	0	0	0
Total	8,674	80,005	8,829	8,829	8,829

The ownership structure as at 31 Jan, 2008

	31 January	31 March	30 June	31 October	31 December
FHB Nyrt.	48,829				
Subsidiaries	0				
Total	48,829				

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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

The ownership structure as at 31 Dec, 2007

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
Clearstream	K	L	11,724,645	20.21	17.77	
Citibank Letétkeszélő	B	L	11,628,659	20.05	17.62	
VCP Finanz Holding Kft.	B	T	6,500,000	11.21	9.85	
HSBC BANK PLC	K	I	6,270,000	10.81	9.50	
Raiffeisen Clients	B	L	5,184,916	8.94	7.86	
RZB Austria	K	L	4,076,790	7.03	6.18	

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.

The ownership structure as at 31 Jan, 2008

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
Clearstream	K	L	11,746,694	20.25	17.81	
Citibank Letétkeszélő	B	L	11,694,009	20.16	17.73	
VCP Finanz Holding Kft.	B	T	6,500,000	11.21	9.86	
HSBC BANK PLC	K	I	6,270,000	10.81	9.51	
Raiffeisen Clients	B	L	3,349,916	5.78	5.08	
RZB Austria	K	L	4,049,790	6.98	6.14	

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)

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

The ownership structure as at 31 Dec, 2007

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
Clearstream	K	L	11,724,645	17.76	17.77	
Citibank Letétkezelő	B	L	11,628,659	17.62	17.62	
Allianz Hungária Biztosító Rt.	B	T	6,538,050	9.91	9.91	
VCP Finanz Holding Kft.	K	I	6,500,000	9.85	9.85	
HSBC BANK PLC	B	L	6,270,000	9.50	9.50	
Raiffeisen Clients	K	L	5,184,916	7.86	7.86	
RZB Austria	K	L	4,076,790	6.18	6.18	

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.

The ownership structure as at 31 Jan, 2008

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
Clearstream	K	L	11.724.645	17,76	17,78	
Citibank Letétkezelő	B	L	11.628.659	17,62	17,63	
Allianz Hungária Biztosító Rt.	B	T	6.538.050	9,91	9,91	
VCP Finanz Holding Kft.	K	I	6.500.000	9,85	9,86	
HSBC BANK PLC	B	L	6.270.000	9,50	9,51	
Raiffeisen Clients	K	L	4.049.790	6,14	6,14	
RZB Austria	K	L	3,349,916	5.08	5.08	

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.

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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 2006.)	Beginning of target year (1 January 2007.)	End of target period (31 Dec 2007.)
Bank	373	141	92
Consolidated	433	436	532

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	István Somkúti	Member	27.04.2007	27.04.2012	0
IT	Dr. Gábor Borsányi	Member	12.05.2006	12.05.2011	8,000
IT	Dr. Károly Salamon	Member	12.05.2006	12.05.2011	0
IT	Dániel Gyuris	Member, CEO	21.04.2006	21.04.2011	2,500
IT	László Harmati	Member, Deputy CEO	21.04.2006	21.04.2011	4,192
IT	Dr. Zoltán Szedlacskó	Member	23.05.2003	23.05.2008	11,972
IT	Dr. Gábor Csányi	Member	28.05.2005	22.12.2007	0
IT	Dr. Márton Vági	Chairman	21.04.2006	21.04.2011	0
FB	Róbert Somfai	Chairman	27.04.2007	27.04.2012	5,000
FB	Ágnes Winkler	Member	27.04.2002	27.04.2012	0
FB	Mónika Kék	Member	05.05.2005	05.05.2010	0
FB	Kata Molnár Orsolya	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	4,000
FB	Dr. Erik Landgraf	Member	02.05.2006	02.05.2011	0
FB	Hoang Nguyen Viet	Member	02.05.2006	02.05.2011	1,500
FB	Márta Szántó	Member	02.05.2006	02.05.2006	0
SP	Jenő Siklós	Deputy CEO	21.10.1997	indefinite	6,310
SP	Tamás Foltányi	Deputy CEO	07.11.2005	indefinite	0
Shares held (pcs) T O T A L :					43,474

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

Note:

- At the meeting of the Board of Directors on 26 March 2007 Ferenc Karvalits, chairman of the Board resigned from his post as chairman and Board member. The Board of Directors elected Dr. Márton Vági chairman of the Board.
- FHB shares held by management already contain the impact of the shares granted after the year 2006 based on the share option programme approved by the Annual General Meeting.
- Dr. Gábor Csányi has resigned from his post in Board of Directors with effect from 21 December 2007

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ANNOUNCEMENTS AND PUBLICATIONS IN THE I.-IV. QUARTERS OF 2007

FHB Group's major announcements and publications in the period of reporting fall into the following categories:

- Banking events (bank information, change of general rules of lending)
- Publication of annual and quarterly reports, information about shareholder's meeting
- Information about mortgage bonds (mortgage bond issues and repurchases, Hungarian and international mortgage bond issue programme update)
- Owners' publication about the agreement of the main shareholders
- Change in key employees and officers (of Directory Board and Supervisory Board)
- Information related to the privatization of FHB
- Announcement on results below planned figures.
- Announcement on foreign investments and starting property agency activity

Publications and announcements published by FHB can be found at the webpage of the Budapest Stock Exchange (www.bet.hu).