



**The preliminary report of FHB
Mortgage Bank Plc for the first
quarter of 2008**

Budapest, 14th May, 2008

The preliminary report of FHB Mortgage Bank for the first quarter 2008 on the activities and results of the Company

The preliminary report of FHB Mortgage Bank Public Company Limited by Shares for the first quarter 2008 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.), FHB Kereskedelmi Bank Zrt. (FHB Commercial Bank Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.) and FHB Életjárdék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd.). The narratives compare the consolidated, audited figures as of 31 December 2007 and the consolidated, non-audited figures as of 31 March 2007 and 31 March 2008.

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

Profit after taxation by IFRS in the first quarter of 2008 were 2.3 billion forints, 95.9% higher than after-tax profit in the fourth quarter of 2007 and 34.0% above the Q1 2007 figure.

The Bank's **consolidated balance sheet total was up by 16.8%**, from 545.6 billion forints to **637.4 billion forints year-on-year**.

The **average net interest margin dropped** by 7 basis points, from 2.84% on 31 December 2007 to 2.77% due to the intense competition in the retail mortgage loan market, increasing cost of FX funds, widening spreads due to developments in international money and capital markets, and the changing composition of the Group's loan portfolio. Over the past quarter the drop in the margin was 41 basis points. Another major factor that contributed to the narrowing of the net interest margin was the change in the structure of the subsidized loan portfolio in respect of the various periods with differing degrees of interest subsidy.

The Group's **cost-income ratio** dropped from 53.3% in the same period of 2007 (with the adjustment of the tax effect) to 49.6%. **As of 31 March 2007 the Bank's CIR excluding banking contribution was 44.4%.**

Shareholders equity exceeded 36.0 billion forints as of 31 March 2008 as a result of a **16.3% year-on-year increase**.

After-tax profit excluding derivatives amounted to 2.1 billion forints in the first quarter of 2008, 9.0% above the figure for the same period of the previous year and 87.5% above the fourth quarter 2007 figure.

The 2008 first quarter profits of FHB Bank Group were better than planned, as a result of both external factors (higher FX and derivative results caused by changes in interest rates and FX rates), and internal processes (cost saving initiatives). In spite of the favourable first quarter results, the Bank Group maintains its original profit plans for the year 2008. Uncertainties of the market

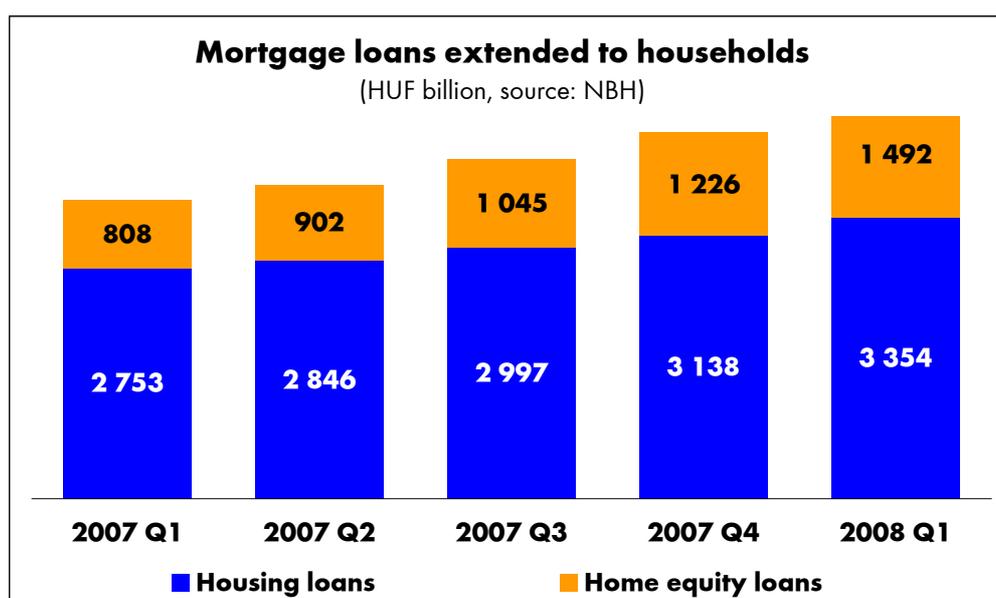
circumstances, and the budgeted expenses of the expansion and development of various distribution channels' for the second half of the year require conservative approach.

Retail mortgage loan market

According to National Bank of Hungary figures, the retail mortgage loan portfolio amounted to 4,846.5 billion forints as of 31 March 2008 achieving a 482.5 billion forints (or 11.1%) increase over the previous quarter's figure with the year-on-year figure being 1,285.1 billion forints (or 36.1%) higher. In terms of both volume and intensity the year-on-year growth is greater than the 700.9 billion forints growth achieved in 2007, which was 24.5% higher than the 2006 figure. Disregarding the impact of exchange rates fluctuation the year-on-year growth of the retail mortgage loans portfolio was 1,144.2 billion forints, or 30.9% (at 31 December 2008 rate).

Growth in the portfolio continues to be generated by the increasing rate of foreign exchange-denominated loans: the annual growth of the FX loan portfolio was 1,419.9 billion forints. At the same time the forint-based loan portfolio shrank by 134.8 billion forints compared to the same quarter of the previous year and 44.0 billion forints compared to the previous quarter's figure. At the end of the quarter the total amount of retail mortgage loans was 3,170.9 billion forints, 65.4% of which was disbursed in foreign exchange as opposed to 1,675.7 billion forints HUF loans, steadily shrinking. The intensity of growth is marked by the fact that in the same period of the previous year the proportion of FX loans was 49.2%.

Year-on-year growth in housing loans extended to households was 21.8% or 600.9 billion forints. The annual growth was significantly higher than the 2007 figure of 386.7 billion forints. The average growth per month was 51.3 billion forints. The first quarter 2008 growth was 216.4 billion forints, more than quadruple the base quarter growth of 53.8 billion forints. The entire retail housing loan portfolio amounted to 3,354.2 billion forints as of 31 March 2008.



The increase in FX-based loans was greatly contributed to by **soaring general-purpose mortgage loans** whose growth had been insignificant over the previous years. Compared to 808.1 billion forints contributing 22.7% to the overall retail loans portfolio as of 31 March 2007, the contribution of general-purpose loans to retail lending grew to reach 30.8% by the end of the period of reporting due to general-purpose loans' 53.2% contribution to the growth of the loan portfolio over the past year.

The substantial increase in the portfolio of **general-purpose loans to retail customers** was 21.7% in the first quarter of 2008 with a year-on-year growth of 84.7%. Average monthly growth over the year was 61.8 billion forints. Of the total amount of general-purpose loans 97.0% was disbursed in foreign exchange; the total portfolio value was nearly 1,492.4 billion forints as of 31 March 2008. General-purpose mortgage loans contributed 61.6% to total consumer loans as of 31 March 2008 as opposed to 50.5% 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 general-purpose 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 quarter up to 31 March 2008 the gross amount of loans sold by the Bank grew by 22.2 billion forints or 8.4%. The increase over the 31 March 2007 figure was 32.4%.

In the first quarter of 2008 disbursements by the Group amounted to 19.9 billion forints, 79.6% up from 11.1 billion forints in the same period of the previous year, but 18.3% down from 24.3 billion forints in the previous quarter as a result of seasonal impacts. In keeping with the general trend in the mortgage loans market, foreign exchange-denominated lending continues to be the leading product contributing 89.6% to Q1 2008 disbursements.

Mortgage loan products

The Group's most popular product is general-purpose mortgage loans contributing 51.2% to total disbursements in the first quarter. Virtually the entire amount of 10.2 billion forints was disbursed in FX. Q1 2008 disbursements were more than two and a half times higher than the 3.9 billion forints achieved in the first quarter of 2007 but fell 21.0% short of the Q4 2007 figure. The portfolio value was 82.1 billion forints as of 31 March 2008, 19.7% higher than the previous quarter's figure and double the portfolio value as of 31 March 2007.

There was a simultaneous steady decline in the demand for housing loans and the contribution of this product to total disbursements has been shrinking. While in the first quarter of 2007 housing loans contributed 49.6% and disbursements amounted to 5.5 billion forints, the contribution in the fourth quarter of 2007 was 32.7% with 7.9 billion forints disbursements, and in Q1 of 2008, this product contributed 29.7% to the Group's performance with disbursements amounting to 5.9 billion forints. Housing loan disbursements are still dominated by loans extended for the purchase of existing homes: their contribution was 3.6 billion forints in the first quarter of 2008 (2.6 billion

forints in Q1 2007 and 4.4 billion forints in Q4 2007). Loans extended for the purchase of new homes amounted to only 0.9 billion forints (1.1 billion forints in Q4 2007), and the total value of home building loans was 1.1 billion forints (1.9 billion forints in Q4 2007). The value of the housing loans portfolio was 182.8 billion forints as of 31 March 2008, 8.6% higher than the 2007 year-end figure.

The performance of corporate loans was strong in the first quarter of 2008: the 3.3 billion forints achieved surpassed the Q4 2007 figure by 23.2%. Almost all of the disbursements in the quarter, 3.1 billion forints, were contributed by commercial real estate financing (53.8% increase over the previous quarter's figure). Disbursements of home building project loans only amounted to 0.2 billion forints, 66.0% below the Q4 2007 figure of 690.8 billion forints. Corporate loans contributed 16.8% to total disbursements in the first quarter. The value of the portfolio was 17.2 billion forints as of +1 March 2008; its annual growth was almost triple, and its growth over the previous quarter was 27.8%.

Land development loans achieved 0.2 billion forints in the first quarter of 2008, lagging behind the Q4 2007 disbursements of 430.4 million forints and the first quarter of 2007 figure of 398.5 million forints. The value of the land development loans portfolio was 3.0 billion forints as of 31 December 2007, which the Bank managed to increase by 5.2% by the end of first quarter of 2008.

Launched in 2007, the reverse mortgage product extended to senior citizens followed a dynamic growth curve and achieved 0.4 billion forints in the fourth quarter of 2007. This was followed by a slight downward movement in the first quarter of 2008, when 0.3 billion forints were disbursed. Since the fourth quarter the Bank has offered this product denominated also in euro, though the 2008 loans were overwhelmingly denominated in forint. The breakdown is 85.2% HUF and 14.8% FX.

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 the reported quarter's disbursements by the network of agents was 63.7%, the Bank's own network of branches contributed 35.1%, and syndicated loans contributed 1.2% to own loans. In the same period of 2007 the network of agents contributed 67.5%, the network of branches contributed 28.9%, and consortial loans contributed 3.6% to own loans.

Refinancing

As of 31 March 2008 the portfolio of refinanced loans showed a 15.2%, or 41.4 billion forints year-on-year increase and amounted to 313.5 billion forints. The value of the portfolio was 18.8 billion forints, or 6.4%, up from the 31 December 2007 figure. Newly refinanced mortgage loans amounted to 21.2 billion forints in the first quarter of 2008. This performance exceeded the Q1 2007 disbursements amounting to 14.0 billion forints by 51.3%, and was only slightly below the Q4 2007 figure of 21.3 billion forints.

In accordance with the cooperation agreement concluded with FHB Commercial Bank Ltd., the value of refinancing at Group level was 15.4 billion forints as of 31 March 2008, 150% of the 10,0 billion forints achieved in the previous quarter.

Within the refinancing portfolio the proportion of FX-based loans continued their steady increase: compared to the first quarter of 2007, when already 86.8% of refinancing was denominated in foreign exchange, FX loan disbursements reached 95.0% in reported year. Most of the first quarter disbursements, 20.1 billion forints, were denominated in Swiss francs.

FHB Commercial Bank Ltd.

Loans extended by FHB Commercial Bank in the first quarter of 2008 amounted to approximately 14.0 billion forints, contributing 70.4% to own lending but falling 13.5% short of the 16.2 billion forints achieved in the fourth quarter of 2007. The amount was contributed almost entirely by mortgage loan sales. Disbursements are predominantly in Swiss franc (99.9%). Euro and forint disbursements jointly amounted to only 19.3 million forints. As was the case in the preceding quarter, the loan portfolio is dominated by general-purpose mortgage loans contributing 9.9 billion forints to total disbursements in the reported quarter. The main products within the housing loan portfolio were loans extended for the purchase of new and existing homes with a total contribution of 3.7 billion forints to the Commercial Bank's achievement for the year. Corporate lending also took off, which is indicated by 408.4 million forints disbursed for commercial real estate financing loans in the reported quarter, almost twice the previous quarter's figure.

The number of retail accounts was almost 11,000 as of 31 March 2008, while it was only 8,000 as of 31 December 2007. There was a substantial increase in funds on retail and corporate accounts compared to the previous quarter; however, this has no significant effect on the Group balance as yet. The number of bank cards issued in the first quarter of 2008 was almost 2,600. The total number of cards issued so far to FHB Commercial Bank customers was 6,500.

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 Mortgage Bank 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 March 2008 FHB Annuity signed annuity contracts amounting to 2.6 billion forints with approximately the same total real estate value. The portfolio value is 152.0% of the Q4 2007 total contract value of 727 million forints. 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 amounted to 0.8 billion 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, FHB Real Estate Ltd. started to offer valuation services to external buyers.

In the first quarter of 2008 the FRH Real Estate launched real estate agency as a new business. Expansion and further development of the new activity is in progress

Mortgage bond issues and financing

In the first quarter of 2008 long term funding was done exclusively through mortgage bond issues in the domestic market. The Mortgage Bank involved 31.1 billion forints gross, almost five billion forints more than in the same period of the preceding year. Net funds involved amounted to 11.9 billion forints as a total of 13.9 billion forints mortgage bonds matured in the first quarter and a portion of the Schuldschein loan was repaid, in the amount of 5.3 billion forints.

In the first quarter of 2008 the Bank's Issues Programme for 2007 and 2008 was authorized with a maximum total nominal value of 200 billion forints. The first series under the new Programme were launched in February and March.

An event of major importance for the Bank was the definitive Aa rating of FHB's mortgage bonds by Moody's as of 1 April 2008. The FHB mortgage bonds were put on the negative watch only because of the possible implications of the privatization in August 2007. The mortgage bonds were downgraded from Aa2 to Aa3. FHB Plc. undertook more stringent cover and liquidity terms on its mortgage bonds than set forth by the relevant statutory provisions.

The Stock Exchange in Luxembourg approved the Bank's Mortgage Bond and Bond Issuing Programme in value of 3 billion euro. From this date, the Bank's mortgage bonds are „ECB eligible“.

Trading of FHB's mortgage bonds in the stock exchange continued to be moderate in the first quarter of 2008 and remained under half a 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 1,808.9 billion forints as of 31 March 2008. FHB's share of the mortgage bond market was 27.6% at the end of the first quarter of 2008, slightly down from the previous quarter's figure.

Changes in the legislative environment

The most important legislative changes in the first quarter of 2008 that affect the Group's business are as follows:

Decree No. 9 of 2008 (26 January) of the Government on the amendment of certain Government decrees pertaining to construction, with effect from 2 February 2008 (including, for example, Decree No. 244 of 2006 (5 December) on detailed rules of eligibility to exercise the function of technical supervisor and the responsible technical coordinator, and Decree No. 291 of 2007 (31 October) on building supervision activity).

Decree No. 3 of 2008 (26 February) of the Minister of Finance on the data to be provided for the Hungarian Financial Supervisory Authority by credit institutions and the method of provision entered into effect on 27 February 2008.

Restructuring and staff figures

Staff figures

The consolidated headcount was 563 at the end of the reported quarter, 5.8% higher than the 532 staff at year-end of 2007, and 17.8% up from the 31 March 2007 figure of 478. As of 31 March 2008 branch staff was 175 and that of headquarters was 388. All of the branch staff are employed by FHB Commercial Bank. Group companies had the following staff figures as of 31 March 2008: FHB Mortgage Bank Plc. 83, FHB Commercial Bank Ltd. 273, FHB Services Ltd. 170, FHB Annuity Ltd. 16, and FHB Real Estate Ltd. 21.

Officers and executives

On 29 April 2008 all members of the Board of Directors resigned from their position. The Annual General Meeting elected the following persons to serve on the Board of Directors, each with a mandate of five years: Dr. Zoltán Spéder, Dr. Gábor Borsányi, Dániel Gyuris, László Harmati, Dr. Christian Riener, Dr. Károly Salamon, István Somkuti and Dr. Márton Vági. At its first meeting held after the AGM the Board of Directors elected Dr. Zoltán Spéder as Chairman of the Board. The following members of the Supervisory Board resigned from their position as of 29 April 2008: Róbert Somfai, Dr. Gyula Czok, Éva Baranyi and Márta Szántó. The AGM re-elected Róbert Somfai with a mandate for five years. At its first meeting held after the AGM the Supervisory Board elected Róbert Somfai as Chairman of the Supervisory Board.

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

The Bank's **total consolidated assets** according to International Financial Reporting Standards were up by **16.8%**, from 545.6 billion forints to **637.4 billion forints**. The increase was predominantly generated by the growth in the mortgage loan portfolio.

Shareholders' equity **grew by 16.3%** over the period of a year to exceed **36.0 billion forints**, due primarily to an increase in assets accumulated from profits.

Earnings before taxation were **3.2 billion forints** in the reported quarter, 64.5% up from the Q4 2007 figure (2.0 billion forints with tax effect adjustment) and achieving a 35.2% year-on-year increase. **After-tax profit** was **2.3 billion forints** as of 31 March 2008.

Key financial indicators	Consolidated figures by IFRS		
	31 Mar 2007	31 Mar 2008	2008 Q1/ 2007 Q1
Balance sheet total (HUF million)	545,608	637,411	16.8%
Book value of mortgage loans (HUF million)	489,091	600,864	22.9%
Book value of mortgage bonds (HUF million)	466,606	512,656	9.9%
Shareholders' equity (HUF million)	30,994	36,061	16.3%
Earnings before taxation (HUF million)	2,391	3,232	35.2%
After tax profit (HUF million)	1,736	2,326	34.0%
Net interest margin (NIM)	3.18%	2.77%	-12.9%
CIR (operating expenses / gross operating income)	53.3%	49.6%	-6.9%
EPS (HUF) *	107	143	33.9%
P/E (share price/EPS)	19.1	9.2	-51.9%
P/BV (share price/equity/number of shares)	4.3	2.4	-44.7%
Adjusted capital	27.765	29.158	5.0%
ROAA (return on average assets)	1.3%	1.6%	19.9%
ROAE (return on average equity)	21.9%	28.3%	29.1%

* Calculation based on the closing share price as at 31 March, 2008. (HUF 1,310)

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	2007 Q1 (Jan-Mar)	2007 Q4 (Oct-Dec)	2008 Q1 (Jan-Mar)	2008 Q1/ 2007 Q1	2008 Q1/ 2007Q4
Net interest income	4,310	4,054	4,137	-4.0%	2.1%
Net fees and commissions income	314	875	469	49.3%	-46.5%
Net profit from financial transactions	53	787	938	-	19.1%
Other income and expenditure	-14	85	468	-	446.0%
Gross operating income	4,663	5,802	6,011	28.9%	3.6%
Operating expenses	-2,486	-3,552	-2,984	20.0%	-16.0%
Net operating income	2,177	2,250	3,027	39.1%	34.5%
Losses from lending and impairment	215	-285	205	-4.4%	-171.9%
Profit before taxation	2,391	1,965	3,232	35.2%	64.5%
Taxes	-655	-778	-906	38.3%	16.4%
After tax profit	1,736	1,187	2,326	34.0%	95.9%
Profit before tax without changes in fair value of swap transactions	2,557	1,884	2,980	16.5%	58.2%
Profit after tax without changes in fair value of swap transactions	1,902	1,106	2,073	9.0%	87.5%

In the first quarter of 2008 the Bank realised **2.3 billion forints consolidated after-tax profit by IFRS**, 95.9% more than in the fourth quarter of 2007 and 34.0% above Q1 2007. **Profit before tax was over 3.2 billion forints**, 35.2% higher than the figure in the same period of 2007 and almost 1.3 billion forints, or 64.5%, higher than fourth quarter 2007 PBT.

Profit before tax excluding hedges amounted to 3.0 billion forints in the first quarter of 2008, 16.5% above the figure for the same period of the previous year and 58.2% above the fourth quarter 2007 figure.

Since 2008, based on the decision made by the European Commission and with the accordance of the auditor, the local business tax and the contribution of innovation expenditures are reclassified to taxes from operating expenses in the profit and loss statement of the Bank Group. In order to enable comparability, the taxes were retrospectively reclassified in this stock exchange report. The amount was 207.5 million forints in the reported period, 185.7 million forints in the fourth quarter of 2007, and 144.7 million forints in the first quarter of 2007.

² IFRS, consolidated, non-audited figures

Net interest income

The balance of the **17.3 billion forints income from interest in the first quarter of 2008** (20.5% of the Q1 2007 figure and 6.6% of the Q4 2007 figure) and **13.1 billion forints expenditures on interest** (31.1% of the Q1 2007 figure and 8.1% of the Q4 2007 figure) **was 4.1 billion forints net interest income**. Net interest income was 2.1% up from the Q1 2007 figure but 4.0% down from the figure of the first quarter of 2007. Interest expense grew more rapidly than income from interest, which is largely due to the impact of negative trends in the money markets in 2007.

In first quarter of 2008 the main contributor to interest income was interest on own lending at 42.4% followed by refinanced mortgage loans at 34.1%. The aggregate interest on interbank deposits and securities contributed 1.8%, while the contribution of interest income on derivatives was 21.7%. The breakdown of income from interest followed the earlier trend: the contribution of interest income on refinanced loans decreased by approximately 3.6 percentage points while interest income on derivatives increased by 4.4 percentage points year-on-year. Income from interest on loans extended by the Bank contributed 43.4% in the first quarter of 2007, the contribution of income from interest on refinancing was 44.3%, the contribution of interbank deposits and securities was 3.7% and of derivatives, 8.6% in the same period.

Within the line item of interest income, the contribution of interest subsidy (subsidy of interest on mortgage bonds and supplementary interest subsidy) was 60.0% in the first quarter of 2007 (as opposed to 50.5% in Q4 of 2007) and **was only 45.8% in the first quarter of 2008**. Simultaneously with the drop in income from subsidies, interest income from customers increased, which reflects an upward trend of non-subsidized loans (primarily FX-denominated general-purpose loans) within the portfolio. The change indicates that the actions made to compensate the reduction of the proportion of subsidized loans and the level of subsidy are in line with the requirements.

In the period of reporting 65.0% of interest expense was incurred in conjunction with mortgage bonds (the Q1 2007 figure was 77.8% and the Q4 2007 was 70.3%). The contribution of interest paid on interbank loans received was negligible. The contribution of derivative hedges was 25.1% (18.9% in Q1 2007 and 21.5% in Q4 2007). In the reported year interest on newly raised funds had no significant contribution yet: interest paid on deposits contributed 0.2%, and expenditure on interest on bonds issued contributed 6.8%. Nevertheless, the cost of funds related to mortgage bonds and bonds issued was increased significantly in the periods of Q4 2007 and Q1 2008 from the base period. Depended on the type and the maturity of the issued security, the extra prices are increased by 60-90 basis points in Q1 2008.

The average net interest margin (NIM) was 2.84% as of 31 December 2007 and **2.77%** as of 31 March 2008. The figure is seven basis points below the 31 December 2007 figure. The drop in NIM continues to be caused by two major factors. One is the Bank's transforming loans portfolio structure, which has been an ongoing process for a longer period. The transformation stems from the re-pricing of subsidized loans on the one hand, and the mounting contribution of FX loans on the other hand. Both of these processes have a negative impact on the margin. Another major factor contributing to the dropping of the margin is the cost of funds. Developments in the international capital and money markets triggered a massive increase in yield margins on

both mortgage bonds and non-hedged funds. The effect is gradually reflected in the average NIM.

Net fees and commission income

The balance of **fees and commissions income and expenditures** in the first quarter of 2007 was a **net income amounting to 468.6 million forints**, lower than the 875.1 million forints achieved in the fourth quarter of 2007 but significantly higher than the 313.9 million forints realized in the first quarter of 2007. In the first quarter of 2008 net income from fees contributed 7.8% to gross operating profit compared to 15.1% in the fourth quarter of 2007.

The contribution of commissions from the state after interest subsidies was 20.1% to the first quarter fees and commissions income (20.1% in Q4 2007, and 27.7% in Q1 2007); 44.1% was contributed by fees paid by credit institutions (43.9% in Q4 2007, and 40.9% in Q1 2007) and 28.5% by fees related to mortgage loans (24.0% in Q4 2007, and 20.1% in Q1 2007). The fees and commission expenditure was 34.4 million forints due to the expenditure- decreasing accruals of commission paid. The main amount of commission paid was related to securities were 29.9 million forints, from which 1.0 million forints commission expenditure related to bonds issuing.

Net profit from securities and currency transactions

In the first quarter of 2008 **profit from foreign exchange transactions** had a positive balance of 0.7 billion forints, almost quintupling the 114.9 million forints increase achieved in Q1 2007 but falling 5.6% short of the previous quarter's figure, and reflecting the changes in exchange rates within the period. The profit from FX transactions depends on the future level of FX rates in 2008, for which the Bank has no influence.

As of 31 March 2008 profit from securities transactions amounted to 7.2 million forints, which emerged as a balance of exchange gains and losses on securities issued and repurchased (mortgage bonds, and since the fourth quarter of 2007, also unsecured bonds). While this figure is better than the 12.7 million forints loss generated in Q4 2007, it lags behind the 104.1 million forints profit achieved in Q1 2007.

The **balance of derivative transactions was 252.4 million forints profit** as of 31 March 2008 (as opposed to 318.6 million forints profit in Q4 2007 and 166.1 million forints loss generated in Q1 2007).

Other income

As of 31 March 2007 **the balance of other income and expenditure was 467.9 million forints**, arising from 526.0 million forints income net of 58.1 million forints expenditure. A large portion of income, 493.3 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 side, the line item also includes donations, late charges and settlement with the tax authorities.

Operating expenses

Data in million HUF

DESCRIPTION	2007 Q1 (Jan-Mar)	2007 Q4 (Oct-Dec)	2008 Q1 (Jan-Mar)	2008 Q1/ 2007 Q1	2008 Q1/ 2007Q4
General administrative costs	2,074	2,911	2,253	8.7%	-22.6%
Personnel expenses	869	1,709	1,104	27.1%	-35.4%
- wages	556	1,002	676	21.6%	-32.5%
- other personnel expenses	118	349	181	53.5%	-47.9%
- social security expenses	194	359	247	27.0%	-31.2%
Other administrative costs	1,205	1,202	1,185	-1.6%	-1.4%
Taxes paid	253	245	317	25.2%	29.3%
Depreciation	159	396	378	137.0%	-4.6%
TOTAL OPERATING EXPENSES	2,486	3,552	2,984	20.0%	-16.0%

Operating costs amounted to 3.0 billion forints in the first quarter of 2008, 16.0% less than in the fourth quarter of 2007 (3.6 billion forints, with tax effect adjustment). Adjusted operating costs in the reported quarter were 20.0% higher than the 2.5 billion forints achieved in the first quarter of 2007. As a result of infrastructure investment and restructuring the adjusted cost/income ratio (CIR) was 61.4% as of 31 December 2007 and significantly lower, 49.6%, as of 31 March 2008. **CIR adjusted with local tax effect and excluding banking contribution was 56.4% as of 31 December 2007 and improved to 44.4% as of 31 March 2008.**

There was a minor change in the breakdown of **operating expenses**. The contribution of personnel expenses in the first quarter of 2008 was 37.0% compared to 48.1% in the fourth quarter of 2007 (and 34.9% in Q1 2007) resulting from a 35.4% drop in personnel costs over the Q4 2007 figure. **Other administrative costs** were 1.4% down from the Q4 2007 figure and 1.6% down from the first quarter of 2007. There is a general drop in the contribution of this item to operating costs, from 33.8% as of 31 December 2007 to 39.7% by the end of the reported quarter.

Marketing and advertising costs amounted to 212.3 million forints as of 31 March 2008, with a 32.1% year-on-year increase. Higher marketing costs are mainly attributed to the cost campaigns launched at the beginning of the year.

There was a 183.9 million forints decrease in the first quarter consultants' fees (142.9 million forints) compared to the fourth quarter of 2007; however, compared to the first quarter of 2007 the item increased by 37.6 million forints. As of 31 March 2008 this item had a 12.1% share within the other administrative costs item.

Within the line item of other administrative costs general and administrative costs amounted to 209.4 million forints in the fourth quarter of 2007. The item in the reported quarter was 223.5 million forints, 6.7% higher than in Q4 2007 and 64.5% up from the 135.9 million forints incurred in the first quarter of 2007.

In the first quarter of 2008 **depreciation** amounted to 377.8 million forints, 4.6% less than the Q4 2007 figure but 137.0% higher than in the first quarter of 2007. The massive change in the

year-on-year figure is due to the depreciation of newly acquired tangible and intangible assets. Of the first quarter 2008 depreciation, 60.5% was contributed by intangible assets and 39.5% by tangibles.

Taxes paid without local business tax and innovation contribution amounted to 253.0 million forints in the first quarter of 2007 and 245.1 million forints in Q4 2007 due to banking contribution, a new cost item introduced as of 1 January 2007. Taxes paid amounted to 316.9 million forints in the first quarter of 2008. Banking contribution is 5% on the income from interests on subsidized loans. The new tax exceeded 316.0 million forints in the period of reporting and contributed 10.6% 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).

The amount of the portfolio by IFRS method was 649.3 billion forints as at 31 March, 2008, while it was 624.5 billion forints as at 31 December, 2007 and 523.3 billion forints as at 31 March, 2007. The proportion of the depreciated portfolio by IFRS was 0,96% as at 31 March, 2008, while it was 1,03% as at 31 December, 2007 and 0,56% as at 31 March, 2007. The proportion of the loss in value of the total portfolio by IFRS was 0,14% as at 31 March, 2008, while it was 0,16% as at 31 December, 2007 and 0,11% as at 31 March, 2007.

Data in thousand HUF

Description	31 March, 2008	31 Dec, 2007	31 March, 2007
Impairment as at 1st January	999,701	819,296	819,296
Charge for the period	953,333	2,497,719	549,686
Release during the period	-1,078,945	-2,317,315	-776,598
Impairment at period end	874,089	999,701	592,384
Net effect of charge and release	-205,427	181,142	-217,875
Loans written off	0	0	0
Loss on loans sold	147	142,367	0
Loss on terminated loans	4,830	18,296	3,016
Charge/(release) for commitments	-4,538	7,935	504
Losses on loan and advances	-204,988	349,740	-214,355

Balance sheet³

Data in HUF million

DESCRIPTION	31.03.2007.	31.12.2007.	31.03.2008.	31.03.2008. / 31.03.2007.	31.03.2008. / 31.12.2007.
Cash	117	488	516	342,5%	5,7%
Receivables from NBH	172	191	460	166,9%	140,1%
Interbank deposits	24.408	11.892	10.150	-58,4%	-14,7%
Available for sale securities	14.097	21.710	4.451	-68,4%	-79,5%
Refinanced mortgage loans	272.129	294.720	313.515	15,2%	6,4%
Loans	216.963	265.102	287.349	32,4%	8,4%
Fair value of derivatives	3.686	6.289	1.809	-50,9%	-71,2%
Property for investment		1.507	2.554	-	69,5%
Tangible assets	7.733	9.645	9.582	23,9%	-0,7%
Other assets	6.302	5.409	7.025	11,4%	29,9%
Assets total	545.607	616.954	637.411	16,8%	3,3%
Payables total	514.613	584.896	601.351	16,9%	2,8%
- Interbank borrowings	38.356	31.346	21.645	-43,6%	-30,9%
- Mortgage bonds	466.606	493.879	512.665	9,9%	3,8%
- Bonds issued	0	47.417	47.064	-	-0,7%
- Deposits	1.197	3.599	4.442	271,0%	23,4%
- Fair value of derivatives	5.059	3.878	10.309	103,7%	165,9%
- Reserves for annuity	0	385	626	-	62,4%
- Other liabilities	3.394	4.393	4.610	35,8%	4,9%
Shareholders' equity	30.994	32.465	36.061	16,3%	12,5%
- Subscribed capital	6.600	6.600	6.600	0,0%	0,0%
- Repurchased own shares	-159	-19	-166	4,7%	779,7%
- Share premium	1.709	1.709	1.709	0,0%	0,0%
- General reserve	2.753	3.060	3.285	19,3%	7,4%
- Cash-flow hedge reserve	-1.985	-1.970	-158	-92,0%	-92,0%
- Stock option reserve	334	182	209	-37,6%	14,7%
- Changes in fair value of avail. for sale fin. assets	0	-11	-25	-	135,1%
- Accumulated assets	21.742	22.507	24.607	13,2%	9,3%
Liabilities total	545.607	616.954	637.411	16,8%	3,3%

As of 31 March 2008 the Bank's consolidated **balance sheet total** by IFRS amounted to **637.4 billion forints**, which is 20.5 billion forints, or approximately 3.3% higher than in the fourth quarter of 2007 and 91.8 billion forints, or 16.8%, higher than the balance sheet total as of 31 March 2007. Compared to the 31 March 2007 reference period, most of the increase in assets was generated by a 111.8 billion forints expansion of the loan portfolio reduced by a 23.9 billion forints drop in interbank lending and securities. The year-on-year increase in tangible assets was also significant, 4.4 billion forints including 2.6 billion forints contributed by the value of real estate passed into the Group's possession by the annuity contracts.

³ IFRS, consolidated, non-audited figures

On the liabilities side, a large portion of the increase was contributed by the growth of the securities portfolio (mortgage loans contributed 46.0 billion forints and bonds contributed 47.1 billion forints to the increase in the balance sheet total), and was reduced by interbank borrowings amounting to 16.7 billion forints. Year-on-year increase in deposits was 3.2 billion forints. The increase in both assets and liabilities over the figure compared to the 31 March 2007 balance sheet was due predominantly to an expansion in loans, mortgage bonds and bonds issued.

Interest earning assets

The Group's interest earning assets increased from 593.6 billion forints on 31 December 2007 to 615.9 as of 31 March 2008, exceeding the first quarter 2007 figure by 16.7% (or 88.2 billion forints). Loans to retail customers disbursed by the Bank were 32.4% higher as of 31 March 2008 than a year earlier and 8.4% higher than in the fourth quarter of 2007. Loss in value to cover for losses from lending dropped from 592.4 million forints in Q1 2007 to 874.1 million forints. The year-on-year increase in refinanced loans was 15.2%. As of 31 December 2007 refinancing and the Bank's own loans contributed 94.3% to interest earning assets. This contribution grew to reach 97.6% by 31 March 2008.

The collateral value of real estate covering ordinary collateral amounted to 1,386.5 billion forints as of 31 March 2007, 3.5% higher than the figure (1,339.9 billion forints) as of 31 December 2007 and 11.8% up from the figure in the first quarter of the reference year (1,239.8). The LTV ratio (loan principal receivable to collateral value) was 40.1% as of 31 March 2007, somewhat higher than the 38.3% ratio in reference period of the previous year.

The portfolio of NBH and other interbank deposits dropped from 12.1 billion forint as of 31 December 2007 to 10.6 billion forints as of 31 March 2008, which means its contribution to interest earning assets was 1.7%. NBH and other interbank lending soared from 191.4 million forints as of 31 December 2007 to 459.5 million forints in the period of reporting. Interbank deposits continue to serve primarily for the purpose of liquidity.

The value of the securities portfolio of the Bank decreased from 21.7 billion forints as of 31 December 2007 to 4.5 billion forints as of 31 March 2008. The contribution of securities to interest earning assets was thus 0.7%. The contribution of discount treasury bills was 3.9 billion forints and government bonds contributed the remaining 0.6 billion forints. The Bank's securities portfolio continues to serve exclusively as a liquidity reserve.

Property for investment, own and other assets

The value of **real estate** transferred to the Bank's possession as a result of the first quarter of 2008 annuity sales exceeded 2.5 billion forints as of 31 March 2007, almost 70% up from the previous quarter's 1.5 billion forints.

The net value of **tangible and intangible assets** amounted to 7.7 billion forints as of 31 March 2007. This amount increased to reach 9.6 billion forints by the end of reported period due primarily to new IT and other hardware and other tangible assets as well as software.

Other assets amounted to 7.0 billion forints as of 31 March 2008, 11.4% in excess of the 6.3 billion forints in the same period of the reference year. The main items include 4.3 billion forints settlements (of interest subsidies) with the Hungarian State (the balance as of the end of 2007 was 2.2 billion forints), VAT receivable from investment amounting to 302.4 million forints (as opposed to 898.3 million forints in December of the reference year), and 1.5 billion forints active accruals.

Interest bearing liabilities

Mortgage bonds contributed 87.5% to the Bank's interest bearing liabilities in the reported period, almost identical with the previous quarter's figure of 85.7%. The 512.7 billion forints book value of mortgage bonds as of 31 March 2008 was 9.9% higher than in the first quarter of 2007, the year-on-year increase amounting to 46.0 billion forints was contributed by 68.0 billion forints new issues, 29.3 billion forints repayments and 0.5 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 **962.3 billion forints** as of 31 March 2008, 5.6% up from the figure as of 31 December 2007 (911.2 billion forints) and 12.9% up from the figure as of 31 March 2007 (852.3 billion forints).

The value of the group of assets involved as collateral as of 31 Mar 2008 (HUF million)

Outstanding mortgage bonds in circulation	
face value:	499,915
interest:	142,606
total:	642,521

Value of the regular collateral	
principal:	561,699
interest:	400,954
total:	962,293

Value of assets involved as supplementary collateral (state bonds)	
principal:	0
interest:	0
total:	0

The present value of mortgage bonds amounted to 520.8 billion forints, and the present value of collateral was 611.9 billion forints as of 31 March 2008, thus the rate of cover was 117.49%.

The ratio of the total of regular and supplementary collateral principal, and the outstanding mortgage bond face value was 112.36%, while the ratio of the total of regular and supplementary collateral interest, and the outstanding mortgage bond interest was 280.91% as at 31 March, 2008.

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 resulted in bonds with a book value of 47.4 billion forints as of the 31 December 2007 balance date. The value of the portfolio was 47.1 billion forints as of 31 March 2008 as a result of the effect of deferred interests.

Interbank funds

As of 31 March 2008 the 21.6 billion forints **interbank portfolio** contained interbank drawdown amounting to 2.5 billion forints and a Schuldschein loan equivalent to 7.8 billion forints denominated in euro. The CHF-based syndicated loan taken in September 2005 was repaid from a EUR club loan facility equivalent to 11.3 billion forints as of 31 March 2008. The Bank has used the syndicated loan facility as supplementary funds.

Deposits

As of 31 March 2008 consolidated deposits amounted to 4.4 billion forints including 1.3 billion forints surety deposits covering corporate loans and 3.1 billion forints deposits from retail and

corporate costumers of FHB Commercial Bank. As of 31 December 2007 deposits amounted to 3.6 billion forints compared to 1.2 million forints as of 31 March 2007 .

Other liabilities

The Bank's other liabilities amounting to 4.6 billion forints include, among others, debts to suppliers (contributing 12.9% as of 31 March 2008 compared to 33.1% as of 31 December 2007, and 12.4% as of 31 March 2007), passive accruals (26.5% as of 31 March 2008, 15.6% as of 31 December 2007, and 7.7% as of 31 March 2007), and taxes payable (11.2% as of 31 March 2008 compared to 11.8% as of 31 December 2007, and 14.1% as of 31 March 2007). Liabilities from settlement with customers were also substantial, 1.2 billion forints contributing 26.9% to other liabilities compared to 25.4% in Q4 of 2007 and 16.6% in Q4 of 2007.

Shareholders' equity

The year-on-year increase in shareholders' equity was 16.3% (5.1 billion forints), **reaching 36.1 billion forints** as of 31 March 2008. The increase over the 32.1 billion forints figure as of 31 December 2007 was 4.0 billion forints.

The increase was predominantly contributed by a 2.9 billion forints rise in accumulated profit. The 1.8 million forints increase in the fair value of cash-flow hedge reserve also had a positive impact on the increase in shareholders' equity. The increase in general reserve amounted to 532 million forints and contributed significantly to the increase in shareholders' equity.

Capital structure

Data in HUF million

DESCRIPTION	31 Mar, 2008	31 Dec, 2007	31 Mar, 2007
Tier 1			
Subscribed capital	6,600	6,600	6,600
Own shares	-166	-19	-159
Premium	1,709	1,709	1,709
General reserve	3,285	3,060	2,753
Stock option reserve	209	182	335
Changes in fair value of available for sale fin. assets	-25	-11	0
Retained earnings	24,607	22,507	21,742
Cash-flow hedge reserve*	0	0	0
Shareholder's equity**	36,219	34,028	32,980
Intangible assets	-7,061	-7,019	-5,215
Tier 2			
General risk reserve	0	0	0
Total Tier 2 capital	0	0	0
Total regulatory capital	29,158	27,009	27,765

*Cash flow hedge reserve is excluded when calculating regulatory capital

**Without cash flow hedge reserve

Off-balance sheet items

The Bank's pending liabilities among the off-balance sheet items was 3.4 billion forints. Contracted but not yet disbursed loans amounted to 4.2 billion forints. Future liabilities amounted to 290.7 billion forints and mainly include hedge transactions relating to mortgage bonds. Liabilities from currency swaps amounted to 33.2 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, 14th May, 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 March, 2008 and 31 March, 2007, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Mar, 2008	31 Mar, 2007	Change (%)
Interest income	17,252,500	14,313,011	20.5%
Interest expense	-13,115,437	-10,003,036	31.1%
Net interest income	4,137,063	4,309,975	-4.0%
Fee and commission income	503,003	444,281	13.2%
Fee and commission expense	-34,410	-130,384	-73.6%
Profit from FX transactions	678,286	114,863	490.5%
Profit from changes of fair value of derivatives	252,372	-166,104	-251.9%
Gain less losses from securities	7,236	104,138	-93.1%
Other operating income	526,055	14,958	-
Other operating expense	-58,108	-28,741	102.2%
Operating income	6,011,497	4,662,986	28.9%
Losses/provisions on loans and impairment	204,989	214,355	-4.4%
General and administrative costs	-2,984,344	-2,486,024	20%
Profit before tax	3,232,142	2,391,317	35.2%
Taxation expense	-906,333	-655,190	38.3%
Profit for the period	2,325,809	1,736,127	34.0%

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Balance Sheet

(consolidated, non- audited data as at 31 March, 2008 and 31 March, 2007, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Dec, 2007	31 Dec, 2006	Change (%)
Assets			
Cash	515,935	116,606	342.5%
Due from National Bank of Hungary	459,540	172,184	166.9%
Placements with other banks	10,149,631	24,407,958	-58.4%
Available for sale securities	4,451,046	14,096,667	-68.4%
Refinancing of mortgage loans	313,514,942	272,128,647	15.2%
Loans	287,349,301	216,962,753	32.4%
Fair value of derivatives	1,808,820	3,686,118	-50.9%
Property for investment	2,554,422	-	-
Property and equipment	9,582,379	7,733,289	23.9%
Other assets	7,025,376	6,303,363	11.4%
Total Assets	637,411,392	545,607,585	16.8%
Liabilities			
Deposits from banks	21,644,994	38,356,349	-43.6%
Mortgage bond liabilities	512,655,538	466,605,957	9.9%
Bonds issued	47,063,877	-	-
Deposits	4,441,855	1,197,350	271.0%
Fair value of derivatives	10,309,159	5,059,984	103.7%
Reserve for annuity payment	625,660	-	-
Other liabilities	4,609,679	3,393,564	35.8%
Total Liabilities	601,350,762	514,613,204	16.9%
Shareholders' Equity			
Share capital	6,600,001	6,600,001	0.0%
Repurchased own shares	-166,001	-158,538	4.7%
Share premium	1,709,014	1,709,014	0.0%
General reserve	3,285,014	2,752,508	19.3%
Cash-flow hedge reserve	-158,245	-1,984,918	-92.0%
Stock option reserve	208,882	334,510	-37.6%
Variation in fair value of tradable financial assets	-24,929	-334	-
Retained earnings/(deficit)	24,606,895	21,742,138	13.2%
Total Shareholders' Equity	36,060,631	30,994,381	16.3%
Total Liabilities and Shareholders' Equity	637,411,392	545,607,585	16.8%

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Cash Flow

(consolidated, non- audited data as at 31 March, 2008 and 31 March, 2007, according to IFRS, data in thousand HUF)

DESCRIPTION	31 Mar, 2008	31 Mar, 2007
Cash flows from operating activities		
Net profit	2,325,809	1,736,127
Non cash adjustments to net income to net cash from operating activities:		
Depreciation	377,792	159,426
Change of fair value of property for investment	-429,566	0
Provision for losses	-129,817	-226,453
Loss/(profit) on sale of fixed assets	19,002	-166
Stock option reserve	26,772	152,339
Share granted	0	0
Derivatives	12,723,421	548,591
Real value of annuity	240,485	0
Cash flow hedge reserve	0	0
Operating profit / (loss) before changes in operating assets	15,153,899	2,369,774
<i>Increase (decrease) in operating assets:</i>		
Refinancing of mortgage loans	-18,794,964	-2,938,467
Loans	-22,121,612	-5,054,024
Accrued interest receivable	0	0
Other assets	-1,615,639	-1,235,166
<i>Increase (decrease) in operating liabilities:</i>		
Deposits	842,766	0
Due to other banks	-4,814,284	-5,495,480
Accrued interest payable	0	0
Other liabilities	-228,103	416,320
Net cash used in operating activities	-31,577,937	-11,937,043
Cash flows from investing activities		
Increase in available for sale securities	17,244,551	-11,236,332
Proceeds from sale of property and equipment	2,019	872
Purchase of property and equipment	-335,823	-1,376,807
Purchase of property for investment	-617,569	0
Investment service	-15	0
Net cash used in investing activities	16,293,163	-12,612,267
Cash flows from financing activities		
Sale/(purchase) of own shares	-147,130	0
Long term loans	-4,886,700	-897,000
Paid dividend	0	0
Cash flow hedge reserve	0	0
Instalment from mortgage bonds	-7,516,115	-7,058,680
Proceeds from issue of mortgage bonds	26,388,513	18,037,328
Net cash from financing activities	13,838,568	9,795,694
Net increase in cash and cash equivalents	-1,446,206	-14,753,616
Cash and cash equivalents at beginning of year	12,571,312	39,450,364
Cash and cash equivalents at end of period	11,125,106	24,696,748
Cash and cash equivalents comprises of:		
Cash	515,935	116,606
Due from Central Bank	459,540	172,184
Placements with other banks, with a maturity of less than 90 days	10,149,631	24,407,958
Cash and cash equivalents at end of period	11,125,106	24,696,748
<i>Supplemental information</i>		
<i>Interest received</i>	15,448,294	13,806,427
<i>Interest paid</i>	-14,060,196	-11,496,662
<i>Tax paid</i>	-355,986	-245,458

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Statement of Shareholders' Equity

(consolidated, non-audited data as at 31 March, 2008 and 31 March, 2007, 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
31 Marc 2007	6,600,001	-158,538	1,709,014	2,752,508	-1,984,918	334,510	-334	21,742,138	30,994,381
Transfer to general reserve				307,029				-307,029	0
Change of fair values cash flow hedge					14,558				14,558
Own shares purchase		-379,045							-379,045
Shares granted		518,712				-285,071		-374,574	-140,933
Dividends for 2006								-2,112,000	-2,112,000
Creation of stock option reserve						132,671			132,671
Changes in fair value of available for sale financial assets							-10,270		-10,270
Profit for the period								3,558,028	3,558,028
31 December 2007	6,600,001	-18,871	1,709,014	3,059,537	-1,970,360	182,110	-10,604	22,506,562	32,057,389
Transfer to general reserve				225,477				-225,477	0
Change of fair values cash flow hedge					1,812,115				1,812,115
Own shares purchase		-147,130							-147,130
Shares granted									0
Creation of stock option reserve						26,772			26,772
Changes in fair value of available for sale financial assets							-14,325		-14,325
Profit for the period								2,325,810	2,325,810
31 December 2007	6,600,001	-166,001	1,709,014	3,285,014	-158,245	208,882	-24,929	24,606,895	36,060,631

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Mortgage bonds

(consolidated, non- audited data as at 31 March, 2008 and 31 March, 2007, according to IFRS, data in thousand HUF)

DESCRIPTION	Carrying amount	Nominal value	Carrying amount	Nominal value
	31 March, 2008		31 March, 2007	
Non-listed mortgage bonds				
Fixed	169,085,384	168,731,250	179,854,452	179,359,850
Floating	49,302,119	49,027,750	45,956,305	45,984,250
Listed mortgage bonds				
Fixed	149,096,147	146,127,290	153,540,170	153,575,290
Floating	57,686,972	56,885,180	73,135,775	73,350,080
Accrued interest	13,910,960		14,119,255	0
Total	439,081,583	420,771,470	466,605,957	452,269,470

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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 24 April, 2008

Description of group of owners	Entire share capital						Listed series ¹					
	Beginning of target year (01.01.2008)			End of period (24.04.2008.)			Beginning of target year (01.01.2008)			End of period (24.04.2008.)		
	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db
Domestic institutional / company	57.13	57.14	37,709,002	47.50	47.62	31,349,680	55.90	49.13	32,423,302	44.94	39.60	26,063,980
Foreign institutional / company	37.85	37.85	24,979,670	46.45	46.56	30,658,034	43.07	37.85	24,979,670	52.86	46.57	30,658,034
Domestic private individuals	0.76	0.76	500,265	1.60	1.60	1,050,271	0.86	0.76	500,265	1.81	1.61	1,050,271
Foreign private individuals	0.00	0.00	1,000	0.01	0.01	4,357	0.00	0.00	1,000	0.01	0.01	4,357
Employees, executives	0.13	0.13	84,974	0.09	0.10	62,607	0.15	0.13	84,974	0.11	0.10	62,607
Treasury shares	0.01	0.00	8,829	0.24	0.00	160,761	0.02	0.00	8,829	0.28	0.00	160,761
State ⁴	4.12	4.12	2,716,270	4.11	4.12	2,714,300	0.00	0.00	1,970	0.00	0.00	0
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.

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

As at 24 April, 2008

	24 April	30 June	31 October	31 December
FHB Nyrt.	160.761			
Subsidiaries	0			
Total	160.761			

Name: FHB Mortgage Bank Plc
 Address: 1132 Budapest, Váci út 20.
 Sector code: 6522
 Reporting period: 01.01.2008 – 31.03.2008

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 Fax: +36 1 452 - 9200
 E-mail: bardosp@fhb.hu
 Investor relations: Péter Bárdos

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 24 April, 2008

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
UBS AG Zürich Nominee	K	L	9,268,300	15.98	14.08	
Keler Zrt. Nominee	B	L	7,121,094	12.28	10.82	
VCP Finanz Holding Kft.	B	T	6,500,000	11.21	9.87	
Silvermist Estate S.A.	K	T	6,303,545	10.87	9.57	
HSBC BANK PLC	K	I	6,270,000	10.81	9.52	
A64 Vagyonkezelő Kft.*	B	T	4,821,938	8.31	7.32	
RZB Austria	K	L	4,049,790	6.98	6.15	

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

The ownership structure as at 24 April, 2008

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rights (%) ^{3,4}	Notes ⁵
UBS AG Zürich Nominee	K	L	9,268,300	14.04	14.08	
Keler Zrt. Nominee	B	L	7,121,094	10.79	10.82	
Allianz Hungária Biztosító Zrt.	B	I	6,538,050	9.91	9.93	
VCP Finanz Holding Kft.	B	T	6,500,000	9.85	9.87	
Silvermist Estate S.A.	K	T	6,303,545	9.55	9.57	
HSBC BANK PLC	K	I	6,270,000	9.50	9.52	
A64 Vagyonkezelő Kft.*	B	T	4,821,938	7.31	7.32	
RZB Austria	K	L	4,049,790	6.14	6.15	

* A64 Vagyonkezelő Kft held 6.356.938 pieces of shares as at 29th April, 2008, which is 9,63% share regarding the entire share capital.

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.

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 March 2007.)	Beginning of target year (1 January 2008.)	End of target period (31 March 2008.)
Bank	106	92	83
Consolidated	478	532	563

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

After the General Meeting held at 29 April, 2008:

Type ¹	Name	Position	Beginning of mandate	End / termination of mandate	Shares held (pcs)
IT	Dr. Spéder Zoltán	Chairman	29.04.2008	29.04.2013	0
IT	Dr. Gábor Borsányi	Member	29.04.2008	29.04.2013	8,000
IT	Dr. Károly Salamon	Member	29.04.2008	29.04.2013	0
IT	Dániel Gyuris	Member, CEO	29.04.2008	29.04.2013	2,500
IT	László Harmati	Member, Deputy CEO	29.04.2008	29.04.2013	4,192
IT	Dr. Christian Riener	Member	29.04.2008	29.04.2013	0
IT	István Somkúti	Member	29.04.2008	29.04.2013	0
IT	Dr. Márton Vági	Member	29.04.2008	29.04.2013	0
FB	Róbert Somfai	Chairman	29.04.2008	29.04.2013	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	Dr. Erik Landgraf	Member	02.05.2006	02.05.2011	0
FB	Hoang Nguyen Viet	Member	02.05.2006	02.05.2011	1,500
SP	Jenő Siklós	Deputy CEO	21.10.1997	Indefinite	6,310
SP	Tamás Foltányi	Deputy CEO	07.11.2005	Indefinite	0
Shares held (pcs) TOTAL:					27,502

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

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INFORMATION AND DISCLOSURES, Q1 2008

The more important information and disclosures issued by FHB Group fall into the following categories:

- Events relating to Group operation (banking announcements, changes in the Rules of Operation);
- Disclosure of flash reports and annual reports;
- Information in relation to mortgage bonds (offerings and repurchase, updating of the domestic and international mortgage bond issues programme, value of mortgage bonds and their cover);
- Shareholders' announcements regarding acquisition of holdings in excess of 5%;
- Notification of FHB share transactions;
- Rating by Moody's;
- Proposals submitted to the AGM and invitation to the AGM.

Announcements, information and disclosures published by FHB are available at the following sites:

www.bet.hu

www.kozzetetelek.hu

www.fhb.hu