



FHB MORTGAGE BANK CO. PLC.
(FHB JELZÁLOGBANK NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG)

(incorporated with limited liability in the Republic of Hungary)

EUR 3,000,000,000

Euro Mortgage Securities and Euro Medium Term Note Programme
for the issuance of
Hungarian Mortgage Bonds and Mortgage Notes (*jelzáloglevelek*) and Notes

This supplement (the **Supplement**) constitutes a supplement for the purposes of Directive 2003/71/EC (the **Prospectus Directive**) and for the purposes of Article 13 of Chapter 1 of Part II of the Luxembourg Law of 10 July 2005 on Prospectuses for Securities (the **Prospectus Law**) implementing the Prospectus Directive. This Supplement is supplemental to, forms part of, and must be read in conjunction with, the Base Prospectus dated 31 May 2011 (the **Base Prospectus**) and with the previous Supplement dated August 16, 2011 prepared by FHB Mortgage Bank Co. Plc. (*FHB Jelzálogbank Nyilvánosan Működő Részvénytársaság*) (the **Issuer**) with respect to the EUR 3,000,000,000 Euro Mortgage Securities and Euro Medium Term Note Programme for the issuance of Hungarian Mortgage Bonds and Mortgage Notes (*jelzáloglevelek*) and Notes (the **Programme**). Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement.

This Supplement has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority for the purposes of the Prospectus Law.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

Save as disclosed in this Supplement and any prior supplements to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with paragraph 2 of Article 13 of the Prospectus Law, investors who have already agreed to purchase or subscribe for the Mortgage Bonds, the Mortgage Notes or the Notes before this Supplement is published, shall have the right, exercisable within a time limit of a minimum two working days after the publication of this Supplement, to withdraw their acceptances.

Copies of this Supplement and the Base Prospectus are available on the Luxembourg Stock Exchange's website (www.bourse.lu) and on the website of the Issuer (www.fhb.hu), and such

documents are available free of charge from the specified office of any paying agent or the principal office in Luxembourg of Deutsche Bank Luxembourg S.A., being 2, boulevard Konrad Adenauer, 1115 Luxembourg, Luxembourg.

The purpose of this Supplement

This Supplement has been prepared for the purposes of: (i) disclosing, and including in the relevant section of the Base Prospectus, information on legislative developments recently adopted in Hungary with the aim of providing fixed exchange rate for the full repayment of covered foreign currency mortgage loans; (ii) incorporating by reference the Interim Management Report for the first half of 2011 of FHB Mortgage Bank Plc. dated August 22, 2011; (iii) incorporating by reference the Interim Management Report for the third quarter of 2011 of FHB Mortgage Bank Plc. dated November 18, 2011; (iv) disclosing, and including in the relevant section of the Base Prospectus, information about the Moody's rating actions in October and November 2011; (v) updating the relevant section of the Base Prospectus with recent changes in respect of the issuer's Structure of the Group.

By virtue of this Supplement, the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described in the section headed "*Amendments to the Base Prospectus*" of this Supplement below and consequential amendments shall be deemed to have been made to page numbering and all cross-references to page numbering in the Base Prospectus.

AMENDMENTS TO THE BASE PROSPECTUS

- (1) **The following subtitle and text shall be deemed to have been inserted following the subsection headed “Special bank tax” of the subsection headed “Legislative and financial measures intended to stabilise the markets as a response to the global financial crisis” in the section headed “The Hungarian Banking System and Capital Market” of the Base Prospectus at page 231:**

“Fixed exchange rates for the full repayment of covered foreign currency mortgage loans”

In September 2011 the Hungarian Parliament approved Act no. CXXI: of 2011 on the Amendment of Certain Acts concerning Home Protection. This act, in relevant part, concerns the prepayment of retail mortgage loans denominated in or linked to foreign currency (hereinafter foreign currency loans). Natural person clients of banks (such as the Issuer) are entitled, subject to conditions laid down in act, to repay (initiated by an application submitted to the creditor bank) the outstanding balance of the foreign currency mortgage loans based on currency exchange rates which are set by law at rates of 180 HUF/CHF, 250 HUF/EUR and 200HUF/100JPY. Conditions for eligibility to participate in the scheme include: 8i) the reference exchange rate upon the disbursement of the loan must not have been higher than the above statutory rates; (ii) the loan agreement must still be effective at the time of application; (iii) application must be made by 30 December 2011; (iv) the entire outstanding amount (including any related bridge loans or escrow account loans) must be repaid within 60 days from the application.

Act no. CXXI. of 2011 amended Act no. CXII. of 1996 on Credit Institutions and Financial Enterprises by inserting new provisions, such as section 200/B. The following is an unofficial translation of the most relevant statutory text.

“200/B. (1) In case of full early repayment (hereinafter: final repayment) based on a mortgage right established on a residential property in the area of the Republic of Hungary, or based on a foreign exchange-denominated loan contract concluded with the customer and secured by unconditional state guarantee provided in compliance with Section 44 of Act no CXXXV of 2004 on Budget of Republic of Hungary for the year 2005, provided the requirements set out in Section 82) are met, the financial institution, when determining the sum of the final repayment in HUF, shall apply the following exchange rates: for the Swiss Franc 180/CHF, for the Euro 250 HUF/EUR, for the Japanese Yen 200 HUF/100JPY.

(2)The financial institution shall apply the exchange rates set out in Subsection (1), if

a) the exchange rate applied upon disbursement of the relevant foreign exchange denominated loan to be repaid did not exceed the exchange rate defined in Subsection (1),

b) the financial institution has not terminated the loan contract before the entering into force of Act no. LXXV. of 2011 on the Amendment of Certain Acts concerning Home Protection,

c) the debtor submits his written application regarding final repayment before 30th December 2011 to the financial institution which provided the foreign exchange denominated loan to be repaid,

d) if a bridging loan or and Accumulation Credit Line (as defined above) has been granted in connection with the foreign exchange denominated loan, the debtor assumes full repayment of these loans simultaneously with the submission of the application mentioned in point c), and

e) the final repayment mentioned in point c) is performed within 60 days from the date of the submission of the application.

(3) The financial institution cannot refuse the application regarding the final repayment, provided the requirements set out in Subsection (2) points a)-d) are fulfilled, furthermore, it shall prepare all documentation for the performance of the final repayment by the date determined by the debtor, or within 60 days at the latest from the date of the submission of the application as set out in Section (2) c), in turn, the debtor shall – in accordance with his application for final repayment – fulfil all of his payment obligations connected to the final repayment at the same time with the termination of his loan contract through final repayment at the latest.

(4) The financial institution shall not charge any expenses, other kind of fee or commission as defined in the Act on Credit Granted to Consumers, for a final repayment as defined in Subsection (1) and Subsection (2) point d).

(5) The mediator shall not claim any brokerage fee from his principal for the mediation of any financial service related to the granting of loans for the purpose of the full or partial performance of the final repayment.”

(2)) Incorporating by reference the Interim Management Report for the first half of 2011 of FHB Mortgage Bank Plc. dated August 22, 2011

The information incorporated by reference above is available as follows:

Information Incorporated by Reference	Reference
Consolidated, unaudited Income Statement as at 30 June 2011.	Page 22-23
Consolidated, unaudited Financial Position as at 30 June 2011.	Page 24
Consolidated unaudited, Cash Flow as at 30 June 2011.	Page 25
Consolidated, unaudited Statement of Shareholders' Equity (“A”) and (“B”) as at 30 June 2011.	Page 26-27

Any information not listed in the above cross-reference list but included in the document incorporated by reference is given for information purposes only.

(3)) Incorporating by reference the Interim Management Report for the third quarter of 2011 of FHB Mortgage Bank Plc. dated November 18, 2011

The information incorporated by reference above is available as follows:

Information Incorporated by Reference	Reference
Consolidated, unaudited Income Statement as at 30 September 2011.	Page 21-22
Consolidated, unaudited Financial Position as	Page 23

at 30 September 2011.	
Consolidated unaudited, Cash Flow as at 30 September 2011.	Page 24
Consolidated, unaudited Statement of Shareholders' Equity ("A") and ("B") as at 30 September 2011.	Page 25-26

Any information not listed in the above cross-reference list but included in the document incorporated by reference is given for information purposes only.

(4) The following text shall be deemed to have been inserted following the subsection headed "*Rating developments*" in the section headed "*Description of the Issuer*" of the Base Prospectus at page 167:

On **4th October 2011** Moody's Deutschland GmbH (established in the European Union and has been registered under the Regulation 1060/2009/EC on credit rating agencies as amended by Regulation (EU) No 513/2011 (the "CRA Regulation") and as such Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation: http://www.esma.europa.eu/data/document/2011_247_List_of_registered_CRAs_31_October_2011.pdf) announced that it has placed on review for downgrade the standalone bank financial strength rating of D and the local and foreign currency long terms deposit rating of Ba1 of the FHB Mortgage Bank Co. Plc.

On **5 October 2011** Moody's Deutschland GmbH announced, that it placed on review for downgrade the present Baa3 rating of the mortgage covered bonds issued by FHB Co. Plc's. This announcement on FHB Co. Plc's covered bonds was prompted by the corresponding announcement taken by Moody's on the present D of standalone bank financing strength rating and the present Ba1 local and foreign currency deposit rating of FHB Mortgage Bank Co. Plc. on 4 October 2011.

Due to the announcement of Moody's Deutschland GmbH published on 24 November 2011, in which it lowered the Hungarian debt rating to "Ba1" and the country's foreign currency deposit ceiling to "Ba2", Moody's announced on **25 November 2011**, that it downgraded the ratings of 7 Hungarian Banks, included the ratings of the FHB Mortgage Bank Co. Plc. The local and foreign currency long terms deposit rating of FHB Mortgage Bank Co. Plc. changes from "Ba1/Not-Prime" to "Ba2/Not-Prime", however the standalone bank financial strength rating of "D" remained unchanged. The present Baa3 rating of the mortgage covered bonds issued by FHB Co. Plc's remained unchanged. All the above ratings remained on review for possible downgrade

(5) The subsection *FHB Service Ltd.* headed of "*Members of the Group*" of the subsection headed "*The Group*" in the section headed "*Description of the Issuer*" of the Base Prospectus at page 164 shall be deemed to have been deleted in its entirety.

(6) On the chart of the subsection "*The structure of the Group*" headed of the subsection "*The Group*" in the section headed "*Description of the Issuer*" of the Base Prospectus at page 165 the *FHB Service Ltd.* shall be deemed to have been deleted.

(7) The following text shall be deemed to have been inserted immediately following the subsection of “Members of the Group” of the subsection headed “The Group” in the section headed “Description of the Issuer” of the Base Prospectus at page 164:

In accordance with the Interim Management Report of the Company for the third quarter of 2011, dated November 18, 2011, the contract on sale and purchase of FHB Services Ltd. between FHB Commercial Bank Ltd. (“FHB Bank Ltd.”) as seller and Budapesti Ingatlan Holding Vagyonkezelő Zrt. as buyer has been signed (the „Transaction”). On the day before the Transaction, the Company transferred 100 per. cent of the shares of FHB Services Ltd. to FHB Commercial Bank Ltd. and then the shares have been sold to the non-banking group member buyer.

The closing of the Transaction took place on December 1, 2011, the transactional consideration has been set by the parties in advance in the amount of HUF 1.470 billion, for the fulfilment of which the buyer transferred 2,583,480 pieces of ordinary shares issued by Budapesti Ingatlan Hasznosítási és Fejlesztési Nyilvánosan Működő Részvénytársaság („BIF Nyrt.”), therefore FHB Bank Ltd. acquires a 10.0010 per cent stake in BIF Nyrt. The final amount of the consideration shall be fixed after the closing, and the above-mentioned initial amount might be adjusted in accordance with the value of own equity of FHB Services Ltd. as at the date of the Transaction.

Since as a consequence of the Transaction, FHB Services Ltd. will not belong to FHB Banking Group in the future, as from December 1, 2011 FHB Services Ltd. changes its company name and the contracts on those information technology services which will continuously be provided to FHB Banking Group has also been concluded.

As the result of the Transaction the intangible assets owned by FHB Services Ltd. will not belong to FHB Banking Group – under these circumstances and on the basis of other parallel effects of the Transaction the consolidated own funds of the Banking Group is expected to be increased by more than HUF 9 billion.

GENERAL INFORMATION

There has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.