SUPPLEMENT DATED 16 December 2013

Bank of Ireland Group

Bank of Ireland Mortgage Bank

(a public unlimited company incorporated under the laws of Ireland with registration number 386415)

€15,000,000,000
Mortgage Covered Securities Programme

This supplement (the **Supplement**) is supplemental to and should be read in conjunction with the base prospectus of Bank of Ireland Mortgage Bank (the **Issuer**) dated 27 August 2013 (together the **Base Prospectus**) relating to the Issuer's €15,000,000,000 Mortgage Covered Securities Programme (the **Programme**). Words and expressions defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement constitutes a base prospectus supplement for the purposes of Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**)) and is issued in accordance with Article 16 thereof and relevant Irish laws.This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange Limited (the **Irish Stock Exchange**) or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

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

1. Risk Factors

(i) The following disclosure updates the risk factor entitled "*Challenging Economic Environment"* on page 23-24:

Ireland is currently experiencing a challenging economic environment and a period of fiscal adjustment. As part of an EU/IMF aid programme negotiated in late November 2010 the Government is committed to reducing the budget deficit to below 3 per cent. of GDP by 2015 through a combination of public expenditure reductions and tax increases (Source: Department of Finance Statement, 28th November, 2010). This fiscal adjustment is expected to have a continuing dampening effect on economic activity (Source: Department of Finance, Ireland Budget 2013 Economic and Fiscal Outlook, December, 2012).

The Central Bank has identified two key risks to the Irish economy as (i) domestic credit risk driven by property price declines, continued economic weakness and over-indebted private and public sectors, and (ii) threats to sovereign solvency due to crisis related bank debt (Source: CBI Macro Financial Review, May 2013).

Ireland's general government debt, which includes the cost of the State support to the banking sector, is projected to rise to a peak of 124 per cent. of GDP in 2013 before falling back to an estimated 118.4 per cent. of GDP in 2015 and 114.6 per cent. of GDP in 2016 (Source: Department of Finance, Budget 2014 Economic and Fiscal Outlook).

Downward pressure on businesses' profitability and household disposable incomes from fiscal measures, as well as the high level of private sector debt combined with the resulting deterioration in the business environment could depress demand for financial products and increase the Group's impaired loans and impairment provisions. The value of residential and commercial properties may reduce the value of collateral on many of the Group's loans.

On 14th November, 2013, the Government announced its decision to exit as planned, on 15th December, 2013, the Programme of Financial Support for Ireland announced by the EU and the International Monetary Fund (the IMF) on 1st December, 2010 (as subsequently updated and supplemented, the EU/IMF Programme) without effecting a pre-arranged precautionary credit facility. The Government has assessed that exiting the EU/IMF Programme without a precautionary credit line is the best option for the State for a number of reasons, including current favourable sovereign and market conditions and the current condition of public finances. The considerations assessed by the State (including its assessment of potential risks) are summarised in the related statement of the Minister for Finance dated 20th November, 2013. A contrary outcome to that assessed by the State could have material adverse implications for the State, which could have a material adverse effect on the Group.

(ii) The risk factor entitled "*Mortgage Arrears Resolution Targets"* on p.29 has been updated as follows*:*

On 13 March 2013 the Central Bank announced new measures to address mortgage arrears including the publication of targets in respect of mortgage arrears resolution (Mortgage Arrears Resolution Targets) for the main Irish mortgage banks (which include the Group). The Central Bank stated that it will consider regulatory action, including the imposition of additional capital requirements for Irish banks that fail to meet targets or which demonstrate poor resolution strategies or poor execution of their strategies. The Central Bank has also set out its plans to require more rigorous provisioning for mortgage loans in arrears greater than 90 days which have not been subject to a sustainable solution. The cumulative impact of these measures could adversely impact the Group's results, financial conditions and prospects.

(iii) The section entitled "*Factors which are material for the purposes of assessing risks associated with the* Group and which may affect the Issuer" on page 33-41 is updated as follows:

(a) The first paragraph of the Risk Factor entitled "*Downgrades to the Irish sovereign or the Group's credit ratings or outlook could further impair the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position"* on page 35 is restated as follows:

As at the date of this Prospectus, the long-term (outlook)/short term sovereign credit ratings for Ireland are: BBB+ (positive)/A-2 from Standard & Poor's Rating Credit Market Services Europe Limited (Standard & Poor's); Ba1 (stable)/NP (Not Prime) from Moody's Investors Services Limited (Moody's); BBB+ (stable)/F-2 from Fitch Ratings Limited (Fitch); and A (low) (negative trend)/R-1 (low) from DBRS Inc. (Source: NTMA).

(b) The following additional disclosure is added under the section entitled "*Change of Law and Regulation*" on p.37:

Capital Requirements Regulation

The Central Bank has confirmed to the Bank of Ireland that, in line with the 31st October, 2013 communication published by the EBA on its website, it will recognise the 2009 Preference Stock in the Bank of Ireland that has been transferred out of State Ownership (the "Acquired Preference Stock") for grandfathering purposes as CET 1 Capital (within the meaning of the Central Bank's requirements) under Article 483 of the Capital Requirements Regulation from 1 January, 2014. If the grandfathering requirements or the definition of CET 1 Capital are subsequently amended or if new qualification requirements are introduced, or if the Central Bank otherwise applies a different approach to its determination of what constitutes CET 1 Capital and/or Core Tier 1 Capital, there is no guarantee that the Acquired Preference Stock will continue to qualify or be recognised as CET 1 Capital and/or Core Tier 1 Capital and this would adversely affect the Bank of Ireland 's ability to meet its regulatory capital obligations and could materially adversely affect the Group's results, financial conditions and prospects. In addition, the Group may be required or may consider it necessary to take appropriate actions to address such matters, such as the redemption of 2009 Preference Stock..

The Bank of Ireland announced on 4 December, 2013 that, save in certain circumstances (it does not intend to redeem the Acquired Preference Stock (as defined below) prior to 1st January, 2016. However, there is no assurance that such intention will remain unchanged before 1st January, 2016 or that redemption will occur on or after 1st January, 2016. The Bank of Ireland has advised the Central Bank that it is not the Bank of Ireland's intention to recognise the 2009 Preference Stock (including the Acquired Preference Stock) as CET 1 Capital after July 2016, unless the de-recognition of the 2009 Preference Stock would mean that an adequate capital

buffer cannot be maintained above applicable regulatory requirements. It is noted that in any event the 2009 Preference Stock would no longer qualify as CET 1 Capital under Article 483 of the Capital Requirements Regulation after 31st December, 2017.

(c) The following additional Risk Factors are added:

The Group is subject to extensive regulation and supervision in relation to the levels of capital and liquidity in its business. The minimum regulatory capital requirements, as well as the manner in which existing regulatory capital is calculated, and the minimum liquidity requirements will change in the future, which could materially adversely affect the Group's results, financial conditions and prospects

As a result of the current environment and market events, the minimum regulatory requirements imposed on the Group, the manner in which the existing regulatory capital is calculated, the instruments that qualify as regulatory capital and the capital tier to which those instruments are allocated, could be subject to change in the future. A number of regulatory initiatives have recently been proposed or enacted, which would significantly alter the Group's capital requirements. These initiatives include the following:

• On 16th December, 2010, in addition to the requirements and restrictions of CRD II and CRD III, the Basel Committee on Banking Supervision, a forum for regular co-operation on banking supervisory matters, published a paper entitled "Basel III: A global regulatory framework for more resilient banks and banking systems", which contains the committee's proposals to strengthen the global capital framework by, among other things, raising the quality of the Core Tier 1 Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base), strengthening the risk coverage of the capital framework, promoting the build up of capital buffers and introducing global minimum liquidity and funding standards for the banking sector.

• The Basel III rules are being implemented in the EU through CRD IV, in particular the Capital Requirements Regulation, which has direct effect in EU member states and the CRD, which EU member states are required to implement through national legislation by 31 December 2013. CRD IV will also include regulatory and technical standards published by the European Banking Authority (the EBA) and certain national discretions and waivers. Many of these have not yet been published or their impact is uncertain. The CRD IV legislation will be implemented on a phased basis from 1st January, 2014, with full implementation by 2019 although national regulators may decide to accelerate phase in of the implementation of various elements of the requirements which could reduce reported capital levels. The current assumption is that the CET 1 Capital regulatory requirement under Basel III/CRD IV will be 10 per cent. for the Group and, on a phased basis, the Group would expect to maintain a buffer above the regulatory requirement.

The Basel III/CRD IV transition rules will result in a number of new deductions from CET 1 Capital being introduced on a phased basis typically with a 20% impact in 2014 and 40% in 2015 and so on until 2018. In addition, in line with the current Central Bank Consultation paper deferred tax assets related to losses forward will be deducted from CET 1 Capital on a phased basis, with a 10% impact in 2015, 20% in 2016 and so on until 2023. In particular, it is noted that CRD IV requires that state aid capital instruments will no longer count as CET 1 Capital from 1st January, 2018. In addition, CRD IV will prohibit the payment of dividends by the Group if its capital levels do not exceed certain thresholds above the minimum capital requirements.

As the changes set out in the CRD IV legislation take effect, they are expected to have an impact on the capital and asset and liability management of the Group, which may have a material adverse effect on the Group's results, financial condition and prospects.

• The introduction of CRD IV will also result in the introduction of new liquidity metrics. The first such measure is the liquidity coverage ratio under which the Group will be required to hold a stock of high-quality liquid assets against its total net cash outflows over the following 30 days. The new requirement will become mandatory from 1st January, 2015 when a minimum 60% ratio will be required, rising to a binding minimum standard of 100% by 1st January, 2019. The second measure is the Net Stable Funding Ratio (the NSFR) which will require that the amount of long term stable funding held by the Group be relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations. This measure will become mandatory from 1st January, 2018 when a minimum 100% ratio will be required. The basis for calculating the NSFR is being revisited by the Basel Committee, with further proposals due towards the end of 2015.

• The Solvency II Directive, adopted by the European Parliament on 22nd April, 2009 and endorsed by the Council of Ministers on 5th May, 2009, is a fundamental review of the capital adequacy regime for the European

insurance industry. As part of the implementation of the Solvency II Directive the capital structure and overall governance of the Group's life assurance business will alter significantly and this may have an impact on the capital structure of the Group.

Balance Sheet Assessments

As stated in the stock exchange announcement of the Bank of Ireland dated 2nd December, 2013, the Central Bank has recently conducted a Balance Sheet Assessment (BSA) of certain of the major banks in Ireland, including the Bank of Ireland, as at 30th June, 2013, as part of the 2013 Financial Measures Program. The BSA consisted of an assessment by the Central Bank of the Bank of Ireland's risk classification and provisions against the Central Bank's May 2013 Impairment Guidelines, namely an asset quality review and a review of the appropriateness of risk-weighted assets associated with selected loan portfolios which supported a pro forma point in time capital adequacy assessment (PiT Capital Assessment) by the Central Bank in the context of the BSA.

The BSA by the Central Bank confirms that the Bank of Ireland had adequate capital as at 30th June, 2013 to cover the requirements determined under the BSA and, consequently, the Central Bank does not require the Bank of Ireland to raise additional capital as a result of the BSA. The BSA was undertaken under the Central Bank's Supervisory Review and Evaluation Process and Full Risk Assessment and, as such, the results may be considered by the Central Bank in determining the Pillar 2 capital requirements of the Bank of Ireland.

The BSA results and PiT Capital Assessment outcomes remain subject to ongoing engagement between the Central Bank and the Bank of Ireland, and will inform the Bank of Ireland's Internal Capital Adequacy Assessment Process, capital planning, financial statements and internal stress testing programmes. While the outcome of this engagement cannot be anticipated with certainty and actions taken following engagement with the Central Bank may adversely impact capital ratios, the Bank of Ireland continues to expect to maintain a buffer above a CET 1 ratio of 10 per cent. on a Basel III/CRD IV transitional basis.

It is expected that relevant European banks (including the Bank of Ireland), under the single supervisory mechanism (the Single Supervisory Mechanism) established pursuant to the Single Supervisory Mechanism Regulation (Regulation (EU) 1024/2013) (the SSM Regulation), will be subject to a comprehensive assessment (SSM CA) during 2014. The SSM CA will include a balance sheet and risk assessment and is expected to encompass the EBA and ECB EU-wide stress test. The Central Bank has noted the intention that the significant reviews and outputs of the Central Bank's BSA will be utilised in the SSM CA, although it cannot currently be confirmed that this will be the case.

The outcome of the Central Bank BSA and/or any subsequent SSM CA may adversely impact the Group's financial results, capital and/or liquidity requirements. The Group may be required or may consider it necessary to take appropriate actions to address matters arising from these assessments.

2. Recent Developments

The following additional disclosures are added to section entitled Recent Developments on page 92-95 of the Base Prospectus:

The Capital Package

On 4 December 2013 the Bank of Ireland announced a capital package (the "Capital Package") in relation to the 2009 Preference Stock, which had been agreed with the Irish State and the Central Bank, comprising (i) the placing of new units of ordinary stock (the "Placing Stock") to generate proceeds of c. €537 million (net of expenses) ("the Placing"), to redeem c. €537 million of the 2009 Preference Stock and (ii) the sale by the NPRFC of €1.3 billion 2009 Preference Stock to private investors (the "Acquired Preference Stock"). On 4 December 2013 the Bank of Ireland announced the successful completion of the Capital Package.

Balance Sheet Assessments

As stated in the stock exchange announcement of the Bank of Ireland dated 2nd December, 2013 the Balance Sheet Assessment (BSA) by the Central Bank confirmed that the Group had adequate capital as at 30th June 2013 to meet the requirements determined under the BSA and, consequently, the Central Bank does not require the Bank of Ireland to raise additional capital as a result of the BSA. The Bank of Ireland continues to expect to maintain a buffer above a CET 1 ratio of 10 per cent. on a Basel III /CRD IV transitional basis.

At the request of the EU/IMF, in connection with Ireland's exit from the EU/IMF Programme, the Central Bank has conducted a BSA as at 30th June, 2013 of certain of the major banks in Ireland, including the Group. The BSA consisted of an assessment by the Central Bank of risk classification and provisions against the Central Bank's May 2013 Impairment Guidelines. The BSA comprised an asset quality review and a review of the appropriateness of risk-weighted assets. Taking account of this, the Central Bank has estimated a pro forma point-in-time capital adequacy assessment (PiT Capital Assessment) and capital ratios for the Bank of Ireland as at 30th June, 2013.

The BSA was undertaken under the Central Bank's Supervisory Review and Evaluation Process and Full Risk Assessment and, as such, the result may be considered by the Central Bank in determining the Pillar 2 capital requirements of the Bank of Ireland. Given that CRD IV will apply from 1st January, 2014, the PiT Capital Assessment includes a pro forma review of capital adequacy against these anticipated new standards.

The BSA results and PiT Capital Assessment outcomes remain subject to ongoing engagement between the Central Bank and the Bank of Ireland, and will inform the Bank of Ireland's Internal Capital Adequacy Assessment Process, capital planning, financial statements and internal stress testing programmes. The Central Bank has noted the intention that the significant reviews and outputs of the Central Bank's BSA will be utilised in the Single Supervisory Mechanism comprehensive assessment expected to occur in 2014, although it cannot currently be confirmed that this will be the case.

Pension scheme arrangements

In October 2013, following conciliation under the auspices of the Labour Relations Commission, the Group agreed a shared solution with the Irish Bank Officials Association (IBOA) in respect of the largest Group-sponsored defined benefit pension scheme, the Bank of Ireland Staff Pensions Fund (BSPF). This shared solution involves changes to members' potential defined benefits which, on a fully implemented basis, would reduce the IAS 19 BSPF defined benefit pension deficit by approximately €400 million (based on IAS19 accounting assumptions as at 31st December, 2012) and would be income positive for the Group. In return, the Bank of Ireland would increase its support for the BSPF, above existing support arrangements, so as to broadly match the deficit reduction arising from proposed changes to potential defined benefits. The IBOA has recommended this solution to its members and its members have voted in favour of this solution.

Following the ballot outcome, an information campaign will be run for all impacted staff during December 2013 and January 2014, with a view to gaining full acceptance of the solution.

GENERAL

To the extent that there is any inconsistency between any statement in this Supplement and any statement in, or incorporated by reference into, the Base Prospectus, the statement contained in this Supplement will prevail.

Save as described in this Supplement, there has been no significant change in the information contained in the Base Prospectus and no significant new matter has arisen since 27 August 2013, the date of the approval of the Base Prospectus.

No website referred to in this Supplement forms part of this Supplement or the Base Prospectus.

For as long as the Programme remains in effect or any Security is outstanding, copies of the current Base Prospectus in relation to the Programme, together with any amendments or supplements thereto (including this Supplement) may be inspected physically at the head office of the Issuer.