



AIB MORTGAGE BANK

(a public unlimited company incorporated under the laws of Ireland with registration number 404926)

€20,000,000,000

MORTGAGE COVERED SECURITIES PROGRAMME

This prospectus supplement (the “**Supplement**”) is supplemental to and should be read in conjunction with the base prospectus dated 18 December 2014 (the “**Base Prospectus**”), issued for the purposes of giving information with regard to the issue of mortgage covered securities (the “**Securities**”) by AIB Mortgage Bank (the “**Issuer**”) under the Issuer’s €20,000,000,000 Mortgage Covered Securities Programme (the “**Programme**”) during the period of twelve months after the date of the Base Prospectus.

Words and expressions defined in the Base Prospectus shall, unless the context otherwise requires or otherwise defined in this Supplement, have the same meaning when used in this Supplement. Words and expressions defined in this Supplement and also defined in the Base Prospectus shall have the meaning given to them in this Supplement. This document constitutes a supplement to the Base Prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and is issued in accordance with article 16 thereof and regulation 51 of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (the “**Irish Prospectus Regulations**”). This Supplement has been approved by the Central Bank of Ireland as the 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 issued under the Programme which are to be admitted to trading on a regulated market 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.

For the purposes of part 6 of the Irish Prospectus Regulations, 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 in this Supplement is, to the best of the knowledge of the Issuer, in accordance with the facts, and does not omit anything likely to affect the import of such information. This declaration is included in this Supplement in compliance with item 1.2 of annex IX to Commission Regulation (EC) No. 809/2004.

Upon approval of this Supplement by the Central Bank, this Supplement will be filed with the Registrar of Companies in Ireland in accordance with regulation 38(1)(b) of the Irish Prospectus Regulations.

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

Save as disclosed in this Supplement, there has been no significant change in the information contained in the Base Prospectus and no significant new matter has arisen in relation to the Issuer since 18 December 2014, the date of publication of the Base Prospectus, relevant to Securities to be issued under the Programme.

The issue of this Supplement was authorised in accordance with resolutions of the Board of Directors of the Issuer on 4 December 2014.

The date of this Supplement is 9 April 2015.

INCORPORATION BY REFERENCE

1. The audited financial statements of the Issuer for the financial year ended 31 December 2014 and the auditor's report dated 18 March 2015 by Deloitte & Touche thereon which have been previously published and have been filed with the Central Bank and the Irish Stock Exchange are incorporated in, and form part of, this Supplement save that any statement contained therein shall be deemed to be modified or superseded for the purpose of the Base Prospectus to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference to the Base Prospectus by virtue of any supplement to the Base Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Base Prospectus. To the extent the audited financial statements referred to above contain information which is incorporated by reference in those audited financial statements, but are not expressly incorporated by reference in this Supplement, that information does not form part of this Supplement.
2. The Issuer will provide, without charge, to each person to whom a copy of this Supplement has been delivered, upon the request of such person, a copy of the audited financial statements and auditor's report deemed to be incorporated herein by reference unless such audited financial statements or, as applicable, such auditor's report have been modified or superseded as specified above. Requests for such audited financial statements and auditor's report should be directed to the Issuer at its office set out at the end of the Base Prospectus. In addition, such audited financial statements and auditor's report will be available:
 - (i) in printed form free of charge from the Issuer at its registered office and from the Irish Paying Agent from its office specified at the end of the Base Prospectus; and
 - (ii) in electronic form free of charge at

<http://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/mortgagebank/directors-report-and-financial-statement-2014.pdf>

AMENDMENTS TO THE BASE PROSPECTUS

3. At pages 20 and 21 of the Base Prospectus, at the heading "*Proposed LTV/LTI related regulatory restrictions on residential mortgage lending*", replace the existing heading and the text up to (but excluding) the next heading with the following:

"Regulatory LTV/Regulatory LTI restrictions on residential mortgage lending

The Central Bank of Ireland issued the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015 on 9 February 2015 (the "**LTV/LTI Regulations**") which impose restrictions on Irish residential mortgage lending by lenders which are regulated by the Central Bank (such as the Issuer). The restrictions impose limits on housing loans (as defined in the LTV/LTI Regulations) by reference to ceilings in respect of (a) the ratio of the total amounts advanced under a housing loan to the value of the residential property (determined under the LTV/LTI Regulations) ("**Regulatory LTV**") and (b) the ratio of the total amount advanced under a housing loan to the gross annual income of the borrower ("**Regulatory LTI**"). In relation to Regulatory LTV restrictions and a housing loan for the purpose of purchasing a principal home (as defined in the LTV/LTI Regulations) (a "**PDH Loan**"), under the LTV/LTI Regulations the Issuer is required to restrict lending to the PDH Ceiling (as defined below) in the case of borrowers who are (i) not first time buyers with a PDH Loan having a Regulatory LTV above 80 per cent. and (ii) first time buyers of a principal home having a value (I) of up to €220,000, with a PDH Loan having a Regulatory LTV above 90 per cent., and (II) in excess of €220,000, with a PDH Loan having a Regulatory LTV exceeding the sum of (A) 90 per cent. on the first €220,000 in value and (B) 80 per cent. on the excess of €220,000 in value. The "**PDH Ceiling**" is no more than 15 per cent of the total aggregate monetary amounts advanced by the relevant lender to borrowers under PDH Loans in the Relevant Lending Period (as defined below). In the case of housing loans other than PDH Loans (such as for purchasing buy-to-let properties), the LTV/LTI Regulations restrict lending by the Issuer above a Regulatory LTV of 70 per cent. to 10 per cent. of the total aggregate monetary amounts advanced to borrowers under such housing loans in the Relevant Lending Period. In relation to Regulatory LTI restrictions and PDH Loans, under the LTV/LTI Regulations the Issuer is required to restrict making advances under housing loans with a LTI above 3.5 times to no more than 20 per cent. of the total monetary amounts advanced to borrowers under PDH Loans in the Relevant Lending Period. The "**Relevant Lending Period**" means between 9 February 2015 and 31 December 2015 and thereafter, each period from 1 January to 31 December.

The LTV/LTI Regulations may adversely affect the level of new mortgage lending business by and therefore the financial results of, the Issuer and the Group and the Issuer's ability to perform its obligations in respect of the Securities."

4. At page 38 of the Base Prospectus, under the heading *Documents Incorporated by Reference* and immediately after the text “*On the website of the Group:*”, replace the existing paragraphs (a) and (b) with the following:

“(a) the audited financial statements of the Issuer for the financial year ended 31 December 2013 and the auditor’s report dated 12 March 2014 by Deloitte & Touche thereon

<http://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/mortgagebank/director-report-december-2013.pdf>

(b) the audited financial statements of the Issuer for the financial year ended 31 December 2014 and the auditor’s report dated 18 March 2015 by Deloitte & Touche thereon

<http://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/mortgagebank/directors-report-and-financial-statement-2014.pdf>”

5. At page 91 of the Base Prospectus, at the end of that page (after the paragraph under the heading *Capital Structure*) insert the following text:

“The Group expects to continue its discussions with the Department of Finance regarding the appropriate capital structure of the Group in the context of regulatory and market requirements. These discussions are currently focused on:

- Options in relation to the €3.5 billion 2009 Preference Shares in AIB held by the Ireland Strategic Investment Fund, including the possible conversion into AIB ordinary shares of part or all of the 2009 Preference Shares.
- Options in relation to the €1.6 billion Contingent Capital Notes issued by AIB and held by the Minister for Finance which mature in July 2016.
- A possible significant consolidation in the number of AIB ordinary shares in issue given AIB currently has in excess of 523 billion ordinary shares in issue.

Any future actions in respect of the Group’s capital structure will be subject to relevant regulatory and shareholder approvals where necessary. There is no definitive set of outcomes or completion date for these discussions.”

6. At pages 112 and 113 of the Base Prospectus, at the heading *Proposed LTV/LTI related regulatory restrictions on residential mortgage lending*, replace the existing heading and the text below it up to (but excluding) the next heading with the following:

“Regulatory LTV/Regulatory LTI restrictions on residential mortgage lending

The LTV/LTI Regulations impose restrictions on Irish residential mortgage lending by lenders which are regulated by the Central Bank (such as the Issuer). The restrictions impose limits on housing loans (as defined in the LTV/LTI Regulations) by reference to ceilings in respect of Regulatory LTV and Regulatory LTI. In relation to Regulatory LTV restrictions and a PDH Loan, under the LTV/LTI Regulations the Issuer is required to restrict lending to the PDH Ceiling in the case of borrowers who are (i) not first time buyers with a PDH Loan having a Regulatory LTV above 80 per cent. and (ii) first time buyers of a principal home having a value (I) of up to €220,000, with a PDH Loan having a Regulatory LTV above 90 per cent., and (II) in excess of €220,000, with a PDH Loan having a Regulatory LTV exceeding the sum of (A) 90 per cent. on the first €220,000 in value and (B) 80 per cent. on the excess of €220,000 in value. In the case of housing loans other than PDH Loans (such as for purchasing buy-to-let properties), the LTV/LTI Regulations restrict lending by the Issuer above a Regulatory LTV of 70 per cent. to 10 per cent. of the total aggregate monetary amounts advanced to borrowers under such housing loans in the Relevant Lending Period. In relation to Regulatory LTI restrictions and PDH Loans, under the LTV/LTI Regulations the Issuer is required to restrict making advances under housing loans with a LTI above 3.5 times to no more than 20 per cent. of the total monetary amounts advanced to borrowers under PDH Loans in the Relevant Lending Period.”

7. At page 187 of the Base Prospectus, delete the existing paragraphs 2(b) and 2(c) and replace with the following:

“(b) the audited financial statements of the Issuer for the financial year ended 31 December 2013 and the auditor’s report dated 12 March 2014 by Deloitte & Touche thereon;

(c) the audited financial statements of the Issuer for the financial year ended 31 December 2014 and the auditor’s report dated 18 March 2015 by Deloitte & Touche thereon;”

8. At page 187 of the Base Prospectus, at paragraph 5, delete the existing sentence and replace with the following:

“Save as otherwise disclosed in the supplement dated 9 April 2015 to this Base Prospectus, there has been no significant adverse change in the financial or trading position and no material adverse change in the prospects of the Issuer since 31 December 2014, the date of the Issuer’s last published audited financial statements.”

9. At page 188 of the Base Prospectus, at paragraph 7, delete the existing sentence and replace with the following:

“No website referred to in this Base Prospectus forms part of this Base Prospectus, other than those website links at which the documents incorporated by reference in this Base Prospectus or the supplement dated 9 April 2015 to this Base Prospectus, are stated to be available.”