



**EBS MORTGAGE FINANCE**

*(a public unlimited company incorporated under the laws of Ireland with registration number 463791)*

**€6,000,000,000**

**MORTGAGE COVERED SECURITIES PROGRAMME**

This prospectus supplement (the "**Supplement**") is supplemental to and should be read in conjunction with the base prospectus dated 14 December 2012 (the "**Base Prospectus**"), issued for the purposes of giving information with regard to the issue of mortgage covered securities (the "**Securities**") by EBS Mortgage Finance (the "**Issuer**") under the Issuer's €6,000,000,000 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, as amended (the "**Prospectus Directive**") and is issued in accordance with article 16 thereof and regulation 51 of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended, of Ireland (the "**Irish Prospectus Regulations**"). This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**") 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 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.

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, as amended.

The date of this Supplement is 1 November 2013

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 14 December 2012, 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 3 December 2012 and 26 September 2013.

## **INCORPORATION BY REFERENCE**

1. The audited financial statements of the Issuer for the financial year ended 31 December 2012 and the auditor's report dated 26 March 2013 by KPMG thereon which have been previously published and have been filed with the Central Bank 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 deemed to be incorporated herein by reference unless such audited financial statements have been modified or superseded as specified above. Requests for such audited financial statements should be directed to the Issuer at its office set out at the end of the Base Prospectus. In addition, such audited financial statements 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://ebs.ie/images/pdf/files/Mortgage\\_Finance\\_AA\\_Reports\\_2012.pdf](http://ebs.ie/images/pdf/files/Mortgage_Finance_AA_Reports_2012.pdf)

## **AMENDMENTS TO THE BASE PROSPECTUS**

3. At page 15 of the Base Prospectus, after the third paragraph, insert the following after the existing text:

"Mortgage arrears on residential properties have continued to increase since the date of the Base Prospectus. Figures published by the Central Bank on 23 August 2013 show that, amongst other things, at the end of June 2013: (i) 97,874 or 12.7 per cent. of total private residential

mortgages for principal dwelling houses held in Ireland were in arrears for more than ninety days; and (ii) 30,326 or 20.4 per cent of total residential mortgage accounts for buy-to-let properties held in Ireland were in arrears of more than 90 days. The above figures have been sourced from information published in an information release dated 23 August 2013 available on the website of the Central Bank ([www.centralbank.ie](http://www.centralbank.ie)). Such information has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from that information, no facts have been omitted which would render the above information inaccurate or misleading."

4. At page 24 of the Base Prospectus, under the heading "**Value and realisation of security over residential property**", in the third paragraph under that heading, delete the existing text from "In addition, a decision of the High Court relevant to repossession of real property..." to "...in respect of the enforcement of mortgages in such cases." inclusive.
5. At pages 24 and 25 of the Base Prospectus, in the final paragraph on page 24, delete the text from "Amongst other things, the Mortgage Arrears Code provides..." to (on page 25)"...co-operating reasonably and honestly with the lender under the MARP." inclusive.
6. At page 26 of the Base Prospectus, substitute the paragraph immediately above the heading "*Changes in the regulation of setting of interest rates*" with the following:

"At the date of the supplement dated 1 November 2013 to this Base Prospectus, the Personal Insolvency Bill has been enacted as the Personal Insolvency Act 2012. It cannot be known whether the reforms to the personal insolvency regime in Ireland pursuant to the Personal Insolvency Act 2012 will adversely affect the Issuer's and the Group's business, the value of their assets or consequently their financial position and hence the Issuer's ability to meet its obligations in respect of the Securities."

7. At page 34 of the Base Prospectus, under the heading *Documents Incorporated by Reference*, 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 2011 and the auditor's report dated 14 May 2012 by KPMG thereon. Such financial statements and such auditor's report are available on the website of EBS Group at [http://www.ebs.ie/images/pdf/files/2011\\_EBSMF\\_Signed\\_FS.pdf](http://www.ebs.ie/images/pdf/files/2011_EBSMF_Signed_FS.pdf) ;
  - (b) the audited financial statements of the Issuer for the financial year ended 31 December 2012 and the auditor's report dated 26 March 2013 by KPMG thereon. Such financial statements and such auditor's report are available on the website of EBS Group at [http://www.ebs.ie/images/pdf/files/Mortgage\\_Finance\\_AA\\_Reports\\_2012.pdf](http://www.ebs.ie/images/pdf/files/Mortgage_Finance_AA_Reports_2012.pdf) ;"

8. At page 90 of the Base Prospectus, under the heading "**Board of Directors and Management and Administration of the Issuer**" and above the heading "**Managed Services Agreement with AIB**", substitute the existing text with the following:

"As of the date of the supplement dated 1 November 2013 to the Base Prospectus, there are five members of the Board of Directors as set out below. Three members of the Board of Directors of the Issuer are currently employees of Group members. Two members of the Board of Directors are not at the date of the supplement dated 1 November 2013 to the Base Prospectus and never have been employees of any Group member. Two of the five members of the Board of Directors of the Issuer are executive directors and the remaining three members of the Board of Directors are non-executive directors of the Issuer. This close tie between the Group and the directors of the Issuer is indicative of the high level of integration of the Issuer's business in the Group. However, the Issuer is independent in its decision-making capability as far as it is appropriate for a wholly owned subsidiary bank of a banking group. It is expected that at least four board meetings of the Issuer will be held each year.

The names, business addresses and principal outside activities of the members of the Board of Directors of the Issuer are listed below.

<b>Name and Business Address</b>	<b>Functions within Issuer</b>	<b>Principal Outside Activities</b>
Denis Holland EBS Building 2 Burlington Road Dublin 4 Ireland	Non-Executive Director (Chairman)	Director
Fidelma Clarke EBS Building 2 Burlington Road Dublin 4 Ireland	Non-Executive Director	Head of Governance and Assurance, Allied Irish Banks, p.l.c
Owen Purcell EBS Building 2 Burlington Road Dublin 4 Ireland	Executive Director (Managing Director)	Head of Mortgage Portfolio, Allied Irish Banks, p.l.c.
William Cunningham EBS Building 2 Burlington Road Dublin 4 Ireland	Non-Executive Director	Director
Gerry Gaffney EBS Building 2 Burlington Road Dublin 4	Executive Director	Head of Finance, EBS Limited

## Ireland

The company secretary of the Issuer is Sarah McLaughlin.

As far as is known to the Issuer, other than as may arise from an individual director's principal outside activities listed in each case above or, in the case of current or former employees or officers of Group members, other roles within the Group, no potential conflicts of interest exist between any duties to the Issuer or the Board of Directors of the Issuer and their private interests or other duties in respect of their management roles.

9. At page 94 of the Base Prospectus, under the heading "*Arrears and Default Procedures*", in the third paragraph under that heading, delete the text from "In this regard a recent decision of the High Court relevant to repossession of real property..." to "...in respect of the enforcement of mortgages of such cases." inclusive.
10. At page 112 of the Base Prospectus, immediately above the heading "**Regulation of the Irish Residential Mortgage Market**", insert the following:

"The legal uncertainty with regard to the availability of certain remedies for the enforcement of mortgages over Irish land entered into prior to 1 December 2009 has been removed by the Land and Conveyancing Law Reform Act 2013 (the "**LCLRA 2013**"). The LCLRA 2013 was enacted on 24 July 2013 and came into operation in its entirety on 31 July 2013. The LCLRA 2013 provides that the statutory provisions repealed by the LCLRA 2009 may still be invoked and exercised as if they had not been repealed. Accordingly, the specific legal remedy sought in the *Start* case (a court order for possession of registered land by summary procedure where the mortgage was entered into prior to 1 December 2009) is once again available to lenders.

In addition to addressing the issues arising from the *Start* case, the LCLRA 2013 introduced a number of other changes to the procedural right to seek an order for possession of a principal private residence of a mortgagor or that of his or her spouse/partner. Notably, the LCLRA 2013 provides that the court may adjourn proceedings for a maximum of two months to enable a mortgagor to consider a personal insolvency arrangement under the Personal Insolvency Act 2012. The court in considering a mortgagor's application to adjourn must have regard to appropriate matters, including whether a mortgagor has participated in a mortgage arrears process, whether he has made any repayments within the previous 12 months (and if so, how much relative to the scheduled repayments and how often), previous adjournments requested by the mortgagor, the conduct of both parties to arrears resolution and whether the application by the mortgagor is an attempt to delay progress of the proceedings. If significant progress has been made on a proposal for a personal insolvency arrangement under the Personal Insolvency Act 2012 at the end of the two months, the proceedings may be adjourned further."

11. At page 115 of the Base Prospectus, immediately above the heading "*Consumer Protection Act 2007*", insert the following:

"The Mortgage Arrears Code has been revised with effect from 1 July 2013. Notably, the 12 month moratorium period during which legal proceedings for repossession may not be commenced (as described above) has been replaced by new requirements. The revised Mortgage Arrears Code requires a lender to wait at least eight months from the date the arrears arose before commencing legal action against a co-operating borrower. Separately, a lender is required to give three months' notice to the borrower before a lender may commence legal proceedings where the lender is unwilling to offer an alternative repayment arrangement or the borrower is unwilling to accept an alternative repayment arrangement offered by the lender. Accordingly, under the revised Mortgage Arrears Code a lender is not permitted to commence legal proceedings until three months have passed from the date that such notice is issued (where the lender declines to offer an arrangement or where the borrower does not accept an arrangement offered) or eight months from the date the arrears arose, whichever date is later.

In a press release dated 27 June 2013, the Central Bank summarised the main changes to the Mortgage Arrears Code as follows:

"The main changes to the CCMA are:

Greater clarity around when a borrower is considered to be cooperating and, in recognition of the serious impact of being classified as not cooperating, a new provision requiring lenders to provide a warning letter giving at least 20 business days' notice to the borrower, outlining the implications of being classified as not cooperating and providing specific information on how to avoid this classification.

Requirement on lenders to have a board-approved communications policy that will protect borrowers against unnecessarily frequent contacts and harassment, while ensuring that lenders can make the necessary contact to progress resolution of arrears cases. This replaces the limit of three successful, unsolicited communications per month and allows for an approach to lender and borrower communication that is suited to individual needs and circumstances.

A new requirement for lenders to provide the Standard Financial Statement (SFS) at the earliest opportunity, and to offer assistance to borrowers with completing it. In addition, lenders can now agree with the borrower to put a temporary arrangement in place to prevent the arrears from worsening while the full SFS is being completed and assessed.

Where there is no other sustainable option available, lenders can now offer an arrangement to distressed mortgage holders which provides for the removal of the tracker rate, but only as a last resort, where the only alternative option is repossession of the home. Lenders must be able to demonstrate that there is no other sustainable option that would allow the borrower to keep the

tracker rate, and the arrangement offered must be a long-term, sustainable solution that is affordable for the borrower.

Cooperating borrowers must now be given at least eight months from the date arrears first arise before legal action can commence and at the end of the MARP process, lenders will be required to provide a newly introduced three-month notice period to allow co-operating borrowers time to consider their options, such as voluntary surrender or an arrangement under the Personal Insolvency Act (once available), before legal action can commence.

Transparency for borrowers has been improved through increased information requirements for lenders, including more detail in the MARP booklet on: how the alternative repayment arrangements offered by the lender work and their key features;

explanations of other options such as voluntary surrender or trading down;

explanations of the meaning and implications of not co-operating;

summary information on a lender's potential use of confidentiality agreements;

information on the borrower's right of appeal;

a link to [keepingyourhome.ie](http://keepingyourhome.ie), where borrowers can get further information and assistance; and

summary of the lender's communications policy.""

12. At page 115 of the Base Prospectus, immediately above the heading "*Consumer Protection Act 2007*", insert the following (after the insertion at paragraph 11 above of this Supplement):

*"Central Bank Mortgage Arrears Targets*

On 31 March 2013, the Central Bank published new mortgage arrears resolution targets which, in effect, set performance targets for the main Irish mortgage credit institutions (including the Issuer and other members of the AIB Group: AIB, EBS Limited and EBS Mortgage Finance) in relation to mortgages in arrears for proposing and concluding sustainable solutions for borrowers in arrears over 90 days. The first targets applied for the quarter ending 30 June 2013 and subsequent targets become progressively more demanding as time passes. The Central Bank has also confirmed that targets may be linked to increased capital requirements. The targets apply to Irish mortgages in arrears whether in the nature of principal dwelling home/primary residence or buy-to-let mortgages. On 17 September 2013 the Central Bank issued a statement setting out targets for 'concluded' arrangements with mortgage arrears customers which disclosed that the Central Bank, in agreement with the EU, IMF and European Central Bank has set its expectations of the Irish mortgage credit institutions in that regard and that the Central Bank requires those institutions to have concluded arrangements with 15 per cent of their over 90-day mortgage arrears customers by end of December 2013.

Furthermore, the Central Bank disclosed that it is setting expectations for end March 2014 for sustainable solutions offered to customers to reach 70 per cent of over 90-day arrears and for concluded solutions to reach 25 per cent."

13. At page 116 of the Base Prospectus, immediately under the heading "Bankruptcy", insert the following:

"The Personal Insolvency Act 2012 (the "Personal Insolvency Act") was enacted into law on 26 December 2012. At the date of the supplement dated 1 November 2013 to this Base Prospectus, all provisions of the Personal Insolvency Act, other than Part 4 which relates to bankruptcy, have been commenced. Much of the infrastructure necessary for the new personal insolvency regime's operation has been established. The Insolvency Service was formally established by order of the Minister for Justice and Equality on 1 March 2013 to oversee and operate the new regime. Six new Specialist Judges of the Circuit Court were appointed in July 2013 for the purposes of performing and exercising the functions, powers and jurisdiction conferred on the Circuit Court by the Personal Insolvency Act. The Insolvency Service began issuing authorisations for personal insolvency practitioners and approved intermediaries in August 2013. The Insolvency Service announced by press release on 23 August 2013 that it will begin accepting debtor applications in respect of DRNs, DSAs and PIAs from 9 September 2013.

The Personal Insolvency Act has been amended by the Finance Act 2013 and the Courts and Civil Law (Miscellaneous Provisions) Act 2013. The Finance Act 2013 makes a number of changes to tax law in connection with the Personal Insolvency Act. In addition, the Finance Act 2013 inserted new provisions in the Personal Insolvency Act to ensure that certain tax liabilities will be paid during the course of a DSA or PIA. While some of the amendments made by the Courts and Civil Law (Miscellaneous Provisions) Act 2013 are technical in nature, key substantive changes include those in relation to certain restrictions applicable to creditors, new provisions regarding the variation of DSAs and PIAs and the removal of debtor information from the public insolvency registers maintained by the Insolvency Service. The Courts and Civil Law (Miscellaneous Provisions) Act 2013 also provides for certain amendments to the Bankruptcy Act 1988, including the integration of the Office of the Official Assignee in Bankruptcy with the Insolvency Service."

14. At page 173 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 2011 and the auditor's report dated 14 May 2012 by KPMG thereon;
- (c) the audited financial statements of the Issuer for the financial year ended 31 December 2012 and the auditor's report dated 26 March 2013 by KPMG thereon;"



15. At page 173 of the Base Prospectus, at paragraph 5, delete the existing sentence and replace with the following:

"Save as otherwise disclosed in the supplement dated 1 November 2013 to this Base Prospectus, there has been no significant change in the financial or trading position and no material adverse change in the prospects of the Issuer since 31 December 2012, the date of the Issuer's last published audited financial statements."

16. At page 174 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 at which the documents incorporated by reference in this Base Prospectus or the supplement dated 1 November 2013 to this Base Prospectus, are stated to be available."

17. At page 174 of the Base Prospectus, at point 8, substitute the existing text with the following:

"Following a competitive open tender process, Deloitte & Touche were appointed on 20 June 2013 as auditors of the Issuer to replace the previous auditors, KPMG. Deloitte & Touche are a member of the Institute of Chartered Accountants in Ireland."

18. At page 179 of the Base Prospectus, under the heading "**AUDITORS TO THE ISSUER**", substitute the existing text with the following:

Deloitte & Touche  
Deloitte & Touche House  
22 Earlsfort Terrace  
Dublin 2  
Ireland"