



## **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 (this “**Second Supplement**”) is supplemental to and should be read in conjunction with the base prospectus dated 29 October 2015 (the “**Base Prospectus**”), as supplemented by the first supplement to the Base Prospectus dated 17 February 2016 (the “**First Supplement**”), 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 Second Supplement, have the same meaning when used in this Second Supplement. Words and expressions defined in this Second Supplement and also defined in the Base Prospectus shall have the meaning given to them in this Second 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 of Ireland (the “**Irish Prospectus Regulations**”). This Second 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 Second Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

For the purposes of part 6 of the Irish Prospectus Regulations, the Issuer accepts responsibility for the information contained in this Second Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information in this Second 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 Second Supplement in compliance with item 1.2 of annex IX to Commission Regulation (EC) No. 809/2004.

The date of this Second Supplement is 20 June 2016.

Upon approval of this Second Supplement by the Central Bank, this Second 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 Second Supplement, and (b) any statement in, or incorporated by reference in, the Base Prospectus, and (c) any statement in, or incorporated by reference in, the First Supplement, the statement in (a) will prevail.

Save as disclosed in this Second Supplement, there has been no significant new matter, material mistake or inaccuracy relating to the information included in the Base Prospectus (as supplemented by the First

Supplement) and no significant new matter has arisen in relation to the Issuer since 17 February 2016, the date of publication of the First Supplement, relevant to Securities to be issued under the Programme.

The issue of this Second Supplement was authorised in accordance with resolutions of the Board of Directors of the Issuer on 29 September 2015.

## INCORPORATION BY REFERENCE

1. The audited financial statements of the Issuer for the financial year ended 31 December 2015 and the auditor's report dated 18 March 2016 by Deloitte 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 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 Principal Paying Agent from its office specified at the end of the Base Prospectus; and
  - (ii) in electronic form free of charge at:  
[www.ebs.ie](http://www.ebs.ie), access through 'Treasury and Corporate Services' – EBS Mortgage Finance

## AMENDMENTS TO THE BASE PROSPECTUS

3. At page 17 of the Base Prospectus, under the heading ***Downgrades to the Irish sovereign's credit ratings or outlook could impair the Group's access to private sector funding and weaken its financial position*** the existing paragraph shall be deleted in its entirety and replaced with the following:

"Fitch upgraded Ireland's credit rating to A in February 2016, S&P upgraded its credit rating to A+ in June 2015. Moody's upgraded Ireland's credit rating to A3 in May 2016. Moody's have Ireland on a positive outlook. S&P and Fitch have Ireland on a stable outlook for their respective ratings (source: [www.ntma.ie](http://www.ntma.ie)). There can be no assurance, however, that Ireland's sovereign credit rating would not be downgraded in the future. Any such downgrade could impair the Group's access to private sector funding and weaken its financial position. Downgrades could also adversely impact NAMA senior bonds and the Group's use of them as collateral for the purposes of accessing the liquidity provision operations offered by monetary authorities, as well as the Group's holdings of Government securities as part of its available-for-sale ("AFS") and hold-to-maturity portfolios."
4. At page 18 of the Base Prospectus, the section entitled ***Contagion risks could disrupt the markets and adversely affect the Issuer's and the Group's financial condition***, shall be deleted in its entirety and replaced with the following two risk factors:

***"Contagion risks could disrupt the markets and adversely affect the Issuer's and the Group's financial condition***

The risk of contagion in the markets in which the Issuer and the Group operates and dislocations caused by the interdependency of financial markets' participants and of members of currency and supranational economic associations is an on-going risk to the Issuer's and the Group's financial condition. Any change in membership of such associations or reductions in the perceived creditworthiness of one or more significant borrower or financial institution, could lead to market-

wide liquidity problems, losses and defaults, which could adversely affect the Issuer's and the Group's results, financial condition and future prospects.

***Departure of one or more member countries from the common currency or a decision by the UK to leave the EU could disrupt the markets and adversely affect the Group's business and financial performance***

Although the severity of the European-wide financial crisis has abated over the last several years, the emergence of significant anti-austerity sentiment in some member countries, may contribute to renewed instability in the European sovereign debt markets and in the economy more generally. There can be no assurance that actions taken by European policymakers will be sufficient to counteract any such instability. If one or more members of the Eurozone defaults on their debt obligations or decides to leave the common currency, this could result in the reintroduction of one or more national currencies. Should a Eurozone country conclude it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences, leading not only to significant losses on the sovereign debt of that country but also on private debt in that country. Given the highly interconnected nature of the financial system within the Eurozone, this could result in dislocation across the financial markets and the Group's ability to plan for such a contingency in a manner that would reduce its exposure may be limited. If the overall economic climate deteriorates as a result of one or more departures from the Eurozone, the Group's business, financial condition and prospects could be materially adversely affected.

In addition, the UK will hold a referendum on continued UK membership of the EU on 23 June 2016. The outcome of such a referendum is uncertain. The impacts of a UK exit from the EU on the UK economy and trade is unknown but may have negative consequences for the Group both in terms of its UK and Irish operations and impacts on the UK and Irish economies.

The regulatory position of the Group's operations in the UK may also become uncertain. Accordingly, if the UK were to exit the EU, this could have a material adverse effect on the Group's business, financial condition and prospects."

5. At pages 21 and 22 of the Base Prospectus, under the heading entitled *The Group is subject to substantial and changing conduct regulations* (as amended by paragraph 5 of the First Supplement), the risk factor shall be deleted in its entirety and replaced with the following:

***"The Group is subject to conduct risk claims***

The Group is exposed to many forms of conduct risk, which may arise in a number of ways. The Group needs to be able to demonstrate how it delivers fair treatment and transparency, while upholding the best interests of customers. The evidential standards required by the Group's regulators in this regard are very high. The Group may be subject to allegations of mis-selling of financial products, including, having sales practices and/or reward structures in place that are determined to have been inappropriate. The Group may also be subject to allegations of overcharging and breach of contract and/or regulation. Any of the foregoing may result in adverse regulatory action (including significant fines) or requirements to amend sales processes, withdraw products or provide restitution to affected customers, any or all of which could result in the incurrence of significant costs, may require provisions to be recorded in the financial statements and could adversely impact future revenues from affected products. The Central Bank announced in October 2015 that it had commenced a broad examination (the "**Examination**") of tracker mortgage-related issues across Irish banks (including AIB and Republic of Ireland ("**ROI**") subsidiaries of AIB). In December 2015, the Central Bank confirmed to the affected banks, (including AIB and ROI subsidiaries of AIB, such as the Issuer), that the objective of the Examination is to assess compliance with both contractual and regulatory requirements. In circumstances where customer detriment is identified from this Examination, the relevant Group member is required to provide appropriate redress and compensation in line with the Central Bank's 'Principles for Redress'. Notwithstanding the provisions for customer redress as set out in note 18 to the financial statements 'Provisions for liabilities and commitments', it is not possible at

this stage to assess the final outcome of the Examination or any related litigation or regulatory action required. However, such matters may result in any of the consequences described above and may materially adversely affect the Group's business, financial condition or prospects."

6. At page 22 and 23 of the Base Prospectus, under the heading *The future of the Issuer's and the Group's business activities are subject to possible interventions by the Government or the disposal of the State's ownership and other interests in the Issuer and the Group*, the third paragraph shall be deleted and replaced with the following:

"Nevertheless, for so long as ownership of the Group remains within State control, there remains a risk of intervention by the Government in relation to the operations and policies of the Group. Furthermore, the ongoing instability of the political landscape following the Irish general election on 26 February 2016 may lead to changes to the Government's approach to its relationship with the Group. Intervention by the Government may have a material adverse effect on the Issuer's and the Group's business, financial condition and prospects."

7. At page 22 and 23 of the Base Prospectus, the section entitled *The Issuer and the Group are subject to Government/European Commission supervision and oversight* shall be deleted in its entirety and replaced with the following:

***"The Group is exposed to risks associated with its compliance with a wide range of laws, accounting standards and regulations***

The Group must comply with numerous laws, accounting standards and regulations and, consequently, it faces risks, including:

- Detailed and emerging prudential regulatory requirements in the form of CRR/CRD IV, BRRD, EBA and Central Bank requirements;
- New accounting standards, for example, IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement, will change the classification and measurement of certain financial assets, the recognition and the financial impact of impairment and hedge accounting. IFRS 9 is mandatorily effective for periods beginning on or after 1 January 2018;
- Conduct risk exists and may occur when certain aspects of the Group's business may be determined by the relevant authorities or the courts not to have been conducted in accordance with applicable local, or, potentially overseas laws or regulations;
- Contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- Regulatory actions pose a number of risks to the Group, including substantial monetary damages or fines, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks. In addition, the Group may be subject to other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation, the potential for criminal prosecution in certain circumstances and regulatory restrictions on the Group's business. The Group needs to be aware of and comply with new regulation as it emerges and existing regulation as it evolves. All of these issues could have a negative effect on the Group's reputation and the confidence of its customers in the Group as well as taking a significant amount of management time and resources away from the implementation of the Group's business strategy; and
- The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability."

8. At page 24 of the Base Prospectus, immediately under the heading *Risks related to business*

*operations, governance and internal control systems* the following risk factors shall be inserted:

***“The Group’s management may not be able to successfully implement its strategic objectives, in particular with respect to its omni-channel distribution model***

The Group has identified several strategic objectives for its business. However, there can be no guarantee that the Group would be successful in implementing its strategy. In particular, in relation to its omni-channel distribution model, which combines its physical branch network with online, mobile and direct channels, the Group is focused on increasing usage and integration of digital distribution channels and continuing to build on its mobile and online adoption rates. There can be no guarantee that the Group would be successful in achieving such integration and increased usage or in anticipating evolving customer preferences for access to banking services. Furthermore, it may not be able to develop in a timely manner the technology necessary to accommodate these preferences, such as internet banking channels and new applications for mobile and tablet banking. The Group may also be required to invest more than it has currently planned in order to expand and improve its internet banking channels and it may not realise cost efficiencies resulting from increasing digitisation at the level or in the time frame that it expects.

***Fostering of a poor or inappropriate culture across the Group may adversely impact performance and impede achievement of strategic goals***

If the Group does not continuously develop and promote an appropriate culture that drives and influences the activities of businesses and staff and our dealings with customers in relation to managing and taking risks and ensuring risk considerations continue to play a key role in business decisions, then a strategy or actions could be adopted which may result in the business, customer outcomes, financial condition and prospects being materially adversely affected.”

9. At page 25 of the Base Prospectus, under the heading appearing on page 24 of the Base Prospectus *Irish legislation, regulations and Government policy in relation to mortgages may adversely affect the Group’s mortgage business* (as amended by paragraph 6 of the First Supplement) the following sentence shall be inserted at the end of the first paragraph after the words *“These changes, which take effect on that date, include a reduction of the period for the automatic discharge from bankruptcy to one year.”*:

“The remaining sections of the Bankruptcy (Amendment) Act 2015 came into effect on 1 June 2016 under the Bankruptcy (Amendment) Act 2015 (Commencement) (No. 2) Order 2016.”

10. At page 26 of the Base Prospectus, the risk factor entitled *Each of the Issuer and the Group is exposed to risk in respect of the manner in which it determines and maintains interest rates on certain loans* shall be deleted in its entirety and replaced with the following:

***“Each of the Issuer and the Group is exposed to risk in respect of the manner in which it determines and maintains interest rates on certain loans***

In common with other residential mortgage lenders, the Issuer and the Group face increased scrutiny and focus by the Government, the Oireachtas (Irish legislature) and consumer protection regulators such as the Central Bank and the CCPC, in relation to the level of its interest rates on loans, in particular, their standard variable interest rates (“SVR”) on PPR mortgage lending.

In common with other mortgage lenders, the Issuer and the Group is at risk of a review or investigation by regulators such as the Central Bank or the CCPC, and potentially serious sanctions or penalties in respect of any perceived or actual failure to act appropriately when setting interest rates on their mortgage products. Any such review or investigation, and any related litigation or regulatory action, could adversely affect the Issuer’s and the Group’s business, financial condition, results of operations and profitability, and could result in negative public opinion towards the Issuer and the Group. In relation to the ongoing Examination of tracker mortgage related issues, see also *The Issuer and the Group is subject to conduct risk claims*.

On 16 May 2016, a bill entitled the Central Bank (Variable Rate Mortgages) Bill 2016 was initiated in the Dail (the lower house of the Irish legislature) which, if passed into law by the Oireachtas, would specifically authorise the Central Bank in prescribed circumstances to impose maximum variable interest rates on PPR mortgage loans made by certain lenders such as the Issuer and other members of the Group. That bill also prohibits discrimination between new borrowers and existing borrowers in the setting of variable interest rates.

In addition, the Issuer's and the Group's mortgage or other interest rates may come under further pressure from competitors in the future.

Increasing competitive pressure or political or regulatory focus on an alignment of the Issuer's and the Group's SVR with other interest rates, charged to customers or, on an alignment of interest rates with those charged by lenders in other euro area markets, may result in a reduction in the Issuer's and the Group's SVR or other interest rates, and any such reduction in those rates could impact adversely the Issuer's and the Group's net interest income and net interest margin, which in turn could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and prospects.

11. At page 37 of the Base Prospectus, under the heading *Personal Insolvency Act* appearing on page 36 of the Base Prospectus (as amended by paragraph 11 of the First Supplement), the following sentence shall be inserted at the end of the fourth paragraph after the words "*These changes, which take effect on that date, include a reduction of the period for the automatic discharge from bankruptcy to one year.*":

"The remaining sections of the Bankruptcy (Amendment) Act 2015 came into effect on 1 June 2016 under the Bankruptcy (Amendment) Act 2015 (Commencement) (No. 2) Order 2016."

12. At page 40 of the Base Prospectus, the section entitled *EU Savings Directive* (as amended by paragraph 12 of the First Supplement) shall be deleted in its entirety.
13. At page 41 of the Base Prospectus, the section entitled *OECD Common Reporting Standard* (as amended by paragraph 13 of the First Supplement) shall be deleted in its entirety.
14. At page 43 of the Base Prospectus, under the heading *Documents Incorporated by Reference*, the existing paragraphs (a) and (b) shall be deleted and replaced with the following:

- (a) the audited financial statements of the Issuer for the financial year ended 31 December 2015 and the auditor's report dated 18 March 2016 by Deloitte 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/ebs-mf-annual-accounts-2015.pdf>

- (b) the audited financial statements of the Issuer for the financial year ended 31 December 2014 and the auditor's report dated 26 March 2015 by Deloitte 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/EBS-MF-Annual-Report2014.pdf>"

15. At page 97 of the Base Prospectus (as amended by paragraphs 17 and 18 of the First Supplement), the entire text under the heading *Description of the Group* shall be deleted in its entirety and replaced with the following:

**"General**

AIB, originally named Allied Irish Banks Limited, is a public limited company incorporated in Ireland on 22 September 1966 under the Companies Act, 1963 with registration number 24173.

AIB and its subsidiaries provide a diverse range of banking, financial and related services, principally in Ireland and the UK.

AIB was incorporated in Ireland on 22 September 1966 as a result of the amalgamation of three long established banks: the Munster and Leinster Bank Limited (established 1885), the Provincial Bank of Ireland Limited (established 1825) and the Royal Bank of Ireland Limited (established 1836).

During the 1990's and early 2000's, the Group experienced considerable growth, expanding in the UK, the United States of America and Eastern Europe. However, as a result of the global financial crisis and the crisis in the Irish banking sector, the Group underwent significant deleveraging and today operates predominantly in Ireland and the UK.

Between 2009 and 2011, in response to the crisis in the Irish banking sector, the Irish Government invested approximately €20.8 billion in AIB, in the form of ordinary shares, preference shares and capital contributions. As a result, the State, through the National Pension Reserve Fund Commission (“NPRFC”) owned 99.8% of the ordinary shares of AIB.

In July 2011, AIB completed the acquisition of EBS Limited, a significant mortgage provider in the Irish market, for a nominal cash amount. This transaction represented a significant consolidation within the Irish banking sector, resulting in the formation of one of the two pillar banks in Ireland.

The European Commission approved, under State Aid rules, AIB's Restructuring Plan (the “**Restructuring Plan**”) in May 2014, which covers the period from 2014 to 2017. In arriving at its final decision, the European Commission acknowledged the significant number of restructuring measures already implemented by AIB comprising: business divestments; asset deleveraging; liability management exercises; and, significant cost reduction actions. The European Commission concluded that the Restructuring Plan sets out the path to restoring long term viability to the Group. AIB has committed the Group to a range of measures relating to customers in difficulty, cost caps and reductions, acquisitions and exposures, coupon payments, promoting competition, and the repayment of aid to the State. All of the commitments are aligned to AIB's operational plans and are supportive of the Group's return to viability.

## **Developments in 2015 and 2016**

In addition to the developments detailed above, the following notable events occurred during 2015 and 2016 (up to the date of this Base Prospectus).

### *Capital reorganisation*

On 19 November 2015, AIB issued € 750 million of fixed rate resettable subordinated notes (tier 2 for CRR purposes) with a maturity of 10 years, with one call option after 5 years and a coupon fixed at 4.125%.

On 26 November 2015, AIB issued € 500 million of fixed rate resettable AT1 (alternative tier 1 for CRR purposes) perpetual contingent temporary write-down securities. The coupon for the initial fixed rate period until December 2020 has been fixed at 7.375%.

All resolutions in respect of the Capital Reorganisation were approved at an EGM, held on 16 December 2015, enabling the implementation of the following actions:

- Partial redemption of the €3.5 billion of non-cumulative redeemable preference shares issued by AIB in 2009 (the “**2009 Preference Shares**”): 1.36 billion of the 3.5 billion 2009 Preference Shares which resulted in the repayment of € 1.7 billion of capital to the State;

- Conversion of the remainder of the 2009 Preference Shares issued by AIB: 2.14 billion of the 3.5 billion 2009 Preference Shares were converted into ordinary shares of € 0.0025 each resulting in circa 155.1 billion additional existing ordinary shares in AIB;
- A dividend of €166 million, representing the accrued dividend on the 3.5 billion 2009 Preference Shares issued by AIB in respect of the period from 13 May 2015 (the last dividend payment date) to the date of conversion/redemption of the 2009 Preference Shares was paid to the NTMA on 17 December 2015;
- Ordinary share consolidation: On conversion of the 2009 Preference Shares issued by AIB, AIB had circa 678.6 billion existing ordinary shares in issue. On 18 December 2015, consolidation of the existing ordinary share resulted in shareholders in AIB holding one new ordinary share of € 0.625 in AIB for every 250 existing ordinary shares. AIB has now circa 2.714 billion new ordinary shares of € 0.625 in issue;
- Following the ordinary share consolidation, the Government through the Ireland Strategic Investment Fund, held 2,710,821,147 ordinary shares in AIB with a nominal value of € 0.0625 per share at 31 December 2015 (99.9% of total ordinary share capital);
- EBS Promissory Note Redemption: In conjunction with the partial redemption of the 2009 Preference Shares, the promissory note issued by the Minister for Finance and held by EBS was redeemed by way of transfer to the Minister for Finance at its carrying value on 15 December 2015 (€225 million) and subsequently cancelled;
- Potential Warrant issue: Potential issue of warrants of AIB up to 9.99% of AIB's issued ordinary share capital to the Minister for Finance at the time of any re-admission of AIB's ordinary shares to a regulated market.

#### *Funding transactions*

The Group's access to wholesale funding markets has normalised since 2012 following restrictions during the banking crisis, during which the Group relied on funding from monetary authorities. To date, in 2016, the Group completed a market issuance of € 1 billion in mortgage-covered securities following on from 2015 when it completed market issuances of debt instruments amounting to €3.25 billion. The Group's funding from monetary authorities continues to reduce substantially and amounted to €2.95 billion as at 31 December 2015.

#### **Operating Segments**

The Group has reorganised its business in 2015 to enable a customer focused, profitable and low risk enterprise, which is well positioned to support the economic recovery in Ireland while seeking to generate sustainable shareholder returns. This change focuses on the needs of its customers, so as to combine customer groups with similar needs into franchises able to deliver co-ordinated services. Previously the Group's loan restructuring activity was reported within the Financial Solutions Group ("FSG") segment and is now integrated back into business as usual. Customers are included in respective segments regardless of the credit quality of the customer.

The Group now reports the following key segments: AIB Ireland, AIB UK, and Group & International:

#### **AIB Ireland**

AIB Ireland comprises Personal, Business and Corporate Banking. It is the leading franchise bank across key segments and products in the domestic market and is well positioned for growth. With an integrated customer focussed approach, from product design to distribution, AIB Ireland has over 2.3 million customers. AIB Ireland is divided into the following sub-segments: Retail Ireland, which consists of personal and business, and Corporate Ireland, which consists of corporate and property lending.

## AIB UK

AIB UK comprises of two long established and distinct businesses offering full banking services operating as Allied Irish Bank (GB) in Great Britain and First Trust Bank in Northern Ireland.

### Group & International

Group & International includes the businesses outside Ireland and the UK. It also includes wholesale treasury activities, central control and support functions (business and customer services, risk, audit, finance, general counsel, human resources and corporate affairs). Certain overheads related to these activities are managed and reported in the Group & International segment.”

16. At pages 104 and 105 of the Base Prospectus, (as amended by paragraph 20 of the First Supplement), under the heading *Bankruptcy*, the following sentence shall be inserted after the words “*This period has been reduced to one year under the relevant provision of the Bankruptcy (Amendment) Act 2015, which provision came into operation on 29 January 2016.*”:

“The remaining sections of the Bankruptcy (Amendment) Act 2015 came into force on 1 June 2016 under the Bankruptcy (Amendment) Act 2015 (Commencement) (No. 2) Order 2016.”

17. At page 106 and 107 of the Base Prospectus, under the heading *Mortgage Credit Directive*, the existing language shall be deleted and replaced with the following:

“The Directive on Credit Agreements Relating to Residential Immovable Property (Directive 2014/17/EU) (the “**Mortgage Credit Directive**”) was transposed into Irish law with effect from 21 March 2016 by the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (“**MCD Regulations**”).

The Mortgage Credit Directive aims to improve consumer protection measures at EU level by introducing new rules for residential mortgage lending. The Mortgage Credit Directive is designed to create an efficient and competitive single market for consumers, creditors and credit intermediaries with a high level of consumer protection and to promote financial stability by ensuring that mortgage credit markets operate in a responsible manner.

The MCD Regulations apply to credit agreements with consumers which are secured by a mortgage or other comparable security on residential immovable property and to credit agreements the purpose of which is to acquire or retain property rights in land or buildings. Certain types of credit agreement are excluded from its scope, including, in particular, certain equity release credit agreements or other equivalent specialised products; home reversions which have comparable functions to reverse mortgages or lifetime mortgages, which do not involve the provision of credit; and certain niche credit agreements. Buy-to-let loans and bridging loans are in-scope.

The MCD Regulations apply to consumer mortgage lending by credit institutions and non-credit institutions and affects the activities of creditors (such as the Issuer), credit intermediaries and their appointed representatives. A ‘consumer’ for the purposes of the MCD Regulations is a natural person acting for purposes which are outside his or her trade, business or profession, or which are predominantly for such purposes. The MCD Regulations apply to any credit agreements which come into effect on or after 21 March 2016.

The key elements of the MCD Regulations are:

- Enhanced transparency: the MCD Regulations improve the information to be provided to a consumer in order to enable a consumer to choose the mortgage product which best meets his or her needs. The MCD Regulations set down requirements regarding, in particular: the standard information to be included in advertising; tying and bundling practices; the general information to be made available about credit agreements; pre-contractual information; the provision of adequate information to consumers about proposed credit agreements, including the requirement to provide a European Standard Information Sheet; and the annual percentage

rate of charge. After the offer of credit is made, the MCD Regulations gives the consumer a 30 day “reflection period” to decide whether to accept the offer.

- Increased consumer safeguards: the MCD Regulations oblige a creditor to conduct a thorough creditworthiness assessment before granting credit to a consumer.
- Business conduct rules: the MCD Regulations require creditors and credit intermediaries to act in the consumer’s interests and imposes high-level standards regarding their remuneration structure. It also sets out minimum knowledge and competence requirements for creditors and credit intermediaries.
- Sound execution of credit agreements and related rights: the MCD Regulations grant a consumer a general right to repay a relevant mortgage loan early. In certain circumstances, a creditor may be entitled to fair and objective compensation for possible costs directly linked to the early repayment, however the amount of compensation must not exceed the creditor’s financial loss. A creditor must give the consumer advance notice of any change in the borrowing rate, stating at least the amount of the payments to be made after the new borrowing rate takes effect and, in cases where the number or frequency of the payments changes, particulars of those changes.
- Advisory Services: the CMD Regulations provide for rules for creditors and credit intermediaries as regards the provision and standards for advisory services.
- Arrears and foreclosures: the MCD Regulations require creditors to exercise reasonable forbearance before foreclosure proceedings are initiated. A creditor may impose default charges but these must be no greater than is necessary to compensate for the costs it has incurred as a result of the default. Where after foreclosure proceedings, outstanding debt remains, a creditor must ensure that measures to facilitate repayment in order to protect consumers are put in place.
- Passport regime for credit intermediaries: the MCD Regulation includes principles for the authorisation and registration of credit intermediaries and establishes a passport regime for those intermediaries.
- Non-credit institutions: the MCD Regulations require the Central Bank to ensure that non-credit institutions engaged in mortgage lending covered by the MCD Regulations are subject to adequate admission processes (including entry in a register) and supervision arrangements.
- Amendment to Consumer Credit Directive: the Mortgage Credit Directive amends the Consumer Credit Directive by extending its application to an unsecured credit agreement which is provided for the purpose of renovating a residential immovable property involving a total amount of credit in excess of €75,000. The European Communities (Consumer Credit Agreements) Regulations 2010 transpose the Consumer Credit Directive in Ireland and provide for matters such as advertising to consumers, consumer rights of withdrawal from credit agreements and information to borrowers including interest rates and charges, pre-financing credit checks and consumers’ rights to prepay loans.”

18. At page 173 of the Base Prospectus, the section entitled *EU Taxation of Savings of Income Directive* (as amended by paragraph 21 of the First Supplement) shall be deleted and replaced with the following:

***“Automatic Exchange of Information for Tax Purposes***

The Savings Directive, required EU member states to provide to the tax authorities of another EU member state details of payments of interest (or similar income which may include distributions by a company) paid by a person within its jurisdiction to an individual resident in that other EU member state.

On 10 November 2015 the Council of the EU adopted the EU Council Directive 2015/2060/EU repealing the Savings Directive from 1 January 2017, in the case of Austria and from 1 January 2016, in the case of all other EU member states (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates).

That repeal of the Savings Directive is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under the automatic exchange of information regime under EU Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by EU Council Directive 2014/107/EU) (“**DAC2**”). DAC2 provides for the implementation among EU member states (and certain third countries that have entered into information exchange agreements with the relevant EU member state or the European Commission of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the Common Reporting Standards (“**CRS**”) regime proposed by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions. DAC2 is generally broader in its scope than the Savings Directive, although DAC2 does not impose withholding taxes.

Under the CRS, governments of participating jurisdictions (currently more than 90 jurisdictions) are required to collect detailed information to be shared with other jurisdictions annually. A group of over 40 countries, including Ireland, have committed to the early adoption of the CRS from 1 January 2016 with the first data exchanges taking place in September 2017. All EU member states, except Austria, introduced the CRS from 1 January 2016. Austria will introduce the CRS from 1 January 2017.

The CRS is implemented in Ireland by the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 of Ireland (S.I. 583 of 2015) made under section 891F of the Taxes Act.

DAC2 was transposed into Irish law under the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 ( S.I. No. 609 of 2015) made under section 891G of the Taxes Act.

Pursuant to the above referenced regulations, the Issuer will be required to obtain and report to the Revenue Commissioners of Ireland annually certain financial account and other information for all new and existing Security Holders in respect of their Securities. The first returns must be submitted on or before 30 June 2017 with respect to the year ending 31 December 2016. The information will include amongst other things, details of the name, address, taxpayer identification number (“**TIN**”), place of residence and, in the case of Security Holders who are individuals, the date and place of birth, together with details relating to payments made to Security Holders and their holdings. This information may be shared with tax authorities in other EU member states (and with certain third countries subject to the terms of IEAs entered into with those third countries) and jurisdictions which implement the OECD CRS.”

19. At page 173 of the Base Prospectus, the section entitled *The Common Reporting Standard* (as inserted by paragraph 22 of the First Supplement) shall be deleted in its entirety.
20. At page 180 of the Base Prospectus, at paragraph 5, the existing language shall be deleted and replaced with the following:

“Save as otherwise disclosed in the supplements dated 17 February 2016 and 20 June 2016 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 2015, the date of the Issuer’s last published audited financial statements.”