



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 2 June 2017, the supplement dated 12 July 2017 and the supplement dated 21 December 2017 (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**) 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 plc (the **Irish Stock Exchange**) or other regulated markets for the purposes of Directive 2014/65/EU or which are to be offered to the public in any Member State of the European Economic Area.

This Supplement is also supplementary to the Base Prospectus as approved by the Irish Stock Exchange as listing particulars for the purposes of the "*Listing and Admission to Trading Rules of the Global Exchange Market*" of the Irish Stock Exchange relating to the Exempt Securities which are to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange. This Supplement has been approved by the Irish Stock Exchange as a supplementary listing particulars for the purposes of the "*Listing and Admission to Trading Rules of the Global Exchange Market*" of the Irish Stock Exchange.

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.

The purpose of this Supplement is to incorporate by reference into the Base Prospectus and the Listing Particulars the Annual Report of the Issuer for the 12 months ended 31 December 2017 (the **Annual Report**) and to make consequential amendments to the Base Prospectus as set out below.

ADDITIONAL DOCUMENTS INCORPORATED BY REFERENCE

The Annual Report was filed with the Irish Stock Exchange and the Central Bank on 26 February 2018 and is hereby incorporated by reference into the Base Prospectus and the Listing Particulars by way of this Supplement.

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 document deemed to be incorporated herein by reference unless the document has been modified or superseded. Such requests should be directed to the Issuer at New Century House, Mayor Street Lower, I.F.S.C, Dublin 1, Ireland. In addition, the document deemed to be incorporated herein by reference is also available at:

http://www.rns-pdf.londonstockexchange.com/rns/9757F_1-2018-2-26.pdf

The section entitled "*Documents Incorporated by Reference*" on page 49 of the Base Prospectus and the Listing Particulars should be read subject to the insertion of an additional limb, limb (a), as set out below and the renumbering of all subsequent limbs thereafter:

- "(a) the audited financial statements of the Issuer for the period 1 January 2017 to 31 December 2017 and the auditor's report dated 23 February 2018, by PricewaterhouseCoopers thereon."

AMENDMENTS TO THE BASE PROSPECTUS

1. General Information

The section of the Base Prospectus and Listing Particulars entitled "*General Information*" at item 2 on page 190 should be read subject to the following changes:

- "2. For so long as Securities are capable of being issued under the Programme, copies of the following documents may be inspected physically upon request at the registered office of the Issuer during business hours:
 - (a) the Constitution of the Issuer;
 - (b) the audited financial statements of the Issuer for the period 1 January 2017 to 31 December 2017 and the auditor's report dated 23 February 2018, by PricewaterhouseCoopers thereon, each as incorporated by reference in this Base Prospectus; and
 - (c) the audited financial statements of the Issuer for the period 1 January 2016 to 31 December 2016 and the auditor's report dated 23 February 2017, by PricewaterhouseCoopers thereon, each as incorporated by reference in this Base Prospectus."

The section of the Base Prospectus and Listing Particulars entitled "*General Information*" at item 5 on page 190 should be read subject to the following changes:

- "5. 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 2017."

2. Risk Factors

The fifth paragraph of the Risk Factor entitled "*Lack of liquidity to fund the Group's business activities*" on page 34 should be read subject to the following changes:

"The Group's use of wholesale funding was €12.7 billion as at 31 December 2017 representing approximately 14% of its funding base. Notwithstanding the relatively low quantum of wholesale funding required by the Group, if wholesale markets remained closed for an extended or prolonged period, or if there was a significant reduction in investor demand for the Group's wholesale funding issuance, or a significant increase on the acquisition cost of wholesale funding, this may have an adverse impact on the liquidity and profit and loss position of the Group and may result in increased reliance by the Group on funding from Monetary Authorities."

The fifth paragraph of the Risk Factor entitled "*Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*" on page 35 should be read subject to the following changes:

"The Group's primary markets are Ireland and the UK. At 31 December 2017, based on the geographic location of the business unit where the asset is booked, 60 % of the Group's loans and advances to customers were in Ireland, 38% in the UK and 2% in other jurisdictions. As at 31 December 2017, residential mortgages represented 59% of total loans and advances to customers. Residential mortgage exposures originated and managed in Ireland and the UK represent a material concentration of credit risk."

The first paragraph of the Risk Factor entitled "*The Group's level of non-performing exposures (NPEs) remains elevated*" on page 36 should be read subject to the following changes:

"As at 31 December 2017, the Group had recognised impairment provisions of €2.4 billion and had NPEs of €6.5 billion. The proportion of the Group's loan portfolio which comprises NPEs is elevated and there can be no assurance that the Group will be able to continue the reduction in the level of its NPEs at the current rate. The Group's ability to reduce the level of its NPEs is dependent on its ability to restructure and/or rehabilitate these loans. The willingness and ability of delinquent or defaulting borrowers to agree to a voluntary restructuring of their loans is materially dependent on the continuing recovery of the Irish economy, particularly the Irish real estate market, and an effective and efficient regulatory insolvency and foreclosure process in Ireland (e.g. requirements of the CCMA, insolvency legislation, court processes and bankruptcy proceedings, none of which are factors within the Group's control)."

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 or the Listing Particulars, the statement contained in this Supplement will prevail.

There has been no significant change in the financial position of the Issuer since 31 December 2017, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared.

There has been no material adverse change in the prospects of the Issuer since 31 December 2017, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

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

For as long as the Programme remains in effect or any Security is outstanding, copies of the current Base Prospectus and Listing Particulars 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.